

September 29, 2020

Associate Administrator for Hazardous Materials Safety Administrator
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
East Building PHH-30
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Special Permit DOT-SP 20534: September 2020 Quarterly Report

Dear Sir or Madam:

Pursuant to Section 12.b. of special permit DOT-SP 20534 (“Special Permit”), Energy Transport Solutions LLC (“ETS”) is pleased to provide this quarterly update.

Section 12.b. directs that ETS provide the following information in its quarterly report update:

- b. Every three months, up to the first offering, the grantee must provide quarterly program updates describing:
- (1) the progress on manufacture and delivery of tank cars; and
 - (2) the scheduled first shipment date.

This report should be submitted to specialpermits@dot.gov for review. The report should be provided to PHMSA by January 1st, April 1st, July 1st, and October 1st.

The March 13, 2020 letter from William Schoonover to Chris Guinta of ETS (the “March 13 Letter”) explains that the quarterly report should discuss the “basic plan for designing, acquiring, and using the required tank cars.” In addition, this letter directs ETS to include in this quarterly report:

The quarterly update should also provide information on the projected start-up dates for the Wyalusing, PA and Gibbstown, NJ facilities, if initial deliveries will begin with cargo tank motor vehicles and if so, how shipments will transition from cargo tank motor vehicles to rail cars under the terms of the special permit.

What follows provides the information called for by Section 12.b. of the Special Permit. Overall, the economic, public health, and political uncertainties currently facing all industries especially pose unique complexities for capital-intensive sectors like the LNG industry. We have been pleased with the knowledge that federal, state, and local agencies continue to work with developers in their jurisdictions to facilitate regulatory and construction milestone adjustments to assure

worker safety and to provide the time needed for developers to prepare to make final investment decisions. For instance, several developers of LNG projects have sought extensions of time from the Federal Energy Regulatory Commission (“FERC”) for their obligations to construct and place into service liquefaction capabilities.¹ For example, the Freeport LNG Development, LP extension request to FERC referenced the impediments to investment posed by “the current world-wide economic climate and depressed global LNG prices resulting from the coronavirus pandemic.”²

(b) (4)

Progress In Acquiring Tank Cars

(b) (4)

The (b) (4) design specifications otherwise conform to the Special Permit requirements. ETS is continuing to evaluate initial terms for such acquisition for an LOI to allow terms to be negotiated and memorialized in an agreement for the purchase and delivery timeline of the tank cars, under which ETS can issue a “Notice to Proceed.” ETS also continues to coordinate with rail car manufacturers on rail car design and testing of prototypes. We continue to currently estimate a minimum of a 16 month time period from issuance of the Notice to Proceed until the first Rail Car is received.

Schedule for First Shipment Date of LNG From Wyalusing, PA to Gibbstown, NJ

(b) (4)

ETS and its affiliates (collectively, “NFE”) remain committed to the liquefaction facility in Wyalusing, Pennsylvania (the “Wyalusing Facility”), and continually evaluate the commercially reasonable timeline for commencing and completing all construction-related tasks. (b) (4)

NFE and the entire LNG industry continue to work with local and national officials and experts to navigate a complex market. The Covid-19 pandemic has exacerbated these political and commercial realities and has led to an unprecedented global slowdown with significant

¹ See, e.g., the FERC grant to Freeport LNG Development, LP on August 3, 2020; Magnolia LNG LLC request to FERC on September 11, 2020 (FERC Docket Nos. CP14-347-000 and CP19-19-000) (referencing “unforeseeable developments in the global LNG market... coupled with disruptions in the China-United States LNG trade and the ongoing COVID-19 pandemic”).

² See Freeport LNG Development, LP’s Request for Extension of Time issued July 27, 2020 (FERC Docket No. CP17-470-000).

³ (b) (4)

uncertainties and risks for all businesses. These market uncertainties have made it difficult for many entities to make the investment decision necessary to construct a facility of this magnitude.

