



Port Dolphin Energy Floating LNG Regas Terminal for Florida

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I. EXECUTIVE SUMMARY

Port Dolphin offers an attractively placed access to the Florida natural gas market for LNG owners. The import terminal has received the most important federal permits, including the approval under the Deepwater Port Act and the approval of the Federal Energy Regulatory Commission. Höegh LNG is the sole owner and sponsor of the project through its subsidiary Port Dolphin Energy LLC.

The Florida natural gas market has the attraction of prices at significant premium to Henry Hub prices in the summer period, and the highest volumetric demand during the same summer period. Port Dolphin will feed into the Florida gas grid where the density of gas-fired power generation is high and where a large share of growth in new generating capacity will occur.

Use of Port Dolphin is a bundled service comprising shipping and regasification services using Shuttle and Regasification Vessels (SRVs), transportation through submerged buoys and a pipeline to interconnections with other pipelines for takeaway to gas buyers' facilities.

In this document, Port Dolphin is asking for non-binding expressions of interest in use of Port Dolphin from LNG owners no later than January 31, 2010. The further process aimed at fully termed agreements allowing a decision to proceed to construction will be discussed with interested counterparties.

I.1 Höegh LNG

As global demand for energy has risen steadily, Höegh LNG has been at the forefront of developing new technologies for safely storing and transporting LNG. Höegh LNG is a fully integrated ship-owning company offering long-term floating production, transportation, regasification and terminal solutions for Liquefied Natural Gas (LNG).

As a niche player in the Liquefied Natural Gas (LNG) industry, Höegh LNG has been providing LNG transportation services to energy companies for more than 30 years. While the company continues to own and operate a fleet of LNG carriers, Höegh LNG has applied its extensive industrial experience to develop regasification, production and market access services.

Despite the effects of the global financial crisis, which have had a significant impact on the LNG industry, the company's long-term strategy remains in place. In 2008, Höegh LNG launched its first Shuttle and Regasification Vessel (SRV), began a Front End Engineering and Design (FEED) project for its LNG Floating Production Storage and Offloading (FPSO) design, and continued to make rapid progress for developing several Deepwater Ports (DWPs) in the Atlantic basin. These projects will enable our customers to access promising markets more rapidly, and at lower cost, than traditional land-based solutions.

To achieve its objectives, Höegh LNG relies on a broad range of technical partners, long-term relationships with energy providers and a deep understanding of the LNG business. With roots in the shipping industry, Höegh LNG is familiar with the unique challenges of operating offshore, but also shares the energy industry's focus on predictable project execution and reliability.

Höegh LNG remains committed to developing unique floating LNG solutions to enable its customers to access new markets and grow their business.

Höegh LNG recently took delivery of its first Shuttle and Regasification Vessel (SRV), with a second to be delivered in May 2010. With the delivery of the first SRV, Höegh LNG now operates a fleet of five LNG carriers. Two additional SRV ships are scheduled to support the Port Dolphin project.

In addition to the head office centrally located in Oslo, Höegh LNG has established a presence in London (UK) and Tampa, Florida. Port Dolphin Energy is a wholly owned subsidiary of Höegh LNG.

I.2 Process Objectives

Upon receipt of this prospectus, you will have the opportunity to submit a non-binding expression of interest in Port Dolphin capacity. With the subsequent signing of a confidentiality agreement, you will be invited to perform technical due diligence, which may lead to a reaffirmation of interest in taking capacity.

II. FLORIDA MARKET DESCRIPTION

II.1 Overview

Port Dolphin will serve a large and growing natural gas market in Florida. According to the U.S. Department of Energy's Energy Information Administration (EIA), the volume of natural gas delivered to Florida customers grew at an average annual rate of 7.3 percent from 2001 through 2008. Some 85 percent of the gas supply in Florida is used for power generation, and over the last decade, natural gas deliveries for power generation grew 12 percent annually.

That growth is forecast to continue in the years ahead. The Florida Reliability Coordinating Council (FRCC) projects growth in gas-fueled gigawatt hours at 22 percent over the next decade. There is no mystery about the source of this growth. Florida utilities file Ten-Year Site Plans each year identifying how future electric needs will be met. The most current aggregation of those plans by the Florida Public Service Commission shows 11,000 megawatts of new gas-fueled generation being built from 2009 to 2018. FPL, the state's largest utility, plans to build 6,000 megawatts of new natural gas capacity.

For LNG providers, the seasonal nature of Florida's demand offers intriguing opportunities. Florida's high gas uses occur in summer when air conditioning loads are high. In fact, Florida is the largest summer gas market in the Atlantic Basin. (See tables on pages 8 and 9 for seasonal demand patterns.) This is in contrast to the majority of the markets in the North Atlantic basin that see winter peak demand.

Port Dolphin will offer a variety of advantages to the Florida market, including supply reliability, flexibility in load-following and competitive prices relative to existing gas suppliers.

Recent developments in production technologies have led to increases in recoverable reserves and production levels in the United States, e.g., from shale gas provinces. It is believed that these developments will continue to influence gas-on-gas competition and stabilize natural gas prices decoupled from crude oil and oil product prices. However, there is no such potential for production of natural gas in Florida. The state will continue to be dependent on pipeline capacity to supply the natural gas it needs. As such, Port Dolphin represents an alternative source to the traditional natural gas sources typically utilized by Florida gas consumers. Large-scale adoption of new natural gas production methods is thus expected to have an impact overall on all gas markets, not just Florida, but to have no significant impact on the supply situation in the state.

II.2 Florida Energy Policy

When Governor Charlie Crist was elected and assumed office in 2007, one of his first initiatives was to begin to examine the issues associated with emissions of greenhouse gases, climate change science, conservation, and the role that the state should play in shaping these policies that also are being dealt with seriously on a national level. The Governor issued a series of Executive Orders directing state agencies to engage in conservation measures, encourage the use of alternate fuels, establish energy-efficient building standards, and begin the process of examining whether Florida's electric utility industry should reduce greenhouse gas emissions, particularly emissions of carbon dioxide, and move toward an electric generation fleet less dependent on fossil fuels, particularly coal.

During this same period, a number of projects involving proposals to construct and operate large coal-fired power plants were cancelled due to the regulatory atmosphere indicating that traditional electric generation utilizing coal as a primary fuel was rapidly losing favor within the state. Utilities began to plan for nuclear generation to make up some of the short fall in base load generation, but the permitting requirements, time necessary for construction, and the costs of these projects make clear that this alone is not a solution, particularly in the short and intermediate term.

Because Florida is a peninsula and there are limits to how much electrical energy can be imported across state lines, and because Florida does not produce any amounts of any fuel that can be used for electric generation, dependence on any one type of fuel is not prudent or desirable. With the current and foreseeable bias against the use of coal for new generating facilities, it is clear that natural gas will play an increasing role in the electric generation within the state.

There will be continued discussion of greenhouse gas and climate change issues in Florida and nationally. However, the state efforts to adopt greenhouse gas emissions reduction targets for Florida utilities have been at least temporarily abandoned, and it is clear that these efforts will not be revived in the near term. Efforts to adopt legislation at the national level are lagging. Nuclear energy continues to be an expensive and problematic source of electric generation due to continued cost, safety, environmental and waste disposal concerns. Sources of renewable energy are in favor, but due to reliability concerns, backup sources of power are required.

