

October 1, 2013

**RECEIVED**

*By Email to DOE/FE: at 9:28 am, Oct 02, 2013*

**VIA ELECTRONIC MAIL**

U.S. Department of Energy (FE-34)  
Office of Fossil Energy  
Office of Oil and Gas Global Security and Supply  
Attn: Natural Gas Reports  
P.O. Box 44375  
Washington, D.C. 20026-4375

Re: Lake Charles Exports, LLC  
FE Docket No. 11-59-LNG  
DOE/FE Order No. 3324  
Lake Charles LNG Terminal  
Semi-Annual Report

To: Office of Natural Gas Regulatory Activities

In accordance with the conditions of DOE/FE Order No. 3324 issued August 7, 2013, Lake Charles Exports, LLC submits the semi-annual report as required by ordering paragraph M describing the progress of the proposed liquefaction facility project at the Lake Charles Terminal.

Any questions concerning this filing should be addressed to the undersigned at (713) 989-2024.

Respectfully,

On behalf of Trunkline LNG Holdings LLC,  
A member company of Lake Charles Exports, LLC

*/s/ Stephen T. Veatch*

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Stephen T. Veatch  
Senior Director, Certificates and Tariffs

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**Regulatory**

Trunkline LNG Export, LLC (“Trunkline”) is participating in the required pre-filing procedures established by the Federal Energy Regulatory Commission (“FERC”) for LNG terminal facilities and the docket number assigned is PF12-8-000. As part of the pre-filing process, Trunkline continues to file monthly status reports detailing the activities related to the proposed project.

On April 18, 2013, U.S. Department of Defense (“DoD”) Siting Clearinghouse review of the Lake Charles Liquefaction Project dated December 6, 2012 was reflected in the pre-filing record. Their review indicated that the project would have minimal impact on military operations, and they will not oppose construction of the project but requested that FERC continue to coordinate with them as the project moves towards construction.

The scoping period for the *Supplemental Notice of Intent to Prepare an Environmental Impact Statement for the Planned Lake Charles Liquefaction Project and Request for Comments on Environmental Issues* closed on April 22, 2013 with comments submitted by the following:

- U.S. Fish and Wildlife Service
- U.S. Environmental Protection Agency
- U.S. National Park Service
- U.S. National Oceanic and Atmospheric Administration – National Marine Fisheries Service
- Louisiana Department of Wildlife and Fisheries
- Choctaw Nation of Oklahoma
- Sierra Club

On May 6, 2013, Trunkline filed with the FERC responses to the comments submitted by the Choctaw Nation of Oklahoma, Louisiana Department of Wildlife and Fisheries, U.S. Environmental Protection Agency, and the Sierra Club.

On June 3, 2013, the FERC issued a project update (see attached copy) related to their environmental review of the Lake Charles Liquefaction Project and to explain their review process, identify issues gathered during scoping, and to outline the next steps in their environmental review process.

During this reporting period, Trunkline indicated to the FERC in a bi-weekly conference call that the filing of the FERC application would be delayed due to the draft Resource Report 13 not being available for filing until the 4<sup>th</sup> quarter of 2013. Therefore, Trunkline anticipates filing the section 3/section 7 applications in the 1<sup>st</sup> quarter of 2014.

On June 26, 2013, Trunkline filed with the FERC revised drafts of Resource Report No. 1 – General Project Description and Resource Report No. 10 – Alternatives, incorporating comments received from FERC Staff on Trunkline’s initial drafts. In addition, Trunkline also filed draft Resource Reports 2-9 and 11-12.

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On August 6, 2013, the U.S. Department of Transportation's Pipeline and Hazardous Safety Administration (PHMSA) submitted a request to FERC that they notify LNG facility applicants to contact the Office of Pipeline Safety's Engineering and Research Division regarding siting requirements in which PHMSA requires a review of the design spill criteria for single accidental leakage sources in order to determine compliance with 49 CFR Part 193. Trunkline is initiating contact with PHMSA regarding the request.