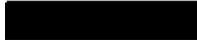
Construction of the Wyalusing, PA Liquefier

The Commonwealth of Pennsylvania's restrictive orders halted construction at the Wyalusing Facility from March 20, 2020 until May 4, 2020. ETS's affiliate Bradford County Real Estate Partners, LLC ("BCREP") resumed work on the site promptly on May 4 and has prepared the site for construction.

(b) (4)

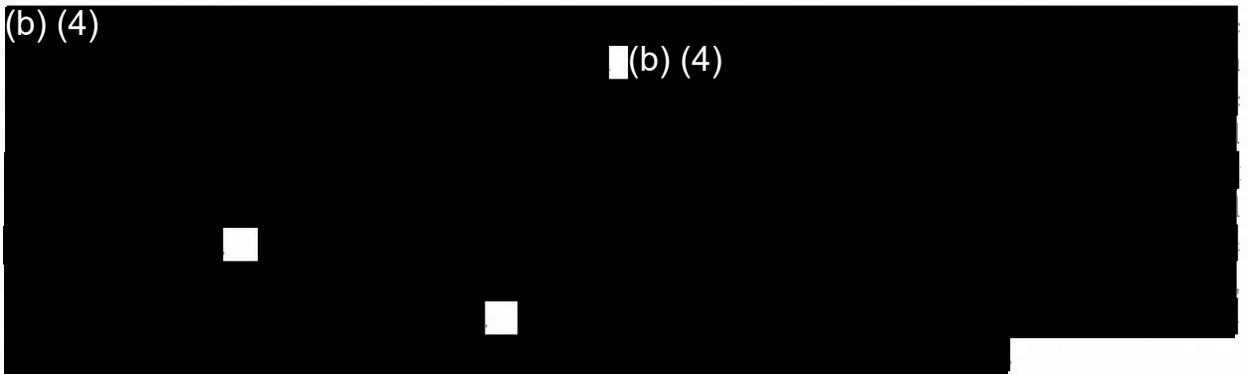


Construction of Gibbstown Facility and Expansion for Rail Unloading

The timelines for the Wyalusing Facility and the Gibbstown Facility are (b) (4)   As for the Gibbstown Facility, all permits for constructing a new dock capable of handling the necessary vessels have been obtained. The Delaware River Basin Commission ("DRBC") held an evidentiary hearing in May regarding the approval for in-water work and construction of a second dock at the site that the DRBC issued to the NFE affiliate Delaware River Partners, LP on June 12, 2019, and has voted on September 10 to defer its decision on the already issued permits to its next business meeting, which is anticipated in December of 2020. The Gloucester County Planning Board issued a permit on April 28, 2020 that allows the construction of the second dock. An environmental advocacy group has filed challenges to 3 of the permits; however, the permits remain valid for construction to move forward.

Plan for Transitioning to Unit Trains

(b) (4)



■ (b) (4)

(b) (4)



(b) (4) (b) (4)

ETS has been working with the relevant railroads to discuss expected logistics and timelines, and issues like track layouts, expected timetables and routes. (b) (4)

These estimates again remain subject to adjustment based on recent industry proposals to PHMSA.

ETS Coordination with Third Parties

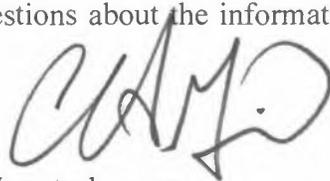
ETS remains committed to coordinate with the railroad, the shipper, and the local emergency responders to ensure that all relevant third parties are prepared to accommodate the eventual incremental increase in number of Rail Cars in each shipment and that any issues are identified and addressed immediately. The views and feedback of this group will factor into the ramp-up of shipments of LNG by train described above.

Summary

(b) (4)

The ongoing economic complexities and physical limitations created by the current market trends and Covid-19 pandemic response make long-term planning and decision-making increasingly difficult. (b) (4)

Should you have any questions about the information provided in this letter, please feel free to contact us.



