

U.S. LNG Export Projects Update

LEAD STORY: AND THEN THERE WERE TWO

The second major liquefied natural gas (LNG) export facility in the continental United States—Dominion Energy's Cove Point (DECP) terminal in Lusby, Maryland, on the Chesapeake Bay—shipped its first commissioning cargo on March 01. According to the Dominion news release:

“All major equipment has been operated and is being commissioned as expected following a comprehensive round of testing and quality assurance activities... Shell is providing the natural gas for liquefaction during the commissioning process and is off-taking by ship the LNG that is produced.

“When commissioning is complete, DECP will produce LNG for ST Cove Point (the joint venture of Sumitomo Corporation and Tokyo Gas), and for the U.S. affiliate of GAIL (India) Ltd. under 20-year contracts. DECP's liquefaction facility is designed to operate 24/7 and has a nameplate capacity of 5.25 million tons per annum (mtpa) of LNG, equivalent to ≈ 8.3 million gallons of LNG per day.

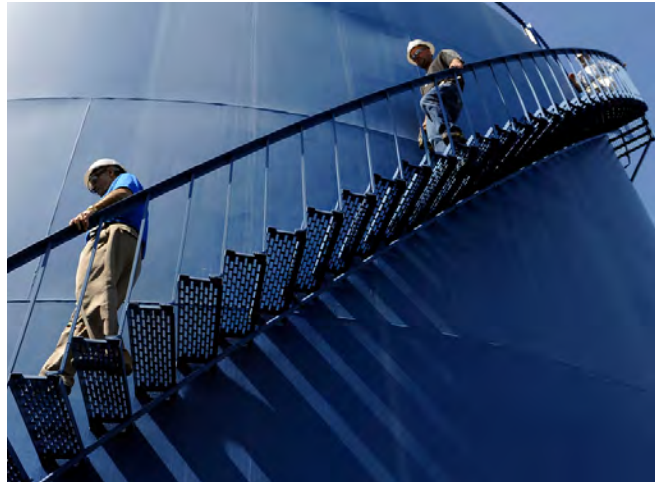
“Construction of the liquefaction facility began in Oct. 2014, following more than three years of federal, state, and local permit reviews and approvals. With a cost of $\approx \$4$ billion, it is the largest construction project ever for Maryland and Dominion Energy. Construction involved more than 10,000 craft workers and a payroll of more than \$565 million.”

Between Cheniere's Sabine Pass terminal and DECP, U.S. LNG liquefaction capacity now stands at ≈ 3.6 billion cubic feet per day (Bcf/d).

CHENIERE ENERGY

■ Corporate News

Cheniere announced (Feb. 09) that it had entered into two LNG sale and purchase agreements (SPAs) with PetroChina for the purchase of ≈ 1.2 mtpa of LNG, with a portion of the supply beginning in 2018 and the balance beginning in 2023. Each SPA runs through 2043. Earlier (Jan. 18), Cheniere announced that it had entered into a SPA with Trafigura, under which Trafigura will purchase



≈ 1.0 mtpa of LNG from Cheniere on a free on board basis for a term of 15 years beginning in 2019.

■ Sabine Pass Liquefaction (Louisiana)

The Federal Energy Regulatory Commission (FERC) approved (Mar. 09) Cheniere's request to begin the pre-filing environmental review process for SPL's proposal to construct a third marine berth at SPL's liquefaction and LNG export terminal in Cameron Parish. The third marine berth will be sized to accommodate 125,000 m³ to 185,000 m³ capacity vessels. Earlier (Mar. 06), Cheniere and GAIL marked the start of their 20-year SPA at a ceremony in Sabine Pass. Under the SPA (signed in 2011 and commenced on Mar. 01) Cheniere will sell and make available ≈ 3.5 mtpa of LNG to GAIL.

■ Corpus Christi Liquefaction (Texas)

FERC monthly progress report (Jan. 25) shows Train 1 is projected to achieve substantial completion in March 2019 and Train 2 in the September 2019. (Commissioning cargoes could begin later this year.)

SEMPRA LNG & MIDSTREAM

■ Cameron LNG (Louisiana)

TransCanada announced (Mar. 15) that Cameron Access has been placed in service. The project included improvements to existing pipeline, construction of a new compressor station, and addition of 43 km of 36-inch

greenfield pipeline which will allow transport of 800,000 dekatherms a day to the Cameron LNG export facility expected to go into service in 2019.

TELLURIAN INC.