On August 7, 2013, the U.S. Department of Energy Office of Fossil Energy issued an order conditionally granting long-term multi-contract authorization to export liquefied natural gas by vessel from the Lake Charles Terminal to non-free trade agreement nations (DOE/FE Order No. 3324).

**Engineering**

KBR finalized the Pre-FEED study during the reporting period and Technip continues work on the FEED process. Technip and CH-IV are continuing the preparation of draft Resource Report 13.

PSI, the geotechnical contractor, completed the Geotechnical Investigation Report and the Seismic/Tsunami Evaluation Report. The reports were provided to the FERC Geotechnical Contractor and an on-site visit is being scheduled for the next reporting period.

**Environmental**

Environmental surveys of the additional temporary workspaces identified for the project were completed and drafting of the reports to be incorporated into the U. S. Army Corps of Engineers application and mitigation plan continues. Environmental support for the geotechnical surveys work being performed at the proposed liquefaction facility site has been completed. Trunkline continues to work with the U. S. Army Corps of Engineers through the Jurisdictional Determination process and through their review of our NWP 6 PCN for the geotechnical activities.

Revised draft Resource Reports 1 and 10 and the initial draft Resource Reports 1-9 and 11-12 were completed and filed as indicated above. FERC Staff's comments on the draft Resource Reports were received on September 27, 2013.

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**Status of Long-Term Contracts Associated with the Facility**

Trunkline currently has agreements in place for the purchase/lease of all property related to the liquefaction facilities and the agreements were finalized and executed during this reporting period.

Trunkline LNG Export, LLC, Trunkline LNG Company, LLC, Trunkline Gas Company, LLC, BG LNG Services, LLC and BG Energy Merchants, LLC have entered into a Project Development Agreement (“PDA”) to jointly develop the Lake Charles Liquefaction Project.

Definitive agreements to implement the project remain under development. Trunkline will own and finance the proposed new liquefaction facility, and BG LNG Services, LLC will have a long-term tolling agreement with Trunkline for the offtake. BG Group will oversee the design and construction management of the proposed project.

To facilitate BG Group’s sourcing of natural gas for the proposed project, Trunkline Gas Company, LLC will provide pipeline transportation services to supply natural gas to the project.

A copy of the press release issued this date is attached for your convenience.

**Date Facility is expected to Be Operational**

The first train is expected to be operational in 2019.



**Federal Energy  
Regulatory  
Commission**

**Office of Energy  
Projects**

**PROJECT UPDATE FOR THE LAKE  
CHARLES LIQUEFACTION PROJECT**

**June 2013**

**PURPOSE**

The purpose of this mailing is to provide an update on the Federal Energy Regulatory Commission's (FERC or Commission) environmental review of the planned Lake Charles Liquefaction Project, explain our review process, identify the issues gathered during scoping, and give you an idea of what's next in the process.

**PROJECT DESCRIPTION**

Trunkline LNG Company, LLC; Trunkline LNG Export, LLC; and Trunkline Gas Company, LLC (collectively referred to as Trunkline) plans to expand its pipeline system in Louisiana and its existing liquefied natural gas (LNG) terminal in Calcasieu Parish, Louisiana to export LNG. The Lake Charles Liquefaction Project consists of a new liquefaction facility and modifications at the existing LNG terminal; about 0.5 mile of 48-inch-diameter feed gas pipeline in Calcasieu Parish; 11.6 miles of 36-inch-diameter natural gas pipeline in Jefferson Davis and Calcasieu Parishes; a 6.5-mile-long, 24-inch-diameter natural gas pipeline loop<sup>1</sup> in Jefferson Davis and Calcasieu Parishes; a new 59,840-horsepower compressor station in Calcasieu Parish; four new meter stations in Calcasieu, Acadia, and Richland (2) Parishes; and modifications at other compressor and meter station facilities in Calcasieu, Jefferson Davis, Cameron, and Beauregard Parishes.

<sup>1</sup> A pipeline "loop" is a segment of pipeline that is installed adjacent to or in the vicinity of an existing pipeline and connected to the existing pipeline at both ends. A loop increases the volume of gas that can be transported through that portion of the system.

