

April 3, 2014

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U.S. Department of Energy
Office of Fuels Programs, Fossil Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: In the Matter of Pangea LNG (North America) Holdings, LLC
FE Docket No. 12-174-LNG
Semi-Annual Report for the Period through March 31, 2014**

Dear Sir or Madam:

Pursuant to Ordering Paragraph I of the Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel From the Proposed South Texas LNG Export Project To Free Trade Agreement Nations (“Order”) issued by the U.S. Department of Energy, Office of Fossil Energy (“DOE/FE”) on January 30, 2013 in the above-referenced docket, Pangea LNG (North America) Holdings, LLC (“Pangea”) submits its third Semi-Annual Report for the period ending March 31, 2014. More specifically, Ordering Paragraph I of the Order requires that Pangea provide information on the progress of its proposed South Texas LNG Project (“Project”), the date the Project 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. That information is set forth below.

During the reporting period, Pangea advanced the engineering and design of the Project. Key developments in this area included selection of a new preferred site for the Project. In identifying the new site as superior to the originally proposed site, a site layout analysis was conducted and new pipeline route studies were performed. Prior engineering for the floating liquefaction unit is transferrable to the new site. However, the marine infrastructure and jetty layouts for the new site change the configuration of the previous land-based facilities. This requires making some adjustments to the Project’s prior design. Pangea is preparing for the pre-FEED stage of facility design based on the new Project site.

On March 31, 2014, Pangea filed its *Application to Amend Authorization to Revise the Point from which Export of LNG to Free Trade Nations Is to Occur and, as May Be Necessary, to Effect Transfers of Control of Pangea LNG (North America) Holdings, LLC* (in FE Docket No. 12-174-LNG) ("*Application to Amend*") and its *Amendment of Application to Export LNG to Non-Free Trade Agreement Countries to Reflect a Change in Ownership of Pangea LNG (North America) Holdings, LLC and a Revision of the Point from which Exports of LNG to Non-Free Trade Agreement Countries Is to Occur* (in FE Docket No. 12-184-LNG) ("*Amendment of Application*"). Those filings specify the location of the new site, provide other details of the Project that have been affected, and demonstrate that the new site is available for Pangea's use. Pangea expects to accelerate its development efforts once the DOE/FE has acted upon the *Application to Amend*.

Identification of a superior site during the Project's design process has resulted in limited slippage of the Project's schedule for development. Pangea now expects to request authorization from the Federal Energy Regulatory Commission's ("FERC") Director of the Office of Energy Projects to commence the FERC's mandatory National Environmental Policy Act pre-filing review process for the ST LNG Project by the end of the third quarter of 2014 and to file an application under Section 3 of the NGA during 2015. This schedule is partly based on Pangea's expectation that DOE/FE will continue to approve pending applications for non-FTA export authorization throughout 2014.

In addition to improving the siting and project design (subject to DOE/FE approval of the site change), Pangea has also made progress in attracting new development capital. As explained in greater detail in both the *Application to Amend* and the *Amendment of Application*, Cryzta Capital, LLC has agreed to become an indirect owner of the Project, subject to any necessary DOE/FE approval. (Please see the *Application to Amend* and the *Amendment of Application* for additional information on upstream ownership changes to be made.)

Finally, Pangea has promoted Shaun Davison to the position of Project Director. Shaun has a background in the successful development of LNG projects relying on floating technology.

Based on the anticipated FERC permitting schedule set forth above, the targeted in-service date for Phase I of the Project is during the fourth quarter of 2019, with Phase II to commence service during the second quarter of 2020. Pangea acknowledges that its 25 year authorization term begins to run no later than January 30, 2020. Through its semi-annual reports, Pangea will keep the DOE/FE apprised of any developments leading to Pangea further revising its expectations concerning the initial operating date for the Project.

Pangea does not currently anticipate entering into any long-term gas supply or long-term export contracts in conjunction with the LNG export authorization granted in the Order.



Instead, Pangea anticipates that it will operate the ST LNG Project as a tolling facility. As discussed in its *Application to Amend and Amendment of Application*, the Oil and Natural Gas Corporation (“ONGC”), an Indian multi-national oil and gas company entered into a letter of intent with Pangea during the current reporting period. In addition to assisting with development of the Project, ONGC and Pangea are in active negotiations with respect to taking a 49% ownership stake in Pangea and utilizing up to 100% of the Project’s export capacity. Pangea will timely apprise the DOE/FE of further developments with respect to Project ownership and terminal use/liquefaction tolling agreements.

In accordance with the Order, Pangea also will file any long-term export contracts that are the subject of the authorization granted by the Order, following execution of such agreements, which has yet to occur.

If you have further questions, please do not hesitate to contact me at +1-832-426-1870.

Sincerely,

Shaun Davison
Project Director

cc: Natalie Wood