



October 4, 2023

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
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**Re: Driftwood LNG LLC
Driftwood Pipeline LLC
Docket Nos. CP17-117-000 & CP17-118-000
Request for Extension of Time**

Dear Ms. Bose:

On April 18, 2019, the Federal Energy Regulatory Commission (“Commission”) issued an Order Granting Authorizations Under Sections 3 And 7 of the Natural Gas Act (“NGA”) in Docket Nos. CP17-117-000 and CP17-118-000.¹ In the Order, the Commission authorized Driftwood LNG LLC (“Driftwood LNG”) under Section 3 of the NGA to site, construct, and operate facilities for the liquefaction and export of natural gas in Calcasieu Parish, Louisiana (the “LNG Terminal” or “Terminal”). The Order also granted Driftwood Pipeline LLC (“Driftwood Pipeline”) a certificate of public convenience and necessity under Section 7(c) of the NGA, authorizing Driftwood Pipeline to construct and operate a new 48-inch interstate natural gas pipeline system in Evangeline, Acadia, Jefferson Davis, and Calcasieu Parishes, Louisiana (“Pipeline Project”).

The Order stipulates that “[t]he authorization [to site, construct, and operate the LNG Terminal] is conditioned on ... Driftwood LNG’s facilities being fully constructed and made available for service within seven years of the date of [the] [O]rder”² and the “certificate [to construct and operate the Pipeline Project] is conditioned on ... Driftwood Pipeline’s facilities being fully constructed and made available for service within seven years of the date of [the] [O]rder ...”³ In this regard, and for good cause shown, Driftwood LNG and Driftwood Pipeline (together, “Driftwood”) are requesting an extension of time of an additional 36 months, beyond the originally authorized in-service date, to complete construction and place each of the LNG Terminal and the Pipeline Project (together, the “Project”) in service.

Driftwood LNG has worked diligently to develop and execute the construction of the LNG Terminal, making good faith efforts to meet the service commencement deadline stipulated in the Order. On November 10, 2017, Driftwood LNG entered into an Engineering, Procurement and Construction (“EPC”) contract with Bechtel Energy Inc. (“Bechtel”) for the LNG Terminal project.

¹ *Driftwood LNG LLC & Driftwood Pipeline LLC*, 167 FERC ¶ 61,054 (2019) (“Order”).

² *Id.* at Ordering Para. (B)(1).

³ *Id.* at Ordering Para. (D)(1).

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Pursuant to the EPC contract, on March 28, 2022, Driftwood LNG issued Bechtel a limited notice to proceed with construction of the Terminal. Bechtel then commenced construction, pursuant to FERC authorization, on April 4, 2022.⁴ Over the past 17 months, construction has progressed continuously.

Construction activities to date include but are not limited to, significant site preparation, excavation and backfill activities, dewatering and filling of the man-made lake, construction of water wells and road widening projects,⁵ commencement of certain pile driving activities (approximately 11,800 piles have been driven to date), installation of a security gate,⁶ berm activities,⁷ and formwork, rebar installation, and pouring concrete for the compressor foundations.⁸ Approximately 175 personnel currently report daily to the LNG Terminal project site including Driftwood LNG staff, inspectors and contractors, and the Bechtel team and their subcontractors.

In support of the approved wetland mitigation and beneficial use of dredged material plan, Driftwood LNG has concurrently built over 34,347 linear feet of containment levees within the beneficial use site in preparation to receive dredge spoil from the site. Driftwood LNG has installed outfall/decant structures and repaired existing levees to bolster their integrity and ability to hold the dredged material. After completion of levees and outfalls, Driftwood LNG planted marsh grasses to stabilize the recently constructed areas.

Additionally, Driftwood LNG plans to begin preparing and mobilizing equipment to dredge the Pioneer Dock and the Marine Offloading Facility (“MOF”) at the site. Driftwood LNG has already commenced preparation efforts for the MOF by initiating dry land work including clearing/grubbing/stripping, excavation and backfill, and driving concrete piles. Additionally, steel pipe piles will be installed to support sheet piles, tie-rods and walers that will be installed in the area to stabilize the shoreline once dredged/excavated. Driftwood LNG also commenced pile installation (approximately 7,000 piles) for LNG storage tanks 1 and 2.