**PROJECT HISTORY**

We started our review of the project on April 6, 2012, when we approved Trunkline's request to use the FERC pre-filing process (Docket No. PF12-8-000). The environmental issue identification process (i.e., scoping) is being conducted during this phase of our review. The pre-filing process will end when Trunkline formally files its application with the FERC.

**WHERE WE ARE IN THE EIS PROCESS**

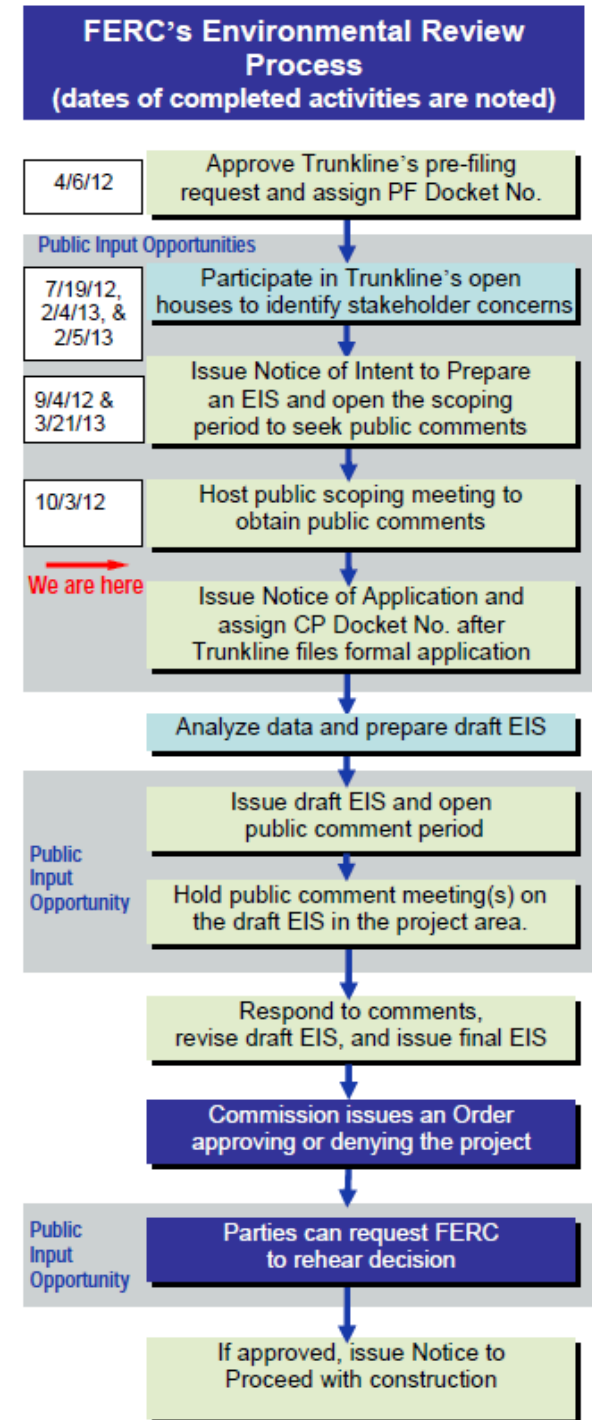
The FERC is the lead federal agency responsible for conducting the project's environmental review. In compliance with the National Environmental Policy Act, the FERC is preparing an environmental impact statement (EIS) for the planned project. Currently, four other federal agencies are cooperating in the preparation of the EIS: the U.S. Department of Energy, the U.S. Fish and Wildlife Service, the U.S. Army Corps of Engineers, and the U.S. Department of Transportation.

We attended three company-sponsored open houses in the project area to provide information about FERC and the EIS process. We issued a *Notice of Intent to Prepare an Environmental Impact Statement* and a *Supplemental Notice of Intent* based on project modifications, each of which opened a scoping period to seek public comments on the project. We also conducted a public scoping meeting in Sulphur, Louisiana.