Very truly yours,

Energy Transport Solutions LLC

December 29, 2020

Associate Administrator for Hazardous Materials Safety Administrator
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
East Building PHH-30
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Special Permit DOT-SP 20534: December 2020 Quarterly Report

Dear Sir or Madam:

Pursuant to Section 12.b. of special permit DOT-SP 20534 (“Special Permit”), Energy Transport Solutions LLC (“ETS”) is pleased to provide this quarterly update. Section 12.b. of the Special Permit directs that ETS provide the following information in its quarterly report update:

b. Every three months, up to the first offering, the grantee must provide quarterly program updates describing:

- (1) the progress on manufacture and delivery of tank cars; and
- (2) the scheduled first shipment date.

This report should be submitted to specialpermits@dot.gov for review. The report should be provided to PHMSA by January 1st, April 1st, July 1st, and October 1st.

The March 13, 2020 letter from William Schoonover to Chris Guinta of ETS (the “March 13 Letter”) explains that the quarterly report should discuss the “basic plan for designing, acquiring, and using the required tank cars.” In addition, the March 13 Letter directs ETS to include in this quarterly report:

The quarterly update should also provide information on the projected start-up dates for the Wyalusing, PA and Gibbstown, NJ facilities, if initial deliveries will begin with cargo tank motor vehicles and if so, how shipments will transition from cargo tank motor vehicles to rail cars under the terms of the special permit.

What follows provides the information called for by Section 12.b. of the Special Permit and the March 13 Letter.

The economic and logistical challenges described in our prior Quarterly Report remain. We continue to see federal, state, and local agencies working with developers to agree upon necessary regulatory and construction milestone adjustments to assure worker safety, support the energy

industry and local economies reliant on both large and small-scale energy infrastructure projects and to provide the time needed for developers to prepare to make final investment decisions.

For instance, several developers have sought and received extensions of time from the Federal Energy Regulatory Commission (“FERC”) for their obligations to construct and place liquefaction facilities into service.¹ These developers cite the “current world-wide economic climate and depressed global LNG prices”², “over-supply across the global LNG market, coupled with disruptions in the China-United States LNG trade”³ and the ongoing COVID-19 pandemic as primary reasons driving their extension requests and delaying their investment decisions. The developers for the Driftwood LNG project and the Rio Grande LNG project also recently announced delays in final investment decisions due to volatile global financial market conditions.⁴

(b) (4)

(b) (4)

Progress In Acquiring Rail Cars

(b) (4)

The (b) (4) design specifications otherwise conform to the Special Permit requirements. ETS is continuing to evaluate initial terms for such acquisition under a letter of intent to allow terms to be negotiated and memorialized in an agreement for the purchase and delivery timeline of the Rail Car, under which ETS can issue a “Notice to Proceed.” ETS also continues to coordinate with rail car manufacturers on rail car design and testing of prototypes. We continue to currently estimate

¹ See, e.g., Office of Energy Projects, Letter Order Granting Freeport LNG Development, L.P.’s Request for Extension of Time, Docket No. CP17-470 (Sept. 10, 2020); Office of Energy Projects, Letter Order Granting Magnolia LNG LLC’s Request for Extension of Time, Docket No. CP14-347 *et al.* (Sept. 11, 2020).

² Freeport LNG Development L.P.’s Request for Extension of Time, Docket No. CP17-470 (July 27, 2020).

³ See Magnolia LNG LLC request to FERC on September 11, 2020 (FERC Docket Nos. CP14-347-000 and CP19-19-000).