The Florida Public Service Commission recognizes that natural gas is an alternative that will continue to be relied upon as the state attempts to make the transition away from more traditional sources of energy supply. It is anticipated that the Commission will continue to look favorably upon proposals that provide competition within the energy supply industry, as that competition has the potential to reduce costs.

Overall, based upon all these factors, the energy needs of Florida will increasingly be served by natural gas.

II.3 Florida Supply

According to EIA, the volume of natural gas delivered to Florida customers grew from 534,000 mmcf in 2001 to 937,000 mmcf in 2008. That is an average annual growth rate of 7.3 percent. The vast majority of that gas, more than 85 percent, goes to electric power production, some 800,000 mmcf out of the total of 937,000 mmcf.

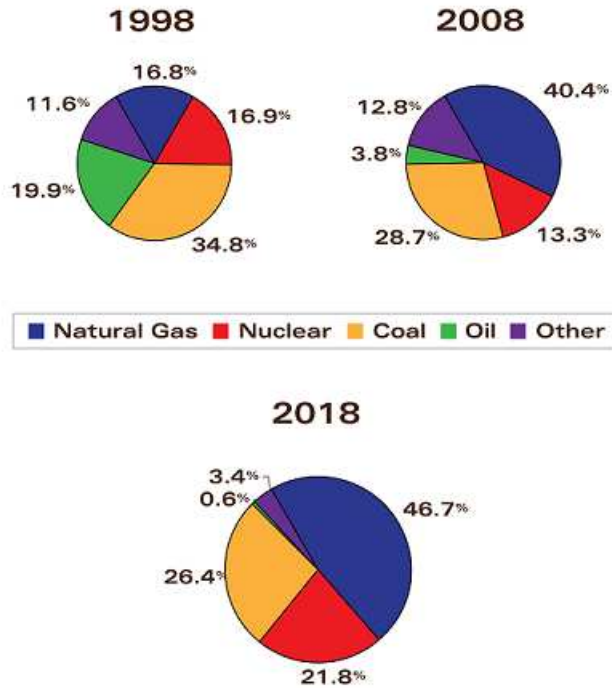
The growth rate in electric power this decade has been 12 percent.

Part of that historic growth derives from population increases and part from increases in customer demand. In terms of GDP, Florida enjoyed steady increases over the last two decades, generally outpacing the national GDP. In the last two years, Florida's economic growth slowed and even declined below the national level. Nationally, EIA is projecting growth in electric demand to resume and continue at about 1 percent annually.

In its 2009 Load and Resource Plan, the Florida Reliability Coordinating Council (FRCC), a NERC region responsible for electric reliability in Florida, is projecting an annual growth rate through 2019 of slightly more than 2 percent, more than twice the national growth rate. Net energy for load grows from 228,000 gigawatt hours to 267,000 GWH.

Right now, natural gas comprises about 40 percent of the generation capacity fuel mix for the state, up from 16.8 percent in 1998. Current projections indicate that natural gas generation will supply 46.7 percent of the state's energy generation by 2018. That is nameplate capacity. In 2009, natural gas is providing about 46 percent of gigawatt hours produced. **FRCC is projecting 22 percent growth in gas-fueled GWH over the next decade, from 98,000 to 126,500.**

**State of Florida: Energy Generation by Fuel Type
(Percent of Total)**



Source: Florida Public Service Commission

II.4 Florida Demand

The best predictor of growth in natural gas demand in Florida can be found in the Ten-Year Site Plans of the generators themselves, especially FPL. FPL, by far the largest of the state's utilities, employs 24,000 megawatts of capacity serving 4.5 million customers (meters). FPL's strategy is to combine small amounts of solar capacity near-term (attracting much attention) with conversions of oil-fired units to gas and the construction of new combined-cycle capacity. In 2018, nuclear capacity will be added at FPL's Turkey Point nuclear facility in Southeast Florida.

FPL's generation plan calls for 6,000 MW of new gas capacity in the next five years. (Breakdown on next page.)

Others will add as well. The Florida Municipal Power Association plans to add a 300 MW combined-cycle unit at Osceola in 2011. Seminole Electric plans to add about 600 MW of combustion turbines in 2015. **Collectively, Florida utilities expect to add 11,000 MW of gas-fueled generation by 2018, according to the FPSC’s aggregation of the Ten-Year Site Plans.**

Natural Gas - Combustion Turbine Additions

Utility	Generating Unit Name	Summer Capacity (MW)	In-Service Date
GRU	South Energy Center Unit 1	4	5 / 2009
JEA	JD Kennedy Unit 8	150	4 / 2009
TECO	Bayside Units CT3-CT6	224	2009
TECO	Big Bend Unit CT4	56	9 / 2009
TECO	Future Units CT1-CT11	895	2012 - 2016
PEF	Suwannee River Units P4 & 5	356	2014 - 2015
SEC	Gilchrist Units 1-3	474	12 / 2015
Total Capacity		2,159	

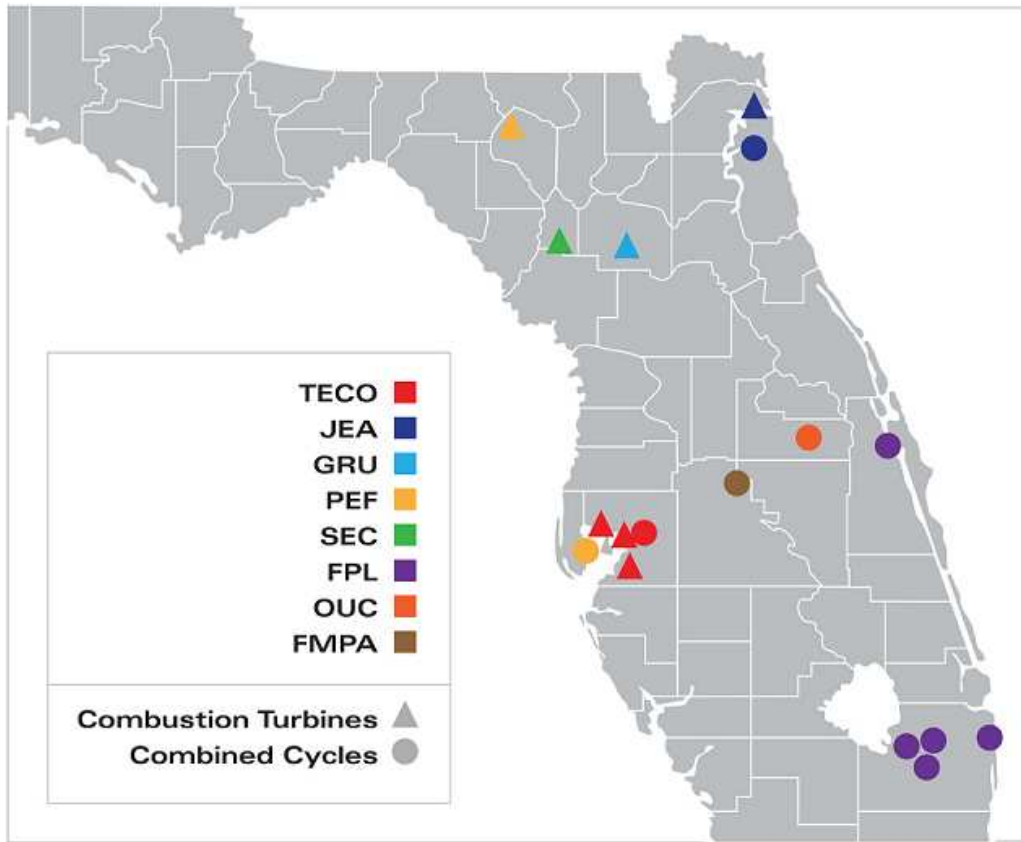
Source: Florida Public Service Commission