Presently, we are conducting our environmental analysis of the planned project. The results of this analysis will be presented in the draft EIS. The draft EIS will describe the potential environmental impacts of the project and alternatives, and will include an engineering design review of the proposed facility. It will also describe Trunkline's proposed construction procedures and mitigation measures, and present our recommendations for additional mitigation and/or conservation measures to avoid or further reduce impacts on the affected environment.

In addition to Trunkline's Lake Charles Liquefaction Project application and project data, we will analyze information that has been filed by other stakeholders and commenters in the proceeding. All substantive issues identified by commenters will be addressed in the draft EIS.

The flow chart on the following page shows where we currently are in our environmental review process.





## ISSUES IDENTIFIED TO DATE

The following list identifies general concerns that have been raised during scoping on this project:

- Purpose and need of the project
- Alternative sites and alternative construction techniques
- Wetlands, streams, and water resource impacts and mitigation
- Threatened and endangered species and habitat
- Recreational fishing and aquatic resources in the Calcasieu Ship Channel
- Agricultural operations and land use
- Air and noise quality
- Safety during construction and operation of the project



A liquefied natural gas tanker ship in transit at sea.

## NEXT STEPS

The next major step in the process will be the receipt of Trunkline's draft environmental resource reports, expected in June 2013. Trunkline plans to file its application for the Lake Charles Liquefaction Project in late 2013. After receipt of the formal application and all the information necessary to prepare the draft EIS, we will issue a Notice of Schedule for Environmental Review. This Notice will announce the target date for issuing the final EIS and disclose the 90-day federal authorization action/decision deadline for other agencies.

When the draft EIS is completed, a Notice of Availability will appear in the Federal Register. The draft EIS will be mailed to the environmental mailing list for this proceeding. There will be a 45-day comment period to review and comment on the document. In addition to accepting written comments, dates and locations of public comment meeting(s) will be announced in the draft EIS and in the Notice of Availability.

At the close of the comment period, we will consider all comments received on the draft EIS, prepare written responses to those comments, and revise the draft EIS, as necessary, to create the final EIS. The final EIS will also be mailed to the environmental mailing list. The Commission will consider the findings in the final EIS, along with other non-environmental information, when it makes its decision about whether or not to approve the project.



The liquefied natural gas storage tanks at the existing Lake Charles LNG facility.

## YOUR INPUT IS VALUED

The comments we've received so far have helped the environmental and engineering staff identify and evaluate the potential impacts of the proposed project. Please stay involved and consider filing comments on the draft EIS when it is available. We want to make sure that the final EIS is accurate.



## HOW TO STAY INFORMED

Go to the FERC website at <http://www.ferc.gov>. Click on the eLibrary link, click on "General Search," and enter the docket number (i.e., PF12-8). Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or toll free at 1-866-208-3676. For TTY, contact 202-502-8659.

In addition, the FERC offers a free service called eSubscription that allows you to keep track of all issuances and submittals in specific dockets. Using this service can reduce the amount of time you spend monitoring our website by automatically providing you with electronic notification when new items are posted and providing direct links to the documents. To register for this service, go to <http://www.ferc.gov/esubscribenow.htm>.

While we believe that the Internet is the best way to stay informed of the project, we realize that not everyone has Internet access. From this point forward, issuances by the FERC environmental staff, including the draft and final EIS documents, will be mailed to the environmental mailing list in either hard copy or compact disc format.

## LAKE CHARLES LNG EXPORT PROJECT UPDATE

### *Development Milestone Achieved*

**DALLAS and HOUSTON - October 1, 2013** - Energy Transfer Equity, L.P. (NYSE: ETE) and Energy Transfer Partners, L.P. (NYSE: ETP) (collectively, “Energy Transfer”) and BG Group (LSE: BG.L) announced today that they have entered into a project development agreement (PDA) to jointly develop the liquefied natural gas (LNG) export project at the existing Trunkline LNG import terminal in Lake Charles, Louisiana.

The announcement follows the Department of Energy conditionally granting authorization to Energy Transfer and BG Group to export from the existing Trunkline LNG import terminal up to 15 million metric tonnes per annum (mtpa) of LNG to non-free trade agreement nations.