⁴ Charles Waive, *Debt Cliff Looms for Tellurian*, PETROLEUM ECON. (Mar. 13, 2020), <https://www.petroleum-economist.com/articles/midstream-downstream/lng/2020/debt-cliff-looms-for-tellurian>; Harry Weber, *NextDecade’s Rio Grande LNG is Latest US Export Project to Delay FID Until 2021*, S&P GLOBAL (May 18, 2020), <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/051820-nextdecades-rio-grande-lng-is-latest-us-export-project-to-delay-fid-until-2021#:~:text=Houston-NextDecade's%20Rio%20Grande%20LNG%20is%20latest%20US.to%20delay%20FID%20until%202021&text=Houston%20%E2%80%94%20A%20final%20investment%20decision,conditions%2C%20the%20developer%20said%20Monday> (indicating that “North American developers of liquefaction capacity were struggling before the coronavirus pandemic to secure sufficient commercial support to finance construction of their multi-billion dollar facilities. Those challenges have gotten more difficult since then as international LNG prices have plunged and demand has weakened”).

(b) (4)

a minimum of a 16 month time period between the issuance of the Notice to Proceed and the first Rail Car is received.

Schedule for First Shipment Date of LNG From Wyalusing, PA to Gibbstown, NJ

(b) (4)
[REDACTED] ETS and its affiliates (collectively, “NFE”) remain committed to Wyalusing Facility, and continually evaluate the commercially reasonable timeline for commencing and completing all construction-related tasks.

(b) (4)
[REDACTED]

NFE and the entire LNG industry continue to work with local and national officials and experts to navigate a complex market. The Covid-19 pandemic has exacerbated these political and commercial realities and has led to an unprecedented global slowdown with significant uncertainties and risks for all businesses. These market uncertainties have made it difficult for many entities to make the investment decision necessary to construct a facility of this magnitude.

Construction of the Wyalusing, PA Liquefier

The Commonwealth of Pennsylvania’s restrictive orders halted construction at the Wyalusing Facility during the Spring of 2020. ETS’s affiliate Bradford County Real Estate Partners, LLC (“BCREP”) resumed work on the site promptly on May 4 and has prepared the site for construction. BCREP has kept all Pennsylvania regulators up-to-date on construction timing and plans. Most recently, BCREP is in the process of finalizing the wetland mitigation work at the property and generally preparing the site for Winter weather.

(b) (4)
[REDACTED]

(b) (4)
[REDACTED]

Construction of Gibbstown Facility and Expansion for Rail Car Unloading

The timelines for the Wyalusing Facility and the Gibbstown Facility (b) (4)
[REDACTED] The Delaware River Basin Commission (“DRBC”) approved the Delaware River Partners LLC’s permit for in-water work and construction of a second dock at the site on June 12, 2019. The DRBC issued a final determination on December 9, 2020 affirming that June 2019

approval. The Gibbstown Facility now holds all necessary permits for constructing a new dock capable of handling the necessary vessels, though environmental advocacy groups have appealed certain permits.

Plan for Transitioning to Unit Trains

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ETS has been working with the relevant railroads to discuss expected logistics and timelines, and issues like track layouts, expected timetables and routes. (b) (4)

■(b) (4)

These estimates again remain subject to adjustment based on recent industry proposals to PHMSA.

ETS Coordination with Third Parties

ETS remains committed to coordinate with the railroad, the shipper, and the local emergency responders to ensure that all relevant third parties are prepared to accommodate the eventual incremental increase in number of Rail Cars in each shipment and that any issues are identified and addressed immediately. The views and feedback of this group will factor into the ramp-up of shipments of LNG by train described above.

Summary

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■(b) (4) The ongoing

economic complexities and physical limitations created by the current market trends and ongoing Covid-19 pandemic response make long-term planning and decision-making increasingly difficult.

(b) (4)
■(b) (4)

~~Privileged & Confidential~~
~~DO NOT DISCLOSE~~

Should you have any questions about the information provided in this letter, please feel free to contact us.

