

April 1, 2014

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VIA ELECTRONIC MAIL

U.S. Department of Energy (FE-34)
Office of Fossil Energy
Office of Oil and Gas Global Security and Supply
Attn: Natural Gas Reports
P.O. Box 44375
Washington, D.C. 20026-4375

Re: Lake Charles Exports, LLC
FE Docket No. 11-59-LNG
DOE/FE Order No. 3324
Lake Charles LNG Terminal
Semi-Annual Report

To: Office of Natural Gas Regulatory Activities

In accordance with the conditions of DOE/FE Order No. 3324 issued August 7, 2013, Lake Charles Exports, LLC submits the semi-annual report as required by ordering paragraph M describing the progress of the proposed liquefaction facility project at the Lake Charles Terminal.

Any questions concerning this filing should be addressed to the undersigned at (713) 989-2024.

Respectfully,

On behalf of Trunkline LNG Holdings LLC,
A member company of Lake Charles Exports, LLC

/s/ Stephen T. Veatch

Stephen T. Veatch
Senior Director, Certificates and Tariffs

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Regulatory

Trunkline LNG Export, LLC (“TLNG Export”) participated in the required pre-filing procedures established by the Federal Energy Regulatory Commission (“FERC”) for LNG terminal facilities and the docket number assigned is PF12-8-000. The pre-filing process culminated with the filing of the FERC application identified below.

Activities since the last report are as follows:

On December 4, 2013, the FERC issued a project update (see attached copy) related to their environmental review of the Lake Charles Liquefaction Project and to explain their review process, identify issues gathered during scoping, and to outline the next steps in their environmental review process.

On December 17, 2013, Lake Charles Exports, LLC (“LCE”) filed an application to amend the authorization granted by the DOE/FE to afford LCE the same commercial flexibility as DOE/FE has granted to other parties. LCE also requested that DOE/FE conform the monthly reporting requirement of Order No. 2987 to the monthly reporting requirement of Order No. 3324. LCE’s amendment is currently pending.

On December 18, 2013, Trunkline filed draft Resource Report 13 – Engineering and Design Material related to the proposed liquefaction facilities to be constructed just north of the existing Lake Charles LNG terminal.

On February 19, 2014, the FERC Staff issued their comments related to the draft Resource Report 13. The comments ask for clarification of discrepancies and to identify missing information that FERC Staff viewed as necessary to begin substantive preparation of a draft environmental impact statement for the project. FERC Staff requested that Trunkline include a matrix with the application that identifies the specific location in the resource reports where the requested information in the comments may be found.

On February 25, 2014, Trunkline filed a revised draft Resource Report 11 – Reliability and Safety and on March 11, 2014, FERC Staff issued comments related to the revised draft Resource Report 11. Again, the comments ask for clarification of discrepancies and to identify missing information that FERC Staff viewed as necessary to begin substantive preparation of a draft environmental impact statement for the project. FERC Staff requested that Trunkline

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include a matrix with the application that identifies the specific location in the resource reports where the requested information in the comments may be found.

On March 13, 2014, Trunkline met with FERC Staff to discuss the applications being proposed related to the proposed liquefaction project and the pipeline modifications being proposed by Trunkline Gas Company, LLC.

On March 25, 2014, TLNG Export and Trunkline LNG Company, LLC (“TLNG”) filed an application pursuant to Section 3 of the Natural Gas Act (“NGA”) with the FERC requesting authorization (i) to site, construct, own and operate new liquefaction facilities (“Liquefaction Facilities”) on a site adjacent to the existing LNG Terminal located near Lake Charles, Louisiana in Calcasieu Parish, and (ii) to construct, own, and operate certain facility modifications at the existing Trunkline LNG Terminal to facilitate the storage and subsequent export of the LNG (“Modified Facilities”). The Liquefaction Facilities and the Modified Facilities are collectively referred to as the “Liquefaction Project”. The Liquefaction Project will provide the capability to liquefy and export domestically produced natural gas in accordance with the authorizations issued by the DOE/FE. The filing was assigned Docket No, CP14-120-000. A copy of the press release issued by BG Group regarding the Section 3 application is attached for your convenience.

Concurrently with the Section 3 application, Trunkline Gas Company, LLC (“Trunkline Gas”) filed an application with FERC for authorization pursuant to Section 7 of the NGA for authorization to make certain pipeline modifications in order to deliver the required amount of feed gas to the Liquefaction Project. The filing was assigned Docket No. CP14-119-000.

On March 25, 2014, TLNG also filed an application with FERC pursuant to Section 3 and Section 7 of the NGA to abandon its existing facilities and services at the LNG Terminal authorized pursuant to Section 7 of the NGA and to operate those facilities pursuant to Section 3 of the NGA. Conversion from Section 7 regulation to Section 3 regulation will facilitate the coordinated operation of the Liquefaction Facilities and the existing LNG Terminal to provide an integrated liquefaction, storage and export service. The filing was assigned Docket No. CP14-122-000.

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Engineering

Technip continues to work on the FEED.

During this reporting period, FERC Staff and their Geotechnical Contractor performed an on-site visit to the facility location and also met to discuss the results of the Geotechnical Investigation Report and the Seismic/Tsunami Evaluation Report.

Resource Report 13, which concerns engineering and design material for the Liquefaction Project was completed and filed with the FERC as part of the Section 3 application discussed above.