Recently, Tellurian Inc. (Driftwood’s parent company) and Baker Hughes announced that they have entered into an agreement whereby Baker Hughes will supply eight main refrigerant compression packages for Phase 1 of the LNG Terminal project.⁹ The agreement secures an expedited delivery schedule for the eight gas turbines, main refrigerant compressors, and control units required for Phase 1. However, the agreed upon expedited delivery time pushes back the in-

⁴ *Driftwood LNG LLC*, Letter Order Granting Notice to Proceed with Site Preparation, Docket No. CP17-117-000 (Dec. 11, 2019); *Driftwood LNG LLC*, Monthly Construction Report – April 2022, Docket No. CP17-117-000 (May 20, 2022) (noting commencement of construction activities).

⁵ *Driftwood LNG LLC*, June 2022 Monthly Construction Report, Docket No. CP17-117-000 (Jul. 20, 2022).

⁶ *Driftwood LNG LLC*, July 2022 Monthly Construction Report, Docket No. CP17-117-000 (Aug. 19, 2022).

⁷ *Driftwood LNG LLC*, October 2022 Monthly Construction Report, Docket No. CP17-117-000 (Nov. 18, 2022).

⁸ *Driftwood LNG LLC*, November 2022 Monthly Construction Report, Docket No. CP17-117-000 (Dec. 20, 2022).

⁹ Baker Hughes, *Tellurian and Baker Hughes Announce Agreement for Driftwood LNG Phase 1 Liquefaction Equipment* (Sept. 5, 2023), <https://investors.bakerhughes.com/news-releases/news-release-details/tellurian-and-baker-hughes-announce-agreement-driftwood-lng>.

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service of the Terminal to no earlier than late 2027 for Phase 1 and beyond for the remaining Phases. Based upon the Phase I delivery timeline, Driftwood LNG expects the timing to be similar for the Phase II equipment which will shift the in-service of the Phase II facilities into 2029.

Driftwood Pipeline has secured the compressor station property for the Gillis Compressor Station approved as part of the Pipeline Project. Pursuant to the terms of the precedent agreement between Driftwood LNG and Driftwood Pipeline, construction of the Pipeline Project will be sequenced to meet the LNG Terminal commissioning schedule. In this regard, Driftwood Pipeline anticipates that the Pipeline Project will commence commissioning and then will begin to be placed in service approximately 30 to 34 months after the LNG Terminal begins process equipment installation.

Driftwood LNG and Driftwood Pipeline have received and are maintaining all required permits and authorizations necessary for the Terminal and the Pipeline.¹⁰ To date, Driftwood has made a significant capital investment in the Project, of over \$1 billion.

Despite this significant progress, Driftwood LNG and Driftwood Pipeline encountered unforeseen circumstances in recent years that are preventing each from meeting the Commission's in-service deadline for the LNG Terminal and associated Pipeline Project, respectively. Global upheaval stemming from the COVID-19 pandemic caused cascading market and logistical impacts on workforce, safety, supply chain, and investment in infrastructure projects.¹¹ As noted in many recent orders granting LNG projects extensions of time,¹² these circumstances caused unforeseeable difficulties for LNG project development and made securing long-term LNG commercial commitments difficult over the last several years. However, the pandemic has finally subsided,¹³ global energy markets are rebounding,¹⁴ and the need to alleviate dependence on Russian gas after

¹⁰ Due to construction sequencing, Driftwood Pipeline will permit the Basile Compressor Station and the Mamou Compressor Station when construction of the Pipeline Project commences.

¹¹ Moreover, a legal challenge to Driftwood's U.S. Army Corps of Engineers permit also created headwinds with respect to Driftwood's ability to secure final commercial and financial commitments for the Project. However, the U.S. Court of Appeals for the Fifth Circuit recently issued a decision denying the petition for review filed by Healthy Gulf and the Sierra Club. *Healthy Gulf v. U.S. Army Corps of Eng'rs*, ___ F.4th ___, 2023 WL 5742541 (5th Cir. Sept. 6, 2023).