The proposed project will include the construction of three liquefaction trains and will use the existing LNG storage and marine berthing facilities owned by Trunkline LNG Company, LLC (a wholly-owned subsidiary of Energy Transfer). Energy Transfer has secured all property rights required for the site of the liquefaction facility.

The project is being developed to liquefy domestic supplies of natural gas for export to meet growing global demand for LNG. Exporting LNG to world markets is expected to provide economic and employment related benefits for the U.S., including approximately 250 operational positions and several thousand jobs during the project’s construction phase.

The PDA sets forth the commercial arrangements between the parties and a final investment decision to proceed with the project is expected to be made in 2015.

Energy Transfer will own and finance the proposed new liquefaction facility, and BG Group will have a long-term tolling agreement with Energy Transfer for the offtake, although BG Group may choose to assign some of its capacity or offtake to third parties. Trunkline Gas Company, LLC (a wholly-owned subsidiary of Energy Transfer), will provide pipeline transportation services to supply natural gas to the project.

BG Group views Lake Charles as an attractive, low cost LNG supply option and is one of the most advanced LNG development projects in its portfolio. BG Group will oversee the engineering and design and will manage construction of the facility, as well as operate the combined facility. The project’s front end engineering and design (FEED) study being done by Technip is well advanced. The project is in the Federal Energy Regulatory Commission’s (FERC) “pre-filing” environmental review process, with the parties currently expecting to file a formal application with the FERC by the end of the first quarter of 2014.

Pending final investment decisions from both Energy Transfer and BG Group, construction is expected to start in 2015, with first LNG exports anticipated in 2019.

**Energy Transfer Partners, L.P. (NYSE: ETP)** is a master limited partnership owning and operating one of the largest and most diversified portfolios of energy assets in the United States. ETP currently owns and operates approximately 43,000 miles of natural gas, natural gas liquids, refined products, and crude oil pipelines. ETP owns 100% of ETP Holdco Corporation, which owns Southern Union Company and Sunoco, Inc., and a 70% interest in Lone Star NGL LLC, a joint venture that owns and operates natural gas liquids storage, fractionation and transportation assets. ETP also owns the general partner, 100% of the incentive distribution rights, and approximately 33.5 million common units in Sunoco Logistics Partners L.P. (NYSE: SXL), which operates a geographically diverse portfolio of crude oil and refined products pipelines, terminalling and crude oil acquisition and marketing assets. ETP's general partner is owned by Energy Transfer Equity (NYSE: ETE). For more information, visit the Energy Transfer Partners, L.P. web site at [www.energytransfer.com](http://www.energytransfer.com).

**Energy Transfer Equity, L.P. (NYSE: ETE)** is a master limited partnership which owns the general partner and 100% of the incentive distribution rights (IDRs) of Energy Transfer Partners, L.P. (NYSE: ETP) and approximately 99.7 million ETP common units; and owns the general partner and 100% of the IDRs of Regency Energy Partners LP (NYSE: RGP) and approximately 26.3 million RGP common units. The Energy Transfer family of companies owns more than 56,000 miles of natural gas, natural gas liquids, refined products, and crude pipelines. For more information, visit the Energy Transfer Equity, L.P. web site at [www.energytransfer.com](http://www.energytransfer.com).

**BG Group plc (LSE: BG.L)** is a world leader in natural gas, with a strategy focused on connecting competitively priced resources to specific, high-value markets. Active in more than 20 countries on five continents, BG Group has a broad portfolio of business interests focused on exploration and production and liquefied natural gas. It combines a deep understanding of gas markets with a proven track record in finding and commercializing reserves. For further information visit: [www.bg-group.com](http://www.bg-group.com).

### **Energy Transfer Forward-Looking Statements**

This press release may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond management's control. Among those is the risk that the anticipated benefits from the proposed transaction cannot be fully realized. An extensive list of factors that can affect future results are discussed in the Partnerships' Annual Reports on Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. The Partnerships undertake no obligation to update or revise any forward-looking statement to reflect new information or events.

The information contained in this press release is available on Energy Transfer's website at [www.energytransfer.com](http://www.energytransfer.com).

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