Environmental

Environmental surveys of all project components requiring survey for the Liquefaction Project and associated pipeline project were completed. Resource reports and associated materials were completed and filed with the FERC as part of the Section 3 application discussed above. Proposed wetland mitigation plans are being developed for incorporation into the U. S. Army Corps of Engineers application.

Status of Long-Term Contracts Associated with the Facility

TLNG Export currently has option agreements in place for the purchase/lease of all property related to the Liquefaction Project and the agreements were finalized and executed during this reporting period.

TLNG Export, TLNG, Trunkline Gas, BG LNG Services, LLC (“BGLS”) and BG Energy Merchants, LLC (“BGEM”) have entered into a Project Development Agreement to jointly develop the Liquefaction Project.

Definitive agreements to implement the Liquefaction Project remain under development. TLNG Export and TLNG will own and TLNG Export will finance the Liquefaction Project, and BGLS Services, LLC will have a long-term tolling agreement with TLNG Export for liquefaction, storage, and loading service. TLNG Export and TLNG will enter into an agreement pursuant to which TLNG will provide storage and loading services to TLNG Export to facilitate TLNG Export’s tolling agreement with BGLS. BG Group will oversee the design and construction

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management of the proposed Liquefaction Project, and will operate the Liquefaction Project, including the existing LNG Terminal.

To allow BG Group's sourcing of natural gas for the project, Trunkline Gas will provide pipeline transportation services to supply natural gas to the Liquefaction Project. Trunkline Gas and BGEM signed a Pipeline Precedent Agreement on February 25, 2014 regarding the scope and construction of the pipeline facilities and the rate to be paid by BGEM when service commences.

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Date Facility is expected to Be Operational

The first train is expected to be operational in 2019.

**FEDERAL ENERGY REGULATORY COMMISSION
OFFICE OF ENERGY PROJECTS
Project Update for the Lake Charles Liquefaction Project
Docket No. PF12-8-000
November 2013**

The purpose of this mailing is to provide a status update on the environmental review of the Trunkline LNG Company, LLC; Trunkline LNG Export, LLC; and Trunkline Gas Company, LLC (collectively referred to as Trunkline) planned Lake Charles Liquefaction Project currently in the pre-filing review process at the Federal Energy Regulatory Commission (FERC).

Our last Project Update was issued in June 2013. Since the previous update, Trunkline filed its draft resource reports on June 26, 2013. FERC staff and the cooperating agencies reviewed the draft resource reports and issued comments to Trunkline on September 27, 2013. Trunkline will address these comments in its final resource reports to be filed with its application, which Trunkline plans to file in the first quarter of 2014. After receipt of the formal application and all the information necessary to prepare the draft environmental impact statement, we will issue a Notice of Schedule for Environmental Review.

Additional information about the project is available from the FERC's Office of External Affairs, at 1-866-208-FERC (3372).

Lake Charles LNG Export Project Files

FERC Application

March 25, 2014 07:06 PM Eastern Daylight Time

HOUSTON--(BUSINESS WIRE)--BG Group (LSE: BG.L) announced today that Trunkline LNG Company, LLC, and Trunkline LNG Export, LLC, each a wholly-owned subsidiary of Energy Transfer Equity, L.P. (NYSE: ETE) and Energy Transfer Partners, L.P. (NYSE: ETP) (collectively, "Energy Transfer"), have filed an application with the Federal Energy Regulatory Commission (FERC) seeking the Commission's authorization for the siting, construction, ownership and operation of the proposed Lake Charles LNG Export project.

The FERC filing represents the culmination of significant front-end engineering design (FEED) work and pre-filing consultations with the FERC and other federal, state and local agencies that have been underway since mid-2012. Pending final investment decisions and the receipt of all necessary approvals expected in 2015, construction will start shortly afterwards, with first LNG exports anticipated in the second quarter of 2019.

In August 2013 the U.S. Department of Energy conditionally granted authorization to export up to 2 billion cubic feet per day (or approximately 15 million metric tonnes per annum) of LNG from the existing Trunkline LNG import terminal to non-free trade agreement nations.

The proposed project is being developed to liquefy domestic supplies of natural gas for export to meet growing global demand for LNG. Exporting LNG to world markets is expected to provide economic and employment related benefits for the U.S., including approximately 250 operational positions and several thousand jobs during the proposed project's construction phase.

The proposed project will include the construction of three liquefaction trains and use the existing LNG storage and marine berthing facilities owned by Trunkline LNG Company, LLC. Energy Transfer has secured all property rights required for the site of the proposed liquefaction facility.

Energy Transfer will own and finance the proposed facility and BG Group is responsible for the offtake. BG Group will also select the engineering, procurement

and construction contractor and manage construction. Upon completion, BG Group will operate the proposed facility under a long-term agreement with Energy Transfer. Trunkline Gas Company, LLC (a wholly-owned subsidiary of Energy Transfer), will provide pipeline transportation services to supply natural gas to the proposed facility.

Notes to Editors:

BG Group plc (LSE: BG.L) is a world leader in natural gas, with a broad portfolio of business interests focused on exploration and production and liquefied natural gas. Active in more than 20 countries on five continents, BG Group combines a deep understanding of gas markets with a proven track record in finding and commercializing reserves.

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