¹² See, e.g., *Port Arthur LNG, LLC & Port Arthur Pipeline, LLC*, 181 FERC ¶ 61,024 (2022); *Freeport LNG Development, L.P. & FLNG Liquefaction 4, LLC*, 181 FERC ¶ 61,023 (2022); *Rio Grande LNG, LLC*, 181 FERC ¶ 61,032 (2022); *Trunkline Gas Company, LLC, Lake Charles LNG Export Company, LLC & Lake Charles LNG Company, LLC*, 179 FERC ¶ 61,086 (2022); *Corpus Christi Liquefaction Stage III, LLC, Corpus Christi Liquefaction, LLC & Cheniere Corpus Christi Pipeline, LP*, 179 FERC ¶ 61,087 (2022).

¹³ Recently, the United Nations World Health Organization declared an end to COVID-19 as a public health emergency. United Nations, *WHO chief declares end to COVID-19 as a global health emergency*, UN NEWS (May 5, 2023), <https://news.un.org/en/story/2023/05/1136367>.

¹⁴ Marwa Rashad & Emily Chow, *European demand to boost LNG competition over next two years – Shell*, REUTERS (Feb. 16, 2023), reuters.com/business/energy/european-demand-boost-lng-competition-over-next-two-years-shell-2023-02-16/; Visiongain Reports Ltd, *Liquefied Natural Gas (LNG) market is projected to grow at a CAGR of 5.9% by 2033: Visiongain*, YAHOO FINANCE (Jun. 2, 2023), <https://finance.yahoo.com/news/liquefied-natural-gas-lng-market-083600870.html>.

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the invasion of Ukraine has led to increased demand for LNG deliveries from the United States to European markets.¹⁵

Driftwood LNG is making progress on its commercialization of the LNG Terminal. Driftwood LNG continues to be flexible and amend its commercial strategy to attract offtake or equity partners. In that regard, Driftwood is actively engaged in securing final commitments for both the offtake agreements as well as financing for the Project, which will allow construction to continue to progress in anticipation of operations, and facilitate commencement of the Pipeline Project construction. However, potential financing counterparties and customers require regulatory certainty that Driftwood will have sufficient time to construct and place the Project in service.

Driftwood anticipates that it will need an additional 36 months to complete construction of the LNG Terminal and Pipeline Project and place the Project in service, rendering the current in-service deadlines in the Order infeasible. In this regard, Driftwood hereby requests that the Commission grant an approximately 36-month extension of time so that it has the required time to: (i) receive its long lead manufactured equipment, which cannot be manufactured and delivered to the site in time to meet the current deadline, (ii) install the equipment and construct the remaining facilities, and (iii) continue to attract and secure customers, and financing.

The Commission has consistently held that construction deadlines may be extended for good cause,¹⁶ and that, among other means, such requisite “[g]ood cause can be shown by a project sponsor demonstrating that it made good faith efforts to meet its deadline but encountered circumstances that prevented it from doing so.”¹⁷ Furthermore, Driftwood is not proposing any modifications or additions to the LNG Terminal or the Pipeline Project in connection with the requested extension of time. In this regard, approval of a request for extension of time is an administrative action, which is “not considered to be a major Federal action significantly affecting the quality of the human environment.”¹⁸ The Commission has repeatedly held that “[g]ranteeing an extension of time to complete an approved action constitutes neither a substantial change nor a new approval of the specific proposed project in question.”¹⁹ As the instant request is “only to change

¹⁵ Secretary Granholm recently stressed the value of assisting European nations through the provision of U.S. LNG. See Jennifer Granholm, Secretary, U.S. Dep’t of Energy, *U.S. Secretary of Energy Jennifer M. Granholm Speaks at 2023 CERAWEEK Luncheon & Keynote Address*, C-SPAN (Mar. 8, 2023), <https://www.c-span.org/video/?526539-1/energy-secretary-granholm-speaks-ceraweek-conference> (noting that European nations “really do want to use the cleanest form of energy possible that they can get and they have been very grateful to the United States. They feel like our LNG is cleaner and they feel like we are a trusted partner and they can count on us.”); see also Briefing Room, The White House, *Fact Sheet: United States and European Commission Announce Task Force To Reduce Europe’s Dependence On Russian Fossil Fuels* (March 25, 2022), <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/fact-sheet-united-states-and-european-commission-announce-task-force-to-reduce-europes-dependence-on-russian-fossil-fuels/>.