Very truly yours,

Energy Transport Solutions LLC

March 30, 2021

Associate Administrator for Hazardous Materials Safety Administrator
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
East Building PHH-30
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Special Permit DOT-SP 20534: March 2021 Quarterly Report

Dear Sir or Madam:

Pursuant to Section 12.b. of special permit DOT-SP 20534 (“Special Permit”), Energy Transport Solutions LLC (“ETS”) is pleased to provide this quarterly update. Section 12.b. of the Special Permit directs that ETS provide the following information in its quarterly report update:

b. Every three months, up to the first offering, the grantee must provide quarterly program updates describing:

- (1) the progress on manufacture and delivery of tank cars; and
- (2) the scheduled first shipment date.

This report should be submitted to specialpermits@dot.gov for review. The report should be provided to PHMSA by January 1st, April 1st, July 1st, and October 1st.

The March 13, 2020 letter from William Schoonover to Chris Guinta of ETS (the “March 13 Letter”) explains that the quarterly report should discuss the “basic plan for designing, acquiring, and using the required tank cars.” In addition, the March 13 Letter directs ETS to include in this quarterly report:

The quarterly update should also provide information on the projected start-up dates for the Wyalusing, PA and Gibbstown, NJ facilities, if initial deliveries will begin with cargo tank motor vehicles and if so, how shipments will transition from cargo tank motor vehicles to rail cars under the terms of the special permit.

What follows provides the information called for by Section 12.b. of the Special Permit and the March 13 Letter.

The economic and logistical challenges described in our most recent Quarterly Report remain. We continue to see federal, state, and local agencies working with developers to agree upon necessary regulatory and construction milestone adjustments to assure worker safety, support the energy industry and local economies reliant on both large and small-scale energy infrastructure projects, and to provide the time needed for developers to prepare to make final investment decisions.

For instance, several developers have sought and received extensions of time from the Federal Energy Regulatory Commission (“FERC”) for their obligations to construct and place liquefaction facilities into service.¹ These developers cited the “current world-wide economic climate and depressed global LNG prices,”² “over-supply across the global LNG market, coupled with disruptions in the China-United States LNG trade”³ and the ongoing COVID-19 pandemic⁴ as primary reasons driving their extension requests and delaying their investment decisions. The developers for the Driftwood LNG project and the Rio Grande LNG project also announced delays in final investment decisions due to volatile global financial market conditions.⁵ (b) (4)

(b) (4)

¹ See, e.g., Office of Energy Projects, Letter Order Granting National Grid LNG LLC’s Request for Extension of Time, Docket No. CP16-121 (Jan. 7, 2021); Office of Energy Projects, Letter Order Granting UGI LNG, Request for Extension of Time, Docket No. CP17-14-000 (Oct. 23, 2020); Office of Energy Projects, Letter Order Granting Freeport LNG Development, L.P.’s Request for Extension of Time, Docket No. CP17-470 (Sept. 10, 2020); Office of Energy Projects, Letter Order Granting Magnolia LNG LLC’s Request for Extension of Time, Docket No. CP14-347 *et al.* (Sept. 11, 2020).

² Freeport LNG Development L.P.’s Request for Extension of Time, Docket No. CP17-470 (July 27, 2020).

³ See Magnolia LNG LLC request to FERC on September 11, 2020 (FERC Docket Nos. CP14-347-000 and CP19-19-000).

⁴ National Grid LNG LLC; Notice of Request for Extension of Time, 85 Fed. Reg. 83072 (Dec. 21, 2020) (citing equipment delays and “delays resulting from COVID-19 pandemic restrictions”); UGI LNG, Inc.; Notice of Request for Extension of Time, 85 Fed. Reg. 63547 (Oct. 8, 2020) (citing cessation of work on the Project due to COVID-19 pandemic).