Natural Gas - Combined Cycle Additions

Utility	Generating Unit Name	Summer Capacity (MW)	DATES		
			Need Approved (Commission)	PPSA Certified (DEP)	In-Service Date
FPL	West County Energy Center Unit 1	1,219	6 / 2006	12 / 2006	6 / 2009
PEF	Bartow	1,159	n/a	n/a	6 / 2009
FPL	West County Energy Center Unit 2	1,219	6 / 2006	12 / 2006	11 / 2009
OUC	Stanton Unit B	287	6 / 2006	12 / 2006	2 / 2010
FMPA	Cane Island 4	296	8 / 2008	12 / 2008	5 / 2011
FPL	West County Energy Center Unit 3	1,219	9 / 2008	11 / 2008	6 / 2011
JEA	Greenland Energy Center	491	2 / 2009	-	6 / 2014
FPL	Cape Canaveral Conversion	1,219	9 / 2008	-	6 / 2013
FPL	Riviera Conversion	1,207	9 / 2008	-	6 / 2014
TECO	Future CC	555	-	-	5 / 2018
Total Capacity		8,871			

Source: Florida Public Service Commission

New Gas Power Generation in Florida Through 2018



Source: Florida Public Service Commission

In addition to electric power generation, there are four local distribution companies in Florida: Peoples Gas (TECO), which serves all the major markets in Florida; City Gas (AGL/Sequent), Central Florida Gas (Chesapeake), and Florida Public Utilities. Recently, Central Florida and FPU announced that they will merge and are waiting for FPSC approval.

II.5 Florida’s Existing Pipeline System

Port Dolphin will be uniquely positioned to both work with and/or compete against the two major pipeline systems serving peninsular Florida—Florida Gas Transmission and Gulfstream Pipeline. Port Dolphin will be able to feed a fungible commodity into a vast interstate network; the ability of the existing systems to backhaul gas into many interstate pipeline connections offers a broad customer base. The project will, in effect, be a unique interstate pipeline with a single-use exemption and a waiver of many of the Federal Energy Regulatory Commission’s open access requirements for interstate pipelines.



While Port Dolphin's principal targets are gas owners, producers and aggregators, the pipelines themselves may offer opportunities for storage services, no-notice services or other services that are enhanced by Port Dolphin. Port Dolphin may well offer the pipelines the ability to make incremental revenue. At the same time, the other systems are true competitors.

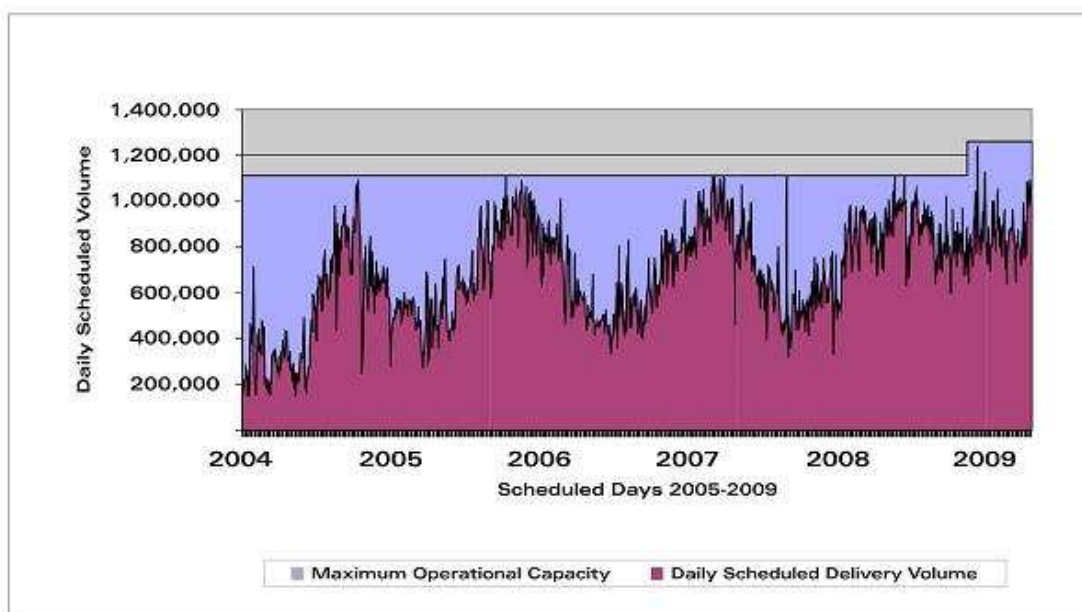
Gulfstream

Gulfstream is a partnership between Spectra Energy and Williams. Opened in May 2002, Gulfstream crosses part of the Gulf of Mexico to make landfall in Manatee County, very close to where Port Dolphin will come ashore (in fact, the Port Dolphin line will make three crossings of Gulfstream on its approach to shore). Gulfstream was designed largely to capture offshore Gulf of Mexico gas volumes for delivery to Florida.

Gulfstream Pipeline's existing effective capacity is 1.128 bcf/d. Its recently filed Phase V expansion increases that slightly to 1.163 bcf/d. All capacity is fully subscribed under long-term contracts.

Rates (cents/Dekatherm)@6% MHQ	Reservation	Usage	Fuel
FTS	70.96	.55	2.08%

Gulfstream - Operationally Available Capacity



Florida Gas Transmission

FGT is an operating company owned jointly by El Paso and Southern Union. Southern Union is the operator. The onshore FGT system was the first and, for many years, only system operating into Peninsular Florida. FGT originates on the Gulf Coast and is fed largely by conventional onshore gas fields.



FGT’s existing capacity is 2.12 bcf/d. The company’s Phase VIII expansion is under way and will raise capacity to 2.94 bcf/d. Currently, more than 100,000 dekatherms of Phase VIII are unsubscribed.

