

VIA ELECTRONIC MAIL TO: FERGAS@HQ.DOE.GOV

April 3rd, 2016

Department of Energy
Office of Oil and Gas Global Security and Supply
Docket Room 3E-042, FE-34
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585
United States of America

Subject: Strom, Inc., FE Docket No. 14-56-LNG
Semi-annual report for the period ending March 31st, 2016
Filed pursuant to Ordering Paragraph G of DOE/FE Order No. 3537

Pursuant to Ordering Paragraph G of Order No. 3537 (“Order”) granting long-term, multi-contract authorization to export natural gas to any country that currently has, or in the future will have, the capacity to import LNG via approved ISO IM07/TV AC-ASME LNG (ISO) containers transported on ocean-going carriers, and with which the United States has a free trade agreement (“FTA”) providing for national treatment for trade in natural gas, on April 1st, 2015 (“Reporting Date”) in the above-referenced docket, Strom, Inc. (“Strom”) submits its semi-annual report for the period ending March 31st, 2016. In particular, Ordering Paragraph G states:

“Strom shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the proposed Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the Project, the date the facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts.”

Facility Progress Report

On April 18, 2014, Strom filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA) for long-term, multi-contract authorization to export liquefied natural gas (LNG) produced from domestic sources. Once in operation, based on conservative assumptions regarding construction contractor design margin and over-build, ambient air temperatures at the liquefaction project site, the quality of feed gas supplying the project and maintenance down-time, Strom expects that commercial LNG production available for export will be as much as approximately 28.21



billion cubic feet per year (Bcf/yr) of natural gas (0.08 Bcf per day). On October 21, 2014, Strom received authorization from DOE/FE via the Order to export domestically produced LNG by ISO containers on vessels from the proposed Project. The Project will be constructed on a property site approximately 15 acres in size, to be located at 6700 Tallahassee Road, Crystal River, Florida. Strom is actively negotiating with the Port of Tampa and Port Manatee of Florida, for long term leases for shipping of LNG. These negotiations are in their final stages and is expected to be completed by the end of the second quarter of 2016. Additionally, Strom is actively negotiating economic incentives with the Economic Development Authority of Crystal River, Florida to mitigate any financial impact on Strom as a direct result of the bearish natural gas market of the last 18 months. Additionally, Strom is in advance stage of negotiating rail transportation with CSX for transport of containers to either the Port of Tampa or Manatee, Florida. We are actively engaged in the design of the plant and intend to file construction permit applications by the third quarter of 2016.

Strom has secured certain preliminary agreements for equipment and is currently in discussion with EPC contractors for the Project. These contractors are well versed in Oil and Gas and have been involved in a myriad of FERC approved Oil and Gas projects.

Additionally, Strom is working with the USDOE loan guarantee program that would result in long term added security for our employees and other stakeholders. The process is in the embryonic stage and adds certain perceived certainty to possible offtake customers after completion.

Status of Long-term LNG Export Contracts

Strom will primarily engage in exports of LNG on its own behalf, and is currently in productive discussions with a variety of interested offtakers of LNG from the facility. Strom has recently entered into LOI's with offtakers in China pending completion of our NFTA application and is engaged in discussions with electric power suppliers in the Dominican Republic, Puerto Rico and Mexico. Additionally, Strom has received interest from LNG users in the Bahamas, Belize and other FTA countries including Panama. To date, Strom has received a request for LNG far exceeding our authorized authority. However, Strom has not yet entered into definitive long-term export contract associated with this Project. In accordance with Ordering Paragraph D of the Order, Strom will file any such long-term contracts with the DOE/FE following their execution.

Status of Long-term Gas Supply Contracts

Strom has had productive negotiations with natural gas pipeline transportation companies regarding the transportation and purchase of natural gas for export. As of the Reporting Date, Strom has not executed any contracts for the long-term transportation or supply of U.S.-sourced natural gas. Strom continues to discuss terms and conditions with Long Term



suppliers and expects to achieve favorable results. For instance, Strom has received a non-binding term agreement from a large and recognized Florida Electricity Provider which allows Strom to secure transportation of natural gas on a lower cost pipeline, Florida Gas Transportation pipeline. This is a major development in the short time since receiving our authority and will significantly reduce our transportation cost of natural gas to Crystal River. In accordance with Ordering Paragraph D of the Order, Strom will file any such contracts associated with the long-term supply of natural gas to the Project with the DOE/FE following their execution.

Date Facility is Expected to be Operational

Strom's liquefaction facilities are expected to commence commercial operations in the fourth quarter of 2017 providing market conditions remain relatively stable. We intend to file certain funding arrangements with the DOE before the end of the second quarter of 2016.

Any questions concerning this filing should be addressed to the undersigned at (727) 230-8840 or via email at dwallace@stromlng.com

Respectfully Submitted,



Dean M. Wallace, PMP
President