⁵ *Tellurian Delays Pipeline Construction in Driftwood LNG Cost Cutting*, OIL & GAS J. (Aug. 13, 2020), <https://www.ogj.com/pipelines-transportation/pipelines/article/14181626/tellurian-delays-pipeline-construction-in-driftwood-lng-cost-cutting#:~:text=Tellurian%20delays%20pipeline%20construction%20in%20Driftwood%20LNG%20cost%20cutting,-Tellurian%20Inc.%20will&text=By%20doing%20so%20the%20company,625%20miles%2C%2042%2Din> (explaining Tellurian delayed final investment decision until 2021); Harry Weber, *NextDecade’s Rio Grande LNG is Latest US Export Project to Delay FID Until 2021*, S&P GLOBAL (May 18, 2020), <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/051820-nextdecades-rio-grande-lng-is-latest-us-export-project-to-delay-fid-until-2021#:~:text=Houston-NextDecade's%20Rio%20Grande%20LNG%20is%20latest%20US,to%20delay%20FID%20until%202021&text=Houston%20%E2%80%94%20A%20final%20investment%20decision,conditions%2C%20the%20developer%20said%20Monday> (indicating that “North American developers of liquefaction capacity were struggling before the coronavirus pandemic to secure sufficient commercial support to finance construction of their multi-billion dollar facilities. Those challenges have gotten more difficult since then as international LNG prices have plunged and demand has weakened”).

(b) (4)

Progress In Acquiring Rail Cars

(b) (4)

The (b) (4) design specifications otherwise conform to the Special Permit requirements. ETS is continuing to evaluate initial terms for such acquisition under a letter of intent to allow terms to be negotiated and memorialized in an agreement for the purchase and delivery timeline of the Rail Car, under which ETS can issue a “Notice to Proceed.” ETS also continues to coordinate with rail car manufacturers on rail car design and testing of prototypes. [For example, ETS is in discussions with Trinity to obtain a prototype of its rail car in order to conduct further testing. Trinity’s prototype rail car has a thicker shell than PHMSA’s current designs—13/16” instead of 9/16”⁸—which is almost twice as thick as a normal non-cryogenic tank car.⁹] We continue to currently estimate a minimum of a 16 month time period between the issuance of the Notice to Proceed and the first Rail Car is received.

Schedule for First Shipment Date of LNG From Wyalusing, PA to Gibbstown, NJ

(b) (4)

(b) (4) ETS and its affiliates (collectively, “NFE”) remain committed to Wyalusing Facility, and continually evaluate the commercially reasonable timeline for commencing and completing all construction-related tasks.

(b) (4)

NFE and the entire LNG industry continue to work with local and national officials and experts to navigate a complex market. The COVID-19 pandemic has exacerbated these political and commercial realities and has led to an unprecedented global slowdown with significant uncertainties and risks for all businesses. These market uncertainties have made it difficult for many entities to make the investment decision necessary to construct a facility of this magnitude.

Construction of the Wyalusing, PA Liquefier

The Commonwealth of Pennsylvania’s restrictive orders halted construction at the Wyalusing Facility during the Spring of 2020. ETS’s affiliate Bradford County Real Estate Partners, LLC (“BCREP”) resumed work on the site promptly on May 4, 2020 and, as of mid-June 2020, had completed a number of activities to include all site grading work for the emissions sources and

⁸ See 49 C.F.R. § 173.319(d).

⁹ See Hazardous Materials: Liquefied Natural Gas by Rail, 85 Fed. Reg. 44,994, 45,004 (July 24, 2020) (to be codified at 49 C.F.R. pts. 172, *et seq.*) (explaining that this Final Rule “requires DOT-113C120W9-specification tank cars carrying LNG to have a minimum outer tank thickness of 9/16” (compared to 7/16” other DOT-113C120W-specification tank cars”).

other key facility areas; installation and operation of stormwater piping, retention, and sediment ponds; and construction of the entrances for the East laydown, administration, and construction/producing areas. Construction of the Facility is currently expected to begin at some point during the second quarter of 2021. BRCEP also signed an Engineering and Procurement contract with Black & Veatch Construction, Inc. for tasks inclusive of the design, engineering, and procurement of materials for the facility. (b) (4)

(b) (4) Wetland mitigation work began in 2020 with planting delayed due to snow and other weather conditions. Planting is currently expected to start in April 2021. BCREP has kept all Pennsylvania regulators up-to-date on construction timing and plans.