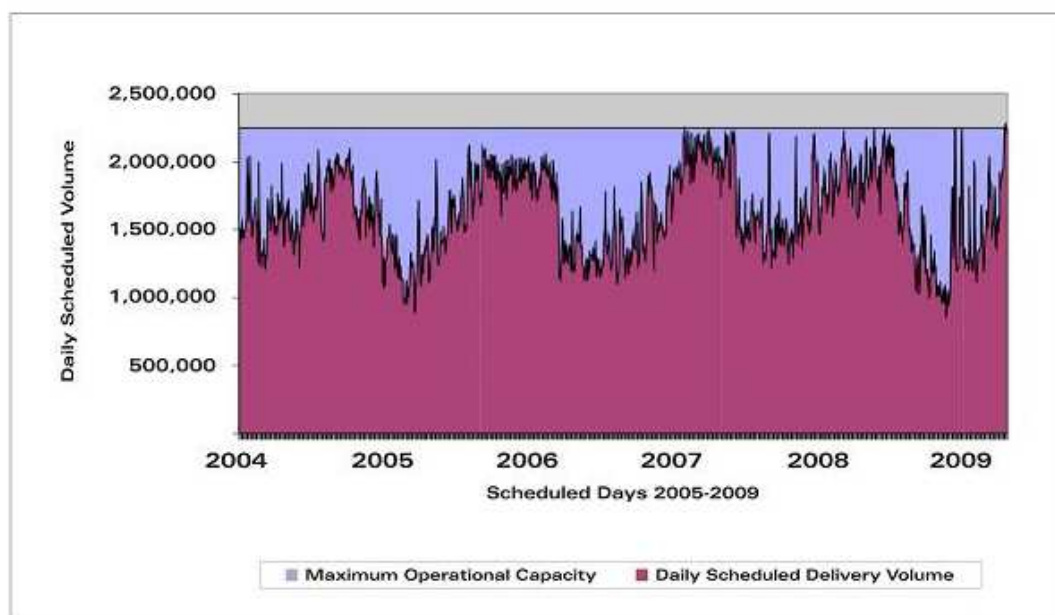
Rates (cents/Dth)	Reservation	Usage	Fuel
FTS-1	38.55	.7	2.78%
FTS-2	76.90	.45	2.78%
FTS-3 (not yet filed)	150.00 (est)	.5	2.78%

FGT is currently going through a rate case, and the FTS-1 rate will increase. The proposed new rate is about 66 cents per dekatherm.

According to FGT’s “Index of Customers,” it will experience significant contract expirations for its FTS-1 and FTS-2 firm capacity by the end of 2015. FGT faces having 372,000 dth/day of FTS-1 contracts expire and 611,000 dth/day of FTS-2 contracts expire, or nearly 1 bcf of its firm contracts. This gives FGT’s customers a great deal of leverage, both in the current rate case and to “encourage” FGT to interconnect with the Port Dolphin system.

A robust capacity release market on FGT. Nearly 25% of the FTS-1 capacity on FGT is sold into the capacity release market on an annual basis. Such a high percentage is the result of various factors, such as (a) the historically low cost of FTS-1 capacity that can be released at a profit, (b) the seasonal and daily peaking needs of the Florida gas customers that leave excess capacity to be sold during off peak periods, and (c) the historical symbiosis of winter peak customers and summer peak customers “sharing” the same capacity through the capacity release program. Such a high percentage of capacity release also indicates the potential for a robust seasonal market for bundled natural gas and released capacity in the Florida market zone when Port Dolphin comes into service.

FGT - Operationally Available Capacity





SNG (Cypress)

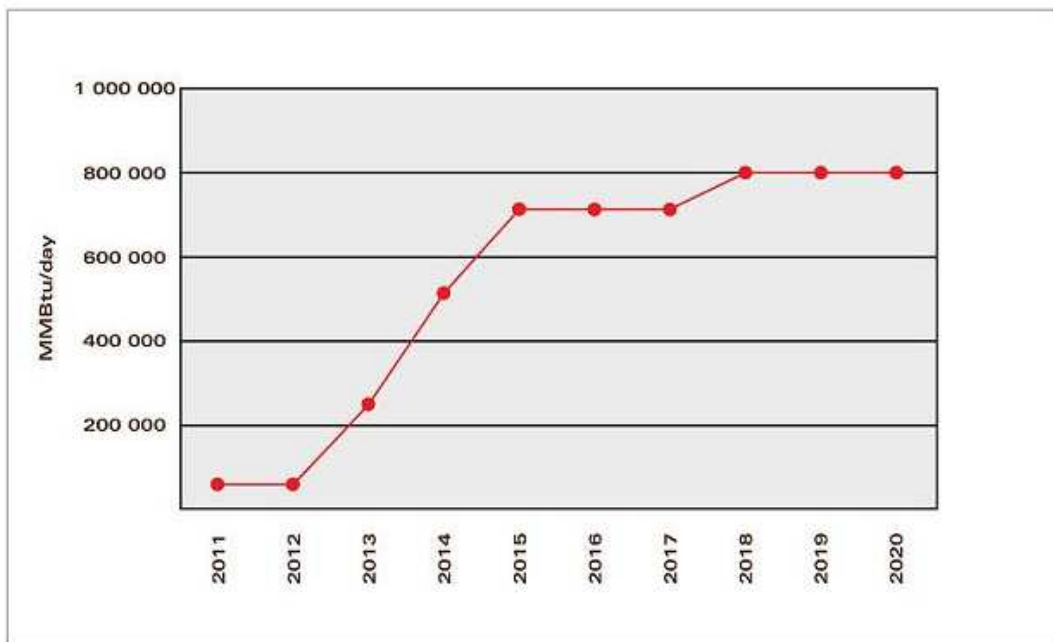
SNG connects to FGT near Jacksonville, bringing regasified LNG from Elba Island in Georgia. FGT shippers then have to use their firm capacity on FGT’s system to generation plants. An expansion of the Cypress system would only result in incremental supply being added upstream of system constraints. A small, low-pressure portion of the SNG system supplies gas directly to Progress Energy’s Suwannee plant.

SNG’s existing capacity is 0.396 bcfd.

Rates (cents/Dth) @ 6% MHQ	Reservation	Usage	Fuel
FTS	4.198	.15	1.84%

The three pipelines together provide a **total transportation capacity of 4.634 bcfd**

Cumulative Capacity Shortfall
 Source: Florida’s Public Service Commission



With the current and permitted pipeline capacity for natural gas into Florida and the forecast demand from the current and planned power generation based on natural gas, there is a growing shortfall of capacity in the future. This gap needs to be filled, and this is where Port Dolphin fits into the supply picture in Florida.

II.6 Gas Acquisition Practices

The power generators acquire their natural gas, for the most part, by taking capacity in the pipelines serving the Florida market and then purchasing gas at the various interconnection points between these lines and others along the Gulf Coast. Contract durations for such gas purchases tend not to be long term, and there is significant short-term and daily purchase of gas. While this differs from the traditional LNG model, there is no reason to believe that buyers would necessarily shy away from longer-term commitments.

The acquisition of pipeline capacity by the power producers is subject to the scrutiny and oversight of the Florida Public Service Commission, with the costs incurred incorporated into the rate base of the utility taking the capacity. Florida utilities must acquire sufficient capacity to meet their peak day requirements and, as a result, the load factor in the pipelines serving the market is quite low. This effect is not simply a reflection of seasonal gas demand, but also the daily requirements. As a result, the majority of the gas-fired units operate for only 16 hours of each day and it is this, coupled with the peak-day generation need that sets the pipeline capacity that each power generator must acquire. At present, there is no meaningful volume of gas storage in Florida; swings in demand have to be met within the pipeline system itself. In the case of Port Dolphin, this means that LNG vaporization is likely to take place during a continuous 16-hour period each day.

