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Sandra E. Safro
sandra.safro@klgates.com

T 202.778.9178

Via Email: fergas@hq.doe.gov

U.S. Department of Energy (FE-34)
Office of Fossil Energy
Office of Natural Gas Regulatory Activities
P.O. Box 44375
Washington, DC 20026-4375
Attention: Natural Gas Reports

**Re: Magnolia LNG LLC
DOE Semi-Annual Report
DOE/FE Order No. 3245, FE Docket No. 12-183-LNG
DOE/FE Order No. 3406, FE Docket No. 13-131-LNG**

To: Office of Natural Gas Regulatory Activities

Pursuant to Ordering Paragraph I of DOE/FE Order 3245 and Ordering Paragraph J of DOE/FE Order No. 3406, please accept this progress report for Magnolia LNG LLC ("Magnolia LNG"). This report covers the period from October 1, 2015, through March 31, 2016. Consistent with Ordering Paragraphs I and J, respectively, Magnolia LNG will continue to file semi-annual reports with the Department.

Any questions regarding this correspondence may be directed to the undersigned at 202.778.9178 or sandra.safro@klgates.com.

Best regards,

/s/ Sandra E. Safro
Sandra E. Safro
Counsel for Magnolia LNG LLC

Enclosure

Magnolia LNG LLC
FE Docket Nos. 12-183-LNG and 13-131-LNG
DOE/FE Order Nos. 3245 and 3406
Semi-Annual Report
Period Ending March 31, 2016

Progress of the Proposed Magnolia LNG Terminal

The regulatory permitting process for the Magnolia LNG Terminal continues to progress. As outlined in prior Semi-Annual Reports dated October 1, 2015, April 2, 2015, and October 7, 2014, Magnolia LNG LLC (“Magnolia LNG”) filed its formal application under Section 3 of the Natural Gas Act with the Federal Energy Regulatory Commission (“FERC”) on April 30, 2014, after completing FERC’s mandatory pre-filing process for LNG facilities. Kinder Morgan Louisiana Pipeline LLC (“KMLP”) filed an application with FERC to construct the facilities necessary to deliver natural gas to the Magnolia LNG project on June 30, 2014.

FERC continues its environmental and safety review of the Magnolia LNG Terminal and KMLP pipeline facilities. Following its publication of the Draft Environmental Impact Statement on July 17, 2015, FERC Staff published the Final Environmental Impact Statement (“FEIS”) for the Magnolia LNG Terminal and KMLP pipeline facilities on November 13, 2015. FERC Staff concludes in the FEIS that although the proposed Magnolia LNG and KMLP facilities may have adverse environmental impacts,” the “impacts would be reduced to less-than-significant levels with the implementation of the applicants’ proposed and [FERC Staff’s] recommended mitigation measures.” Magnolia LNG anticipates that FERC will issue its order approving the Magnolia LNG Terminal and related KMLP pipeline facilities in the second quarter of 2016.

Magnolia LNG continues to move forward on the design and engineering of the Magnolia LNG Terminal. On November 16, 2015, Magnolia LNG executed a lump sum turnkey contract for engineering, procurement, and construction services (“EPC Contract”) with a joint venture between KBR and SKE&C. The EPC Contract does not change the total 7.6 million tonne per annum LNG export capacity of the Magnolia LNG Terminal.

Status of Long-Term LNG Offtake Agreements

As noted in its Semi-Annual Report dated October 1, 2015, Magnolia LNG entered into a long-term Liquefaction Tolling Agreement (“LTA”) with Meridian LNG Holdings Corp. (“Meridian”) on July 22, 2015. On February 1, 2016, Magnolia and Meridian agreed to extend the financial close date condition precedent for Magnolia LNG from June 30, 2016, to December 31, 2016. All other terms as reported to DOE on August 21, 2015, in compliance with DOE/FE Orders 3245 and 3406, remain unchanged.

Contract negotiations for other long-term offtake agreements continue to progress. Magnolia LNG will file a copy of any long-term contracts, including long-term supply contracts, within 30 days of execution in accordance with DOE/FE Orders 3245 and 3406.