(b) (4)

(b) (4)

Construction of Gibbstown Facility and Expansion for Rail Car Unloading

The timelines for the Wyalusing Facility and the Gibbstown Facility (b) (4)
(b) (4) The Delaware River Basin Commission (“DRBC”) approved the Delaware River Partners LLC’s permit for in-water work and construction of a second dock at the site on June 12, 2019. The DRBC issued a final determination on December 9, 2020 affirming that June 2019 approval. The Gibbstown Facility now holds all necessary permits for constructing a new dock capable of handling the necessary vessels, though environmental advocacy groups have appealed certain permits.

Plan for Transitioning to Unit Trains

(b) (4)
■(b) (4)

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ETS has been working with the relevant railroads to discuss expected logistics and timelines, and issues like track layouts, expected timetables and routes. (b) (4)

(b) (4) These estimates again remain subject to adjustment based on recent industry proposals to PHMSA.

ETS Coordination with Third Parties

ETS remains committed to coordinate with the railroad, the shipper, and the local emergency responders to ensure that all relevant third parties are prepared to accommodate the eventual incremental increase in number of Rail Cars in each shipment and that any issues are identified and addressed immediately. The views and feedback of this group will factor into the ramp-up of shipments of LNG by train described above.

Summary

(b) (4) The current environment presents significant difficulties for long-term planning and decision-making due to ongoing economic complexities and physical limitations created by the current market trends and ongoing COVID-19 pandemic response alongside the re-evaluation by the Biden administration of the LNG by Rail Rule. (b) (4)

Should you have any questions about the information provided in this letter, please feel free to contact us.

Very truly yours,
Energy Transport Solutions LLC



June 29, 2021

Associate Administrator for Hazardous Materials Safety Administrator
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
East Building PHH-30
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Special Permit DOT-SP 20534: July 2021 Quarterly Report

Dear Sir or Madam:

Pursuant to Section 12.b. of special permit DOT-SP 20534 (“Special Permit”), Energy Transport Solutions LLC (“ETS”) is pleased to provide this quarterly update. Section 12.b. of the Special Permit directs that ETS provide the following information in its quarterly report update:

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What follows provides the information called for by Section 12.b. of the Special Permit and the March 13 Letter.

The economic and logistical challenges described in our most recent Quarterly Report remain. We continue to see federal, state, and local agencies working with developers to agree upon necessary regulatory and construction milestone adjustments to assure worker safety, support the energy industry and local economies reliant on both large and small-scale energy infrastructure projects, and to provide the time needed for developers to prepare to make final investment decisions.

Developers across the country are struggling to adjust to the current global economic climate, depressed prices and over-supply across the global LNG market, and the seemingly never-ending supply chain, energy demand, and personnel disruptions created by the ongoing COVID-19 pandemic and related governmental responses. (b) (4)

[REDACTED]

(b) (4)

[REDACTED]

(b) (4)

[REDACTED]

Progress In Acquiring Rail Cars

(b) (4)

[REDACTED]

The (b) (4) design specifications otherwise conform to the Special Permit requirements. ETS is continuing to evaluate initial terms for such acquisition under a letter of intent to allow terms to be negotiated and memorialized in an agreement for the purchase and delivery timeline of the Rail Car, under which ETS can issue a “Notice to Proceed.” ETS also continues to coordinate with rail car manufacturers on rail car design and testing of prototypes. ETS remains in discussions with Trinity to obtain a prototype of its rail car in order to conduct further testing. Trinity’s prototype rail car has a thicker shell than PHMSA’s current designs—13/16” instead of 9/16”⁴—which is

[REDACTED]

⁴ See 49 C.F.R. § 173.319(d).

almost twice as thick as a normal non-cryogenic tank car.⁵ We continue to currently estimate a minimum of a 16 month time period between the issuance of the Notice to Proceed and the first Rail Car is received.