However, Port Dolphin has a further potential advantage in that it can respond rapidly to short-term gas demands in the market in the event, say, of an operational flow order reducing gas volumes from the conventional pipelines. In such circumstances, the only alternative available to the power generators is to use oil-fired plants to meet the power load—a costly alternative. When viewed from a unit cost perspective, it is clear that the Florida generators have to pay a hefty premium over and above the price of gas along the Gulf Coast.

Simply put, Port Dolphin is capable of delivering regasified LNG into the Florida market for a competitive all-in cost compared with conventional gas supply, thereby creating an economic rent opportunity. It should be possible for the commodity partner of Port Dolphin to sell gas to Florida utilities at prices that make Port Dolphin the most attractive delivery point for LNG in the North Atlantic Basin during the summer period. The nature of the value created by Port Dolphin depends on the business model that can be applied and, as we explain below, this is likely to improve over time.

Gas Quality

Following discussions about gas specifications for regasified LNG entering FGT, an Administrative Law Judge ruled on the issue in April 2006. The ruling sets the following parameters for gas on the FGT system.

These numbers are close to, but not exactly in line with, the Natural Gas Council's quality recommendations under the NGC+ paper (available on request).

Port Dolphin has allowed for space to install limited nitrogen injection facilities at its interconnection station. Actual requirements for such facilities will need to be detailed after further discussions with the capacity taker.

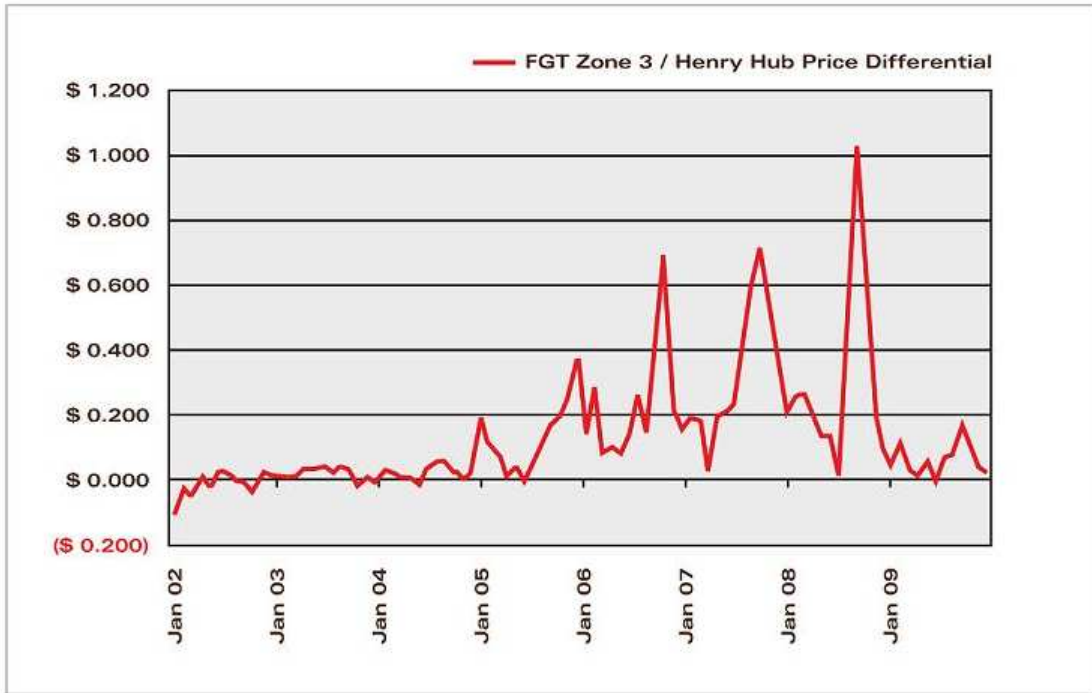
II.7 Gas Prices in Florida

As pointed out above, the model adopted by the utilities has been to subscribe to capacity offerings by the pipelines and then make their gas purchases upstream and ship the gas to their generation facilities. To the extent that there is a mismatch between their daily purchases and their actual gas demand, it is possible for the utilities to trade parcels of gas among themselves in the market area (Panhandle and Peninsula). These transactions are reported in such publications as *Gas Daily* under “Florida Citygates.” Historically, this price has typically been at a premium to the Henry Hub price. As Port Dolphin is delivering directly into the market area, this price represents the marginal price that could be obtained by the gas seller for gas sold on a daily basis.

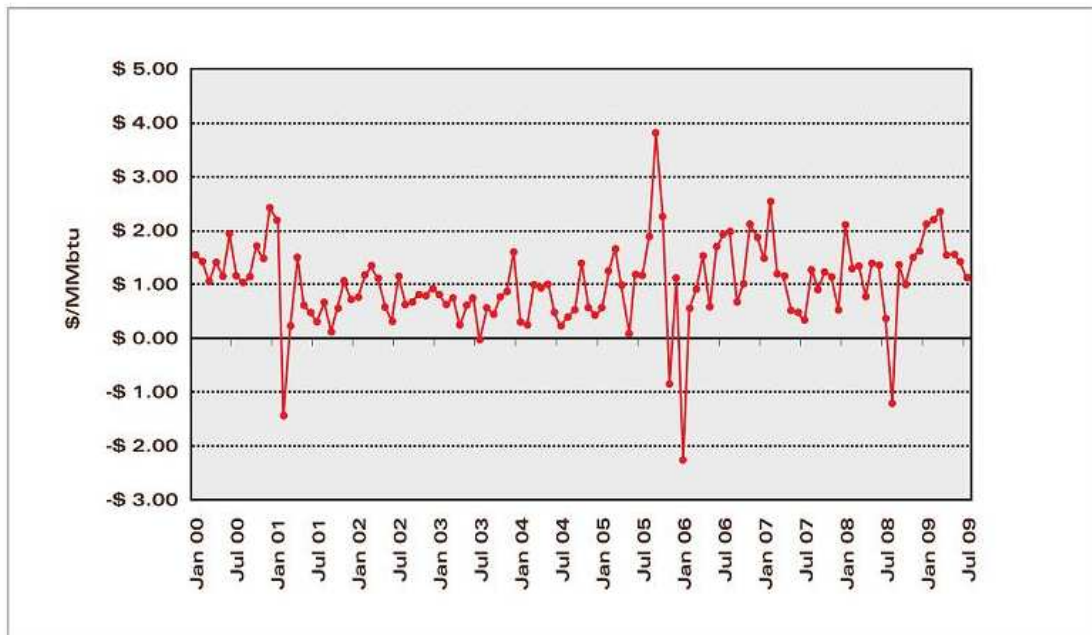
The other price that is of relevance is the price quoted as FGT Zone 3. This is the point at which FGT moves from Alabama into Florida and essentially reflects the price of gas that a Florida utility would pay for incremental supply from the supply area.

Gas purchased at the Zone 3 trading point has to be delivered to the power facility in question and, in doing so, has to pass through one or more compression stations and an additional variable fuel cost must be added to the Zone 3 price. By comparison, gas delivered from Port Dolphin, being located at the market area, will require less—if any—compression to be delivered to the user. As a result, Port Dolphin should be able to command a premium for incremental supply over the FGT Zone 3 price. The size of the premium will depend on the cost of fuel and the location of the buyer’s power station in relation to the landfall of Port Dolphin.

