



## Press Release

### **FREEPORT LNG SIGNS 20-YEAR LIQUEFACTION TOLLING AGREEMENT WITH BP ENERGY COMPANY**

- **BP Energy Company (BP) contracts for 4.4 mtpa of liquefaction project capacity**
- **Freeport LNG completes marketing of initial 2-train project**
- **Final investment decision on track for fourth quarter 2013**

**HOUSTON, February 11, 2013** — Freeport LNG Expansion, L.P. (Freeport LNG) today announced that it had entered into a binding 20-year Liquefaction Tolling Agreement (LTA) with BP for 4.4 million tons per annum (mtpa), equivalent to the production capacity of the second train of Freeport LNG's proposed natural gas liquefaction and LNG loading facility on Quintana Island near Freeport, Texas. The LTA with BP will commence upon completion of construction of the second liquefaction train.

“We welcome BP's more than 30 years of global LNG industry experience investing in, developing, constructing and operating facilities across the entire LNG value chain,” said Michael S. Smith, Chief Executive Officer, Freeport LNG.

In July 2012, Freeport LNG executed LTAs with Osaka Gas Co., Ltd. and Chubu Electric Power Co. for a total of 4.4 mtpa. The Osaka Gas and Chubu Electric LTAs commence upon completion of construction of the initial liquefaction train.

“The combination of BP, one of the world's leading international oil and gas companies, with our existing customers, Osaka Gas and Chubu Electric, two of the largest natural gas and electric utility service providers in Japan, provides us with extremely strong counterparties with which to seek financing,” continued Smith. “With the first two liquefaction trains of the project fully contracted, we intend to approach the financing markets imminently so that we can begin construction on the initial two-train facility as soon as we receive FERC approval.”

“BP is very pleased to have the opportunity to work with Freeport LNG, Chubu Electric and Osaka Gas on U.S. Gulf Coast LNG exports. We believe that this is an attractive value proposition and a complementary position to BP's existing portfolio of equity and 3<sup>rd</sup> party LNG contracts. We look forward to serving our LNG customers with even more flexibility from our portfolio of natural gas,” said Paul Reed, Chief Executive Officer, BP Integrated Supply & Trading.

## **Project Update**

Commencement of construction of Freeport LNG's liquefaction project is subject to receipt of regulatory approvals and final investment decision by Freeport LNG. Key regulatory approvals include Federal Energy Regulatory Commission (FERC) authorization to commence construction and Department of Energy (DOE) approval to export LNG to non-Free Trade Agreement (non-FTA) countries.

Freeport LNG is next in line to receive DOE approval, which would cover the entire production volume of the initial two liquefaction trains and would allow for Freeport LNG to begin exporting to non-FTA countries immediately upon completion of construction. The DOE is expected to commence review of Freeport LNG's pending non-FTA export application immediately after the period for response to the initial comments raised in respect of DOE's 2012 LNG Export Study ends on February 25, 2013. Freeport LNG's second DOE application covering up to two additional trains of production volume is fourth in line in the order established by DOE for review and processing of pending non-FTA export applications.

Freeport LNG expects to receive FERC approval to commence construction of the first three liquefaction trains in the third quarter of 2013, and to begin construction of the first two trains in the fourth quarter of 2013. The first train is anticipated to commence operations approximately 48 months from start of construction, with the second train in operation six to nine months after the first train. Marketing of the capacity of the third train is anticipated to be completed before year end, with financing to be closed and construction to begin on the third train as early as late 2014.

Freeport LNG has contracted with CB&I, Inc. and Zachry Industrial, Inc. to conduct the front end engineering and design for the initial three trains of the liquefaction project. Macquarie Capital is serving as Freeport LNG's financial advisor with respect to the proposed financing for the first two trains of the project. King & Spalding advised Freeport LNG on its agreement with BP. Documentation pertaining to the liquefaction project, including regulatory applications and related materials, is available on Freeport LNG's website at [www.freeportlng.com](http://www.freeportlng.com).

## **About Freeport LNG**

Freeport LNG Expansion, L.P. is a wholly owned subsidiary of Freeport LNG Development, L.P., which owns and operates an existing LNG regasification terminal located near Freeport, Texas. The terminal started commercial operation in June 2008. Freeport LNG Development, L.P. has four limited partners: (1) Freeport LNG Investments, LLLP, an entity owned by Michael S. Smith; (2) ZHA FLNG Purchaser, LLC, a wholly owned subsidiary of Zachry American Infrastructure, LLC; (3) Texas LNG Holdings,

LLC, a wholly owned subsidiary of The Dow Chemical Company; and (4) Turbo LNG, LLC, a wholly owned subsidiary of Osaka Gas Co., Ltd.

**For further information, please visit our website at [www.freeportlng.com](http://www.freeportlng.com) or contact:**

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