

# DELFIN LNG LLC

April 1, 2014

**By Electronic Mail**

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*By Email to DOE/FE: at 11:41 am, Apr 02, 2014*

U.S. Department of Energy  
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Office of Oil and Gas Global Security and Supply  
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Attention: Delfin LNG, LLC, FE Docket No. 13-129-LNG  
Natural Gas Reports -- Semi-annual progress filing

Dear Sirs:

Delfin LNG LLC ("Delfin") hereby submits this semi-annual progress report in compliance with ordering paragraph J of Order No. 3393 issued in FE Docket No. 13-129-LNG on February 20, 2014. Order No. 3393 authorized Delfin to export domestically produced LNG by marine vessel from its proposed floating liquefaction project to be located in West Cameron Block 167 ("WC 167") of the Gulf of Mexico to countries with which the United States currently has, or in the future will have, a Free-Trade Agreement requiring the national treatment of natural gas. Delfin's application for authorization to export LNG to nations with which the United States does not have such a free trade agreement, but with which trade is not prohibited, is pending in FE Docket No. 13-147-LNG.

As explained in Delfin's applications, its affiliate had entered into an agreement providing it the exclusive right to acquire an existing 42-inch diameter, 30-mile long natural gas pipeline, extending out to WC 167 from on-shore Cameron Parish, LA, near major interstate pipelines. This agreement with the pipeline owner has been assigned by the affiliate to Delfin itself. Pursuant to the terms of the agreement with the pipeline owner, Delfin is engaged in due diligence concerning the condition and planned operation of the pipeline, and has engaged engineering consultants to advise and organize the technical due diligence.

Delfin also has been engaged in negotiations with an LNG shipping operator (for the provision of and management of the floating liquefaction and storage vessel) and a major financial institution, both of which are expected to become equity investors of Delfin. Delfin expects to finalize a memorandum of understanding with these entities in the next few months. Delfin will file for approval of any change in its control in accordance with Ordering Paragraph K of Order No. 3393.

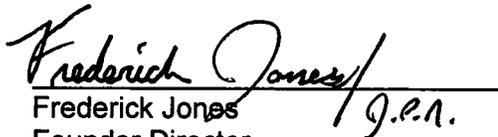
Delfin also is actively negotiating term sheets with a number of potential LNG buyers, with markets based in at least seven countries – some of which are covered by Delfin's FTA authorization and some of which will require approval of its pending non-FTA application. Delfin has entered into a memorandum of understanding with one potential LNG buyer, but has not yet entered into any

binding long-term agreements. Delfin will file all long-term contracts associated with the export of LNG from its facility and with associated gas supply, once executed, in accordance with Ordering Paragraph D of Order No. 3393.

Delfin expects to begin the regulatory process for needed approvals from the Maritime Administration and the U.S. Coast Guard later this year. Delfin anticipates that, subject to the receipt of all regulatory approvals, it will begin operation of its first train in 2017 and its second train in 2018. Delfin anticipates beginning operation of its third and fourth trains in 2019 and 2021.

We hope this update provides you with sufficient detail regarding the status of the Delfin project in compliance with Order No. 3393. Please feel free to contact our counsel, Patrick Nevins of Hogan Lovells US LLP at (202) 637-6441 or [Patrick.Nevins@HoganLovells.com](mailto:Patrick.Nevins@HoganLovells.com) if you have any questions or require additional information.

Respectfully submitted,

 Frederick Jones / J.P.N.

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On behalf of  
Delfin LNG LLC