FGT Zone 3 / Henry Hub Price Differential



Average Florida City Gate Price/Henry Hub Differential



II.8 Community Support for Port Dolphin

Many U.S. LNG projects have encountered community opposition. Most recently, the planned Calypso project on Florida's east coast failed to gain grassroots support and was rejected by Florida Governor Charlie Crist. Port Dolphin, on the other hand, conducted a two-year program to earn the support of the community and approval by Gov. Crist.

Port Dolphin's community-based approach included one-on-one briefings with local elected officials and staff to understand community concerns and respond to them. The pipeline itself was rerouted twice, once to avoid environmentally sensitive areas and once to minimize impacts to sand resources used to replenish local beaches.

Port Dolphin also entered into a long-term agreement with the state defining specific actions in building and operating the new deepwater port. As a result of these efforts, Gov. Crist formally approved the project on September 11, 2009, clearing the way for Port Dolphin to receive its deepwater port license. In addition, the Board of County Commissioners of Manatee County voted their support of the project, as did the Longboat Key Town Commission. Letters of support from the various jurisdictions can be found in Appendix C.

To gain such support, Port Dolphin went into the community with several key messages:

- Port Dolphin represents an important new source of clean, reliable and affordable energy that will help secure Florida's energy future.
- As a new source of natural gas for electric utilities, Port Dolphin will provide increased competition and give power producers greater flexibility, saving area consumers and businesses tens of millions of dollars.
- Port Dolphin is committed to protecting the local environment while making the entire state cleaner.
- During construction and over the life of the project, Port Dolphin will provide economic benefits to the community of more than \$150 million.

These messages resonated with Floridians. They understand that natural gas is environmentally friendly and that the state needs more of it in power production. They also understand and appreciate the economic benefits of the project.

These benefits were defined in the project's Environmental Impact Statement. Economic benefits during construction will total more than \$42 million. The creation of 82 construction-related jobs will bring an estimated \$2 million into the local economy, and increased revenues of some \$1.5 million will flow to state and local governments from taxes and fees. Benefits to Port Manatee from short-term and long-term improvements will exceed \$16 million and provide infrastructure to the port that will benefit existing and future tenants. During construction, spending on food, housing and supplies is estimated to be approximately \$22 million.

III. COMMERCIAL CONSIDERATIONS

III.1 Commercial Principles

This Prospectus is directed primarily at upstream LNG players looking to develop their portfolio of LNG outlets in growth markets with attractive pricing and summer peak of deliveries.

Höegh LNG considers the Port Dolphin offering to be a single integrated service that the capacity taker is expected to commit to use under a set of long-term contracts. It is expected that a model could be based on these principles:

1. Charter of two or more SRV newbuildings (LNG carriers that have onboard regasification facilities): The number of vessels required to serve the project will be dependent on the source(s) of LNG and the volumes to be delivered. SRVs constructed to serve the project will be designed, built, owned and operated by Höegh LNG or a subsidiary. The contract form for this portion of the service is anticipated to be based on industry standard charterparties with extensions for the regasification service.
2. Capacity in the export buoys and associated pipeline facilities: While we envision several types of pipeline service that could be offered, we prefer to understand the needs of potential clients before attempting to define these in more detail. Pipeline capacity would extend from the entry flange on the disconnectable buoys to the interconnections with Gulfstream, Peoples Gas and potentially other transmission systems. As ordered by FERC, Port Dolphin is not obliged to create any particular form of tariff such that "capacity" can constitute whatever the holder wishes it to be.

III.2 Overall Project Schedule

Port Dolphin's overall project schedule is described below and presented in the Overall Project Schedule on page 16.

DWP Licensing/FERC Certificate

On September 11, 2009, the Governor of Florida issued his conditional approval of the Port Dolphin project. The Maritime Administration issued a favorable Record of Decision on October 26, 2009. The FERC Certificate was issued on December 3, 2009. The DWP license is expected by late January 2010.

Additional Permitting

As described in Appendix B, Port Dolphin expects to obtain all major federal and state permits by the end of 2010.

Commercial Activities

Port Dolphin is aiming to finalize key agreements with pipeline companies (e.g., physical interconnections and O&B) and gas suppliers (e.g., joint venture, time charter party and terminal use) during 2010.



Final Investment Decision

The timely completion of additional permitting and commercial activities would enable Høegh LNG to make its final investment decision (FID) for procurement/construction of all project components by the end of 2010. Such decision will allow completion of project financing negotiations, selection of shipyard for SRVs construction, selection of pipe supplier, and ordering of pipe by 2Q 2011. In addition, a bidding process will be initiated after FID for selecting the on-site construction contractor(s) by 3Q 2011.

SRVs Construction

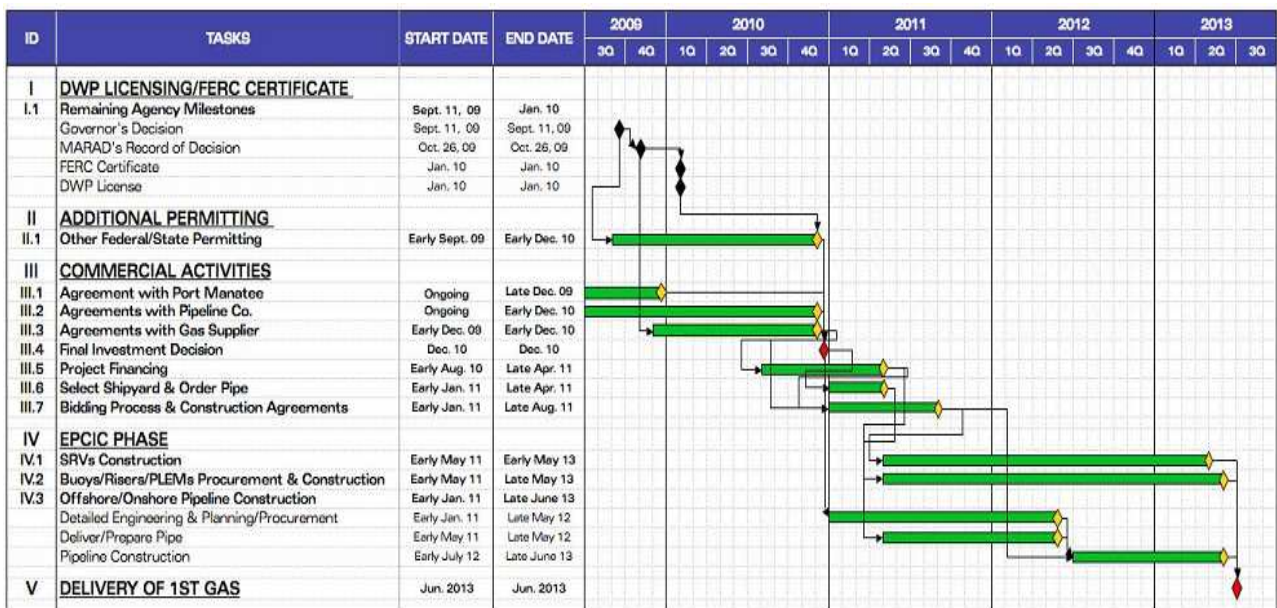
Port Dolphin expects to have the chosen shipyard begin construction of the project's SRVs by 2Q 2011 and aims to have these delivered by 2Q 2013.

