

U.S. LNG Export Projects Update

LEAD: FIRST PROJECT SINCE 2015 MOVES FORWARD

Cheniere Energy announced May 22 that it had taken a final investment decision (FID) on Train 3 (4.5 million tons per annum, “mtpa”) at its Corpus Christi liquefaction and export terminal in Texas. This is the first U.S. LNG export project to reach FID since 2015. Financial details were not disclosed, but similar terminals cost ≈\$3 billion and take four plus years to complete.

In related project news, Cheniere submitted a letter to the Federal Energy Regulatory Commission (FERC) on June 7 seeking authorization to begin commissioning Train 1 and a second letter on June 28 asking FERC to begin formal review of the project’s third stage, which consists of seven midscale (1.5 mtpa) liquefaction trains and one LNG storage tank. When all three stages of the Corpus Christi project are complete, the aggregate nominal LNG production capacity will be ≈23 mtpa.

PROJECTS IN SERVICE

■ Dominion Cove Point (Maryland)

The Dominion Energy Cove Point LNG terminal entered commercial service for natural gas liquefaction and export on April 10. In late March—after completing a planned maintenance outage—the facility began ramping up to full production of LNG from natural gas provided by its export customers: ST Cove Point (joint venture of Sumitomo Corp. and Tokyo Gas) and Gail Global (USA) LNG, the U.S. affiliate of GAIL (India) Ltd.

PROJECTS UNDER CONSTRUCTION

■ Cameron LNG (Louisiana)

The most recent FERC progress report (June 25) for the Cameron LNG project led by Semptra LNG & Midstream indicated that construction activities through the month of May included a continued focus on aboveground piping installation, pressure testing, structural steel and electrical work. The report also noted that cable tray installation and cable pulling, insulation, and piping activities continues throughout Train 1.



■ Freeport LNG (Texas)

Freeport LNG’s \$2.4 billion holding company financing closed May 15, with 14 banks participating in the financing. The projected construction start date for Freeport’s \$13 billion LNG export terminal was pushed back by nine months to Sept. 1, 2019.

PROJECTS FULLY PERMITTED—AWAITING FID

■ Golden Pass LNG (Texas)

During a June 27 interview on the sidelines of the World Gas Conference in Washington, Jim Muschalik, president of ExxonMobil LNG Market Development, suggested there has been movement among the project’s partners, including Qatar Petroleum, toward an FID on Golden Pass: “The shareholders and partners are working through it and hopefully we’ll have something in the coming months. We feel good about it. But it’s a big capital investment and we want to make sure it’s right for the marketplace.”

■ Lake Charles LNG (Louisiana)

In its monthly progress report to FERC (May 10) Lake Charles LNG requested an extension from the Louisiana Department of Environmental Quality to extend the deadline to start construction until Nov. 1, 2019. The extension is currently under review.

■ **Magnolia LNG (Louisiana)**

Liquefied Natural Gas Limited (LNGL) entered a binding agreement with IDG Energy Investment Group Limited on June 5 for a share placement valued at \$28 million. A portion of the proceeds will be used to support LNG offtake marketing efforts at LNGL's Magnolia LNG project in Lake Charles, Louisiana. On June 18, LNGL announced that it had extended the validity period of its binding engineering, procurement, and construction (EPC) contract with KSJV (a KBR/SKE&C joint venture led by KBR) for Magnolia LNG. The binding lump sum turnkey (LSTK) EPC US\$4.354 billion contract is now valid through Dec. 31, 2018. Later (June 25) LNGL and Meridian LNG Holdings Corp. (Meridian LNG) extended to Sept. 30, 2018, the financial close date of their legally binding offtake agreement. This three-month extension allows both parties to maintain commercial flexibility. The agreement with Meridian LNG includes firm capacity rights at Magnolia for up to 2 mtpa for an initial term of 20 years with a five-year option to extend.

PROJECTS UNDER FORMAL REGULATORY REVIEW

■ **Alaska LNG (Alaska)**

BP Alaska and the Alaska Gasline Development Corp. (AGDC) signed a gas sales precedent agreement on May 4 including price and volume terms. Later in May, AGDC President Keith Meyer joined Alaska Gov. Bill Walker in a trade mission to China. Meyer and Walker met with Sinopec and CIC to make sure the \$43

billion LNG project formed last November during the Trump-Xi meeting in Beijing “keeps moving forward as scheduled.”

■ **Calcasieu Pass LNG (Louisiana)**

BP signed a 20-year agreement on May 21 to purchase 2 mtpa of LNG from Venture Global LNG's Calcasieu Pass project upon completion of the 10 mtpa project, which is scheduled to begin operation in 2022. FERC issued a draft environmental impact state (DEIS) on the project on June 22. A final EIS is expected on October 26, and the 90-day notice period ends on Jan. 24, 2019.

■ **Driftwood LNG (Louisiana)**

Tellurian announced on June 21 that it had closed its previously announced public offering of 12 million shares of common stock. Net proceeds from the offering, after estimated fees and expenses, were ~\$115.1 million. Earlier, on May 30, the company announced that it received the coastal use permit from the Louisiana Dept. of Natural Resources for the company's Driftwood LNG project to be constructed in Louisiana.

■ **Eagle LNG (Florida)**

In a letter from the Department of Defense (DoD) to FERC (June 5), the DoD said their review concluded the LNG terminal will have minimal impact on military training & operations conducted in the area.

■ **Jordan Cove LNG (Oregon)**

During a presentation to investors (May 29), Stuart Taylor, senior vice president for marketing and new ventures at Pembina Pipeline Corp., said there continues to be strong interest from Asian buyers in Pembina's Jordan Cove LNG project. Pembina also said that the U.S. Coast Guard had completed its review of the waterway suitability assessment for Jordan Cove and recommended, in a letter to FERC (May 14), that the waterway be considered suitable for LNG marine traffic.

■ **Port Arthur LNG (Texas)**

Sempra LNG & Midstream announced on June 26 that it had executed a preliminary (non-binding) agreement with PGNiG, the Polish Oil and Gas Co., for the sale of 2 mtpa of LNG per year for 20 years from the Port Arthur LNG project which Sempra is developing in Texas. In 2017, Sempra LNG & Midstream signed a MOU with



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.

CONTACT US

- Fred H. Hutchison, President & CEO
- Kristi W. Nelson, Communications Director
- Douglas C. Hengel, Senior Consultant
- P. Welles Orr, Senior International Trade Advisor



Korea Gas Corp. (KOGAS) providing a framework for cooperation, including engineering and construction, operations, equity ownership in the Port Arthur LNG liquefaction project, and offtake of LNG. In a release, Sempra said that the ultimate participation of KOGAS and PGNiG in the Port Arthur project remains subject to finalization of definitive agreements. Earlier (June 22), Sempra announced that Bechtel was selected by Port Arthur LNG to be the engineering, procurement, construction and commissioning (EPC) contractor.

■ Rio Grande LNG (Texas)

NextDecade Corp. announced (April 16) that it had opened offices in Singapore and Beijing and that James MacTaggart had become senior vice president marketing (Asia). The company also announced (June 18) that Ping

Lee had joined as senior vice president of LNG Marketing (China and Southeast Asia).

■ Texas LNG (Texas)

In a company update on April 11, Texas LNG said the proposed 4 mtpa export terminal has signed eight early-stage non-binding agreements: five with China, two in Southeast Asia, and one in Europe - hopes to make a final investment decision in 2019 with first phase of production beginning 2023.