¹⁶ 18 C.F.R. § 385.2008(a) (2023).

¹⁷ *Port Arthur LNG, LLC & Port Arthur Pipeline, LLC*, 181 FERC ¶ 61,024, P 6 (2022).

¹⁸ *Trunkline Gas Company, LLC, Lake Charles LNG Export Company, LLC and Lake Charles LNG Company, LLC*, 179 FERC ¶ 61,086, P 17 (2022).

¹⁹ *Freeport LNG Development, L.P. and FLNG Liquefaction 4, LLC*, 181 FERC ¶ 61,023, P 14 (2022).

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the timing, not the nature, of the project”²⁰ and the environmental and other public interest findings for the Project remain valid, the requested extension does not undermine the Commission’s prior findings with regard to the public interest of the Project. Additionally, the Commission has granted similar requests for extensions by LNG companies for similar or longer periods of time.²¹

Driftwood has demonstrated that good cause exists to grant its requested extension because (1) Driftwood made good faith efforts to meet the original deadline, maintaining all permits and significantly progressing the LNG Terminal and progressing the Pipeline Project to the extent feasible, and is fully committed to moving the Project forward as demonstrated by ongoing construction, as well as continuing progress with potential commercial and financial partners, (2) Driftwood encountered entirely unforeseeable circumstances that inhibited progress in commercializing the Project, which are now abating, (3) the public interest findings and environmental analyses underlying the Order remain valid, and (4) Driftwood’s request is consistent with Commission precedent granting similar requests for extensions of time to LNG projects and their associated pipelines. Moreover, Driftwood’s request is consistent with the public interest which is served by facilitating the delivery of much-needed LNG to our global allies.

Given the foregoing, Driftwood hereby requests that the Commission grant an approximately 36-month extension of time so that it may construct and place each of the LNG Terminal and Driftwood Pipeline in service by April 18, 2029. Driftwood respectfully requests that the Commission grant this request for extension by **November 16, 2023** so as to help expedite the timely conclusion of ongoing commercial and financial discussions between the Project and certain potential partners. Should you have any questions about the instant filing, please feel free to contact the undersigned at (212) 506-3710.

Respectfully submitted,

/s/ Lisa M. Tonery

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Attorneys for
Driftwood LNG LLC &
Driftwood Pipeline LLC

²⁰ *Rio Grande LNG, LLC*, 181 FERC ¶ 61,032, P 15 (2022).

²¹ *See, e.g., Trunkline Gas Company, LLC, Lake Charles LNG Export Company, LLC & Lake Charles LNG Company, LLC*, 179 FERC ¶ 61,086 (2022) (granting 36-month extension of time request); *Port Arthur LNG, LLC & Port Arthur Pipeline, LLC*, 181 FERC ¶ 61,024 (2022) (granting 50-month extension of time request); *Corpus Christi Liquefaction Stage III, Corpus Christi Liquefaction, LLC & Cheniere Corpus Christi Pipeline, LP*, 179 FERC ¶ 61,087 (2022) (granting 31-month extension of time request). The Commission has granted similar or longer extensions of time for pipeline projects. *See, e.g., National Fuel Gas Supply Corp. & Empire Pipeline, Inc.*, 179 FERC ¶ 61,226 (2022) (granting 35-month extension of time request); *Mountain Valley Pipeline, LLC*, 180 FERC ¶ 61,117 (2022) (granting 48-month extension of time request).

Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at New York, NY this 4th day of October, 2023.

/s/Dionne McCallum-George
Dionne McCallum-George
Executive Assistant on behalf of
Driftwood LNG LLC &
Driftwood Pipeline LLC

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