On-Site Construction Schedule

On-site construction activities in Tampa Bay would be initiated in July 2012 and completed by late May 2013. The expected construction duration for each fixed project component is as follows:

- The construction of the offshore pipeline is expected to take approximately nine to ten months.
- The entire STL subsea system is expected to take approximately three to four months to install.
- The construction of the onshore pipeline is expected to take approximately four to five months.
- The construction of the interconnection station is expected to take approximately two to three months.

Overall Project Schedule



IV. EXPRESSION OF INTEREST PROCESS

IV.1 Description of Desired Form of Interest

Port Dolphin represents the most advanced project affording LNG suppliers access to the growing Florida gas market. Höegh LNG invites non-binding Expressions of Interest (EOIs) from industry participants wishing to learn more about this project with a view to acquiring capacity in the project. A *pro forma* EOI letter is attached to this Prospectus in Appendix D. The EOI must be accompanied by a signed confidentiality agreement substantially similar to the draft attached to this Prospectus.

Following receipt of the EOIs, Höegh LNG will invited respondents to undertake due diligence in the form of access to the project data room in Washington, D.C., together with opportunities to meet and discuss the project with the development team and its advisors. Due diligence will need to be conducted within a period of 45 days from the date of the EOI, otherwise the EOI will be deemed to have lapsed. Following completion of due diligence, respondents will be invited to reaffirm their interest in the project. Those making such reaffirmations will be invited to enter into discussions with Höegh LNG to establish the nature of their interest in the project. In the event there are multiple companies proceeding to this stage, Höegh will advise and implement a formal process to evaluate potential clients and make the final selection.

IV.2 Contact Information

German Castro
Port Dolphin Energy LLC
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APPENDIX A

APPENDIX A**GENERAL OVERVIEW OF PORT DOLPHIN**

Floating LNG import facilities allow locating such terminals at points where netbacks for LNG owners can be maximized. In many cases, traditional onshore LNG import terminals would not be possible to construct in the same market areas.

Port Dolphin is a prime example of how such floating facilities can be used to access a prime market. It is unlikely that an onshore LNG terminal would be permitted on the west coast of Florida, making Port Dolphin a unique offering to LNG owners seeking access to the Florida market.

As it is designed, Port Dolphin is able to minimize the effects on the environment, while still performing the necessary functions to feed clean-burning natural gas to a growing market.

Port Dolphin will provide a reliable and timely supply of natural gas to the Florida market. This new source will increase energy diversity while considering impacts on the environment to serve the growing demand for natural gas.

Energy demand in the United States as a whole has been growing and continues to increase steadily. Part of the intent for the Deepwater Port Act (DWPA) amendments was to provide mechanisms to ensure that the country's energy market could access worldwide natural gas supplies that the federal government recognized would become a key supply source for the country's existing and projected natural gas demands over the coming years. Estimates of the demand for LNG have been changing. In 2007, the U.S Department of Energy (DOE) Energy Information Administration (EIA) estimated that total energy consumption in the United States will increase 1.1 per cent annually, more than 31 quadrillion British thermal units (Btus.), or quads, over the next 20 years, from 100.2 quads per year in 2005 to 131.2 quads per year in 2030. The EIA projected that annual demand for natural gas in the United States could reach 26.1 trillion cubic feet (tcf) by 2030, compared to an annual consumption of 22.0 tcf in 2005, due largely to projected increases in commercial demand and natural gas-fueled electrical power generating.

Recent trends in natural gas demand and supply in the contiguous 48 continental states illustrate that demand exceeds supply in 6 of the 13 years, raising concern over the ability to continue to meet projected demand growth regionally and nationally. Although natural gas demand is expected to fall by 1.9 percent in 2009 due to an expected 2.7 percent decline in the U.S. real gross domestic product (GDP), natural gas demand is expected to increase by 0.3 percent in 2010 due to a projected economic recovery.

A recent study released by the International Gas Union (IGU) foresees an increase in the natural gas share of the global fuel mix from 21 percent to 28 percent by 2030, driven primarily by the desire to reduce carbon dioxide emissions. IGU forecasts the world market to grow from 3 trillion cubic meters to 4.3 trillion by 2030, a 1.8 percent compound annual growth rate.

The Gulf of Mexico accounts for 12 percent of U.S. domestic production. Supply disruptions in the Gulf resulting from major hurricanes have demonstrated the short-run vulnerability of the U.S. natural gas market to supply reductions. The severity of the storms and preparedness for the storms directly relates to the supply disruptions and, subsequently, price volatility.

According to EIA, Hurricanes Katrina and Rita in 2005 damaged a number of natural gas processing facilities on the Gulf Coast, resulting in reduced operating levels. This loss can affect recovery of natural gas production in the area. Even if platforms and pipelines are unaffected or readily restored to service, the gas might not be able to flow to market without treatment. A number of processing plants in Louisiana and Texas, with capacities of 100MMscfd, experienced long-term production impacts. EIA estimates that 21 percent of natural gas production was shut-in into 2006. Loss of natural gas production and supply inevitably equates to increased prices. Estimated average natural gas wellhead prices went from \$5.86 per million British thermal units (MMBtu) in May 2005 to \$10.68 per MMBtu in October 2005. On November 9, 2005, natural gas prices increased at virtually all market locations in the lower 48 states with increases exceeding \$2 per MMBtu in most markets. In November 2005, prices at most market locations were about \$3 to \$5 per MMBtu (about 45 percent to 75 percent) above November 2004 levels. Prices at Henry Hub on November 16, 2005, exceeded November 2004 levels by \$4.47 per MMBtu, or about 68 percent.

The two major hurricanes during 2008, hurricanes Gustav and Ike, caused 95 and 98 percent, respectively, of Gulf of Mexico natural gas production to be shut-in. Much of the shut-in was due to evacuation of offshore platforms in anticipation of the storms, although much of the production initially shut-in returned to operation much quicker than in 2005. Unlike the 2005 hurricane season, the 2008 hurricane season did not cause major damage to the Gulf infrastructure. For instance, in 2005, 113 platforms were destroyed, and 52 damaged with 2 billion cubic feet (bcf) of production permanently offline, whereas in 2008, 60 platforms were destroyed with no production permanently offline.

The rapid rise and fall of natural gas prices we have seen over the past few years underscores the need for diversity in import locations, and methods, to prevent natural phenomena, such as hurricanes, from disrupting U.S. LNG input capabilities and to buffer reductions in domestic production.

As production and transportation of LNG have become more efficient, imports of LNG have become more economically attractive. LNG offers the U.S. energy market access to growing global natural gas production, helping to reduce supply and price volatility. For natural gas supplies to reach the United States, they must be liquefied prior to transport. Specialized transport ships must then carry the LNG to a regasification facility near the final market for gas, or a Shuttle and Regasification Vessel (SRV) can deliver gas to a DWP. The DWPA allows the Port to operate under a strategy of "exclusive use," dedicating the entire capacity of the facility for its own purposes without being subject to the requirements of open access or common carriage.