Schedule for First Shipment Date of LNG From Wyalusing, PA to Gibbstown, NJ

(b) (4)
ETS and its affiliates (collectively, “NFE”) remain committed to Wyalusing Facility, and continually evaluate the commercially reasonable timeline for commencing and completing all construction-related tasks.

(b) (4)

NFE and the entire LNG industry continue to work with local and national officials and experts to navigate a complex market. The COVID-19 pandemic has exacerbated these political and commercial realities and has led to an unprecedented global slowdown with significant uncertainties and risks for all businesses. These market uncertainties have made it difficult for many entities to make the investment decision necessary to construct a facility of this magnitude.

Construction of the Wyalusing, PA Liquefier

The Commonwealth of Pennsylvania’s restrictive orders halted construction at the Wyalusing Facility during the Spring of 2020. ETS’s affiliate Bradford County Real Estate Partners, LLC (“BCREP”) resumed work on the site promptly on May 4, 2020 and, as of mid-June 2021, had completed a number of activities to include site grading work for the emissions sources and other key facility areas; installation and operation of stormwater piping, retention, and sediment ponds; and construction of the entrances for the East laydown, administration, and construction/producing areas. BRCEP also signed an Engineering and Procurement contract with Black & Veatch Construction, Inc. for tasks inclusive of the design, engineering, and procurement of materials for the facility. BCREP has kept all Pennsylvania regulators up-to-date on construction timing and plans.

(b) (4)

(b) (4)

⁵ See Hazardous Materials: Liquefied Natural Gas by Rail, 85 Fed. Reg. 44,994, 45,004 (July 24, 2020) (to be codified at 49 C.F.R. pts. 172, *et seq.*) (explaining that this Final Rule “requires DOT-113C120W9-specification tank cars carrying LNG to have a minimum outer tank thickness of 9/16” (compared to 7/16” other DOT-113C120W-specification tank cars”).

(b) (4)

Construction of Gibbstown Facility and Expansion for Rail Car Unloading

The timelines for the Wyalusing Facility and the Gibbstown Facility (b) (4) [REDACTED]. The Gibbstown Facility now holds all necessary permits for constructing a new dock capable of handling the necessary vessels. Although environmental advocacy groups are appealing two issued permits, on June 23, 2021, the Appellate Division of the Superior Court of New Jersey affirmed the New Jersey Department of Environmental Protection's issuance of the Waterfront Development Individual Permit and Water Quality Certificate.

Plan for Transitioning to Unit Trains

(b) (4)

■(b) (4)

(b) (4)

(b) (4)

■(b) (4)

■(b) (4)

ETS continues to coordinate with the relevant railroads to discuss expected logistics and timelines, and issues like track layouts, expected timetables and routes. (b) (4)

[REDACTED] These estimates again remain subject to adjustment based on recent industry proposals to PHMSA.

ETS Coordination with Third Parties

ETS remains committed to coordinate with the railroad, the shipper, and the local emergency responders to ensure that all relevant third parties are prepared to accommodate the eventual incremental increase in number of Rail Cars in each shipment and that any issues are identified

and addressed immediately. The views and feedback of this group will factor into the ramp-up of shipments of LNG by train described above.

Summary

(b) (4) [REDACTED] The current environment presents significant difficulties for long-term planning and decision-making due to ongoing economic complexities and physical limitations created by the current market trends and ongoing COVID-19 pandemic response alongside the re-evaluation by the Biden administration of the LNG by Rail Rule. (b) (4) [REDACTED]

Should you have any questions about the information provided in this letter, please feel free to contact us.

Very truly yours,

Energy Transport Solutions LLC