■ Corporate News

Tellurian said (Mar. 21) that an affiliate of Bechtel Oil, Gas and Chemicals had made a “\$50 million zero coupon preferred equity investment” in Tellurian. Earlier (Mar. 20), the company announced a non-binding open season for its proposed Permian Global Access Pipeline, a \$3.7 billion project to carry natural gas from the Permian Basin in Texas to southwest Louisiana. (After commitments and permits, construction could begin in 2021 with the pipeline in service in 2022). And, the company provided an update (Mar. 14) on timing/strategy for upstream acquisitions and financing. President and CEO Meg Gentle said, “Tellurian plans to acquire 15 tcf of natural gas over the [Driftwood LNG] project life as part of our overall integrated strategy. We are looking primarily in the Haynesville Shale and are speaking with many producers.”

■ Driftwood LNG (Louisiana)

FERC released the schedule (Jan. 02) for the environmental review of Driftwood’s proposed liquefaction and LNG export terminal and intends to release its final environmental impact statement (FEIS) for the project on Oct. 12, 2018. The 90-day federal authorization deadline will occur on Jan. 10, 2019.

DELFIN MIDSTREAM

■ Delfin LNG (Offshore Louisiana)

The U.S. Embassy in Warsaw reported (Mar. 23) that Delfin had signed a memorandum of understanding with Polskie LNG (operator of the Świnoujście LNG import terminal). Details of the MOU were not made public.

LNG LIMITED

■ Magnolia LNG (Louisiana)

Magnolia LNG and Meridian LNG Holdings agreed (Mar. 29) to extend the financial close date of their legally binding offtake agreement to June 30, 2018. The agreement between Magnolia and Meridian was signed in July 2015 and included firm capacity rights at Magnolia for up to 2 mtpa for an initial term of 20 years with an option to extend by a further five years.

OTHER U.S. LNG EXPORT PROJECTS

■ Alaska LNG (Alaska)

FERC announced (Mar. 12) the schedule for environmental review of the proposed Alaska LNG project, which consists of an 800-mile pipeline, a liquefaction facility, and an LNG export terminal. FERC plans to issue a draft environmental impact statement (DEIS) in March 2019 and a FEIS on Dec. 9, 2019. Other federal agencies with jurisdiction over the project will have until Mar. 08, 2020, to complete their review.

■ Commonwealth LNG (Louisiana)

FERC issued a notice of its intent (Feb. 22) to prepare an environmental impact statement (EIS) for Commonwealth LNG’s proposed liquefaction and LNG export terminal to be located on the west side of the Calcasieu Ship Channel near Johnson Bayou in Cameron Parish, Louisiana. The terminal would have a peak production capacity of 9 mtpa.

■ Eagle LNG (Florida)

Crowley loaded 11,000 gallons of LNG into ISO tank containers (Mar. 29) at Eagle LNG and delivered it, over the road, to the Port of Jacksonville for ocean transport to Puerto Rico. Earlier, the U.S. Coast Guard sent a letter (Mar. 05) to FERC recommending that the St. Johns River in Florida be considered suitable for the LNG marine traffic projected for Eagle LNG’s export terminal.



ABOUT US

LNG Allies is a 501(c)(6) nonprofit organization working to expedite and maximize LNG exports to create U.S. jobs and economic growth, enhance the energy security of America’s allies, and improve economic and environmental conditions worldwide.

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■ **Fourchon LNG (Louisiana)**

DOE issued an order (Mar. 19) authorizing Fourchon LNG to export up to 0.71 Bcf/day of LNG from its proposed liquefaction facility to be located on Port Fourchon at Belle Pass in Lafourche Parish for a 30-year period to nations with which the United States has a free trade agreement (FTA). The non-FTA application is pending.

■ **Freeport LNG (Texas)**

Freeport LNG filed (Mar. 19) an application with DOE for authorization to export up to 0.72 Bcf/day of LNG over 20 years to countries with and without a FTA with the United States in connection with Freeport’s proposed Train 4 Project. (Freeport filed its FERC application for Train 4 on June 29, 2017.) Freeport LNG is

constructing a natural gas liquefaction and LNG export facility on Quintana Island near Freeport, Texas, about 70 miles south of Houston. Train 1 of the project is expected to begin producing 58 LNG in Q1 2019.

■ **Rio Grande LNG (Texas)**

NextDecade announced (Feb. 01) that it has completed the Front-End Engineering & Design (FEED) update package with CB&I for the proposed Rio Grande LNG project in South Texas.

■ **Texas LNG (Texas)**

The U.S. Coast Guard issued a letter of recommendation (Feb. 26) to FERC confirming the suitability of the Brownsville ship channel for Texas LNG’s marine traffic.