Deepwater Port Concept

Once completed, the Port Dolphin deepwater port would be capable of mooring LNG carriers with a regasification capability known as Shuttle and Regasification Vessels (SRVs). These vessels will have a capacity range of 145,000 cubic meters (m³) or 217,000 m³. Up to two SRVs would temporarily moor at the proposed deepwater port by means of a submerged loading buoy system. Two unloading buoys, also known as submerged turret loading (STL) buoys, would be separated by a distance of approximately 3.15 miles (5-kilometers).

When not connected to an SRV, the unloading buoy would be submerged 60 to 70 feet below the sea surface. In this position, the buoy would be held in position by the mooring lines and would be resting on the STL Buoy landing pad.



A marker buoy and retrieval line will be used to locate and recover the buoy as the SRV arrives at the deepwater port. The unloading buoy will be retrieved from its submerged position by means of a winch and recovery line. It will be hoisted up through a moon-pool in the forward part of the SRV where it will be located in a receiving cone within the hull trunk.

After the buoy is locked in position, unloading of natural gas will begin. The gas will be unloaded through the flexible riser into the Pipeline End Manifold (PLEM) for transportation to shore via the subsea pipeline.



An SRV (LNG carrier with regasification capability) will typically moor at the deepwater port for between four and eight days, depending on vessel size and send-out rate. The two separate buoys will allow natural gas to be delivered in a continuous flow, without interruption, by scheduling an overlap between arriving and departing SRVs.

Project Location, Components and Services

The unloading portion of the deepwater port will be located in federal waters approximately 42 miles (67 kilometers) southwest of the Tampa Bay area of Florida in 100 feet (30 meters) of water.

Each unloading buoy would be connected to a 16-inch (40.6 centimeters) flexible riser and a 36-inch (91.4 centimeters), approximately 2-mile-long (3.4 kilometers) subsea flowline leading to a Pigable Wye which connects to a 36-inch pipeline that is routed through Tampa Bay and makes landfall at Port Manatee, Palmetto, Fla., a total distance of approximately 42 miles (66.7 kilometers). The proposed Port Dolphin Pipeline then extends another 3.9 miles (6.3 kilometers) across land to the interconnection facility to integrate and distribute natural gas to residential, commercial, industrial, and electricity generation consumers. Port Dolphin will have an annual average throughput capacity of 400 to 800 million standard cubic feet per day (mmscfd) with a peak capacity of approximately 1,200 mmscfd.

The function of the deepwater port will be to:

- Temporarily moor SRVs
- Vaporize LNG, regulate, check the quality, and meter natural gas; and
- Send out natural gas by subsea pipeline

The major fixed components of the Proposed Port Dolphin would be:

- An unloading buoy system (STL) located in a water depth of approximately 100 feet (30.5 meters) with two buoys separated by a distance of approximately 3.15 miles (5.0 kilometers). Each unloading buoy will have:
 - Eight mooring lines consisting of wire rope and chain connecting each unloading buoy to anchor points on the seabed
 - Eight anchor points
 - One 16-inch (40.6 centimeters) inside diameter (ID) flexible pipe riser
 - One electrohydraulic control umbilical from the unloading buoy to the riser manifold
 - Two riser manifolds (Pipeline End Manifolds, “PLEM’s”, with isolation and control valves located on the seabed below and offset approximately 246 feet (75 meters) from each unloading buoy
- Two 36-inch (91.4 centimeters) diameter natural gas flowlines, with a combined length of approximately 4.1 miles (6.6 kilometers), connecting the northern and southern STL buoys to the pipeline end manifolds (PLEM)
- One 36-inch gas transmission line, approximately 42 miles (67.7 kilometers) long

Operational Principles & Basis

Each SRV that will serve the deepwater port will combine the storage and transportation capabilities of a conventional SRV with dedicated onboard LNG vaporization facilities. The SRVs will have conventional marine propulsion systems for transit between an overseas LNG loading point and the deepwater port, including thrusters and a dynamic positioning (DP) control system.

LNG from the storage tanks in an SRV will be withdrawn by means of low pressure in-tank pumps. The LNG will be boosted to a working pressure of up to 1,740 pounds per square inch (psi) using a high-pressure cryogenic pump. The onboard vaporization system of the 145,000 m³ vessel will have a capacity of approximately 750 mmscfd consisting of three individual vaporization units with capacity to vaporize 250 mmscfd (about 210 metric tons per hour). The onboard vaporization system of the 217,000 m³ SRV will have a capacity of approximately 1,250 mmscfd consisting of five individual vaporization units with capacity to vaporize 250 mmscfd (about 210 metric tons per hour). The vaporization system will have the capacity to empty a vessel in approximately four to eight days. The LNG will be heated in a two-step closed-loop system. In the first step, a water-glycol solution will be heated in a compact printed circuit heat exchanger (PCHE) by steam produced in two marine auxiliary boilers. In the second step, the warmer water glycol solution would heat the LNG from -261°F to 32°F in a shell and tube heat exchanger.

Natural gas from the vaporizers will be metered and then discharged via a trunk in the forward part of the SRV that would house a turret buoy mating cone and swivel system. The swivel system is designed to operate with natural gas at the system send-out working pressure. The SRV is designed for operation in harsh environments and can connect to the unloading buoy in up to 11.5 feet (3.5 meters) significant wave heights and remain operational in up to 36 feet (11 meters) significant wave heights providing high operational availability.

SRVs will be loaded at overseas LNG sources and will transport the LNG to the deepwater port. When fully operational, Port Dolphin will be capable of achieving an average throughput of 800 million standard cubic feet per day (mmscfd) and a peak capacity of approximately 1200 million mmscfd. Natural gas will be sent out to a 36-inch gas transmission line that will transport natural gas to onshore facilities for interconnection with the Gulfstream Natural Gas System and Tampa Electric Company (TECO). From there, the natural gas will be available to serve residential, commercial, industrial and electrical generation customers, primarily in Florida and the southeastern U.S.

Gas Quality Parameters

Following discussions about gas specifications for regasified LNG entering FGT, an Administrative Law Judge ruled on the issue in April 2006. The ruling sets the following parameters for gas on the FGT system.

- A. Gas delivered by Shipper or for its account into Transporter's pipeline system at receipt points shall conform to the following quality standards:
 - 1. shall be free from objectionable odors, solid matter, dust, gums, and gum forming constituents, or any other substance which interferes with the merchantability of the gas stream, or causes interference with proper operation of the lines, meters, regulators, or other appliances through which it may flow;
 - 2. shall contain not more than seven (7) pounds of water vapor per one thousand (1,000) MCF;
 - 3. shall contain not more than one quarter (1/4) grain of hydrogen sulphide per one hundred (100) cubic feet of gas;
 - 4. shall contain not more than ten (10) grains of total sulphur per one hundred (100) cubic feet of gas;
 - 5. shall contain not more than a combined total three percent (3%) by volume of carbon dioxide and/or nitrogen;
 - 6. shall contain not more than one quarter percent (1/4%) by volume of oxygen;
 - 7. shall have a temperature of not more than one hundred twenty (120) degrees Fahrenheit; and
 - 8. shall have a Btu content of not less than one thousand (1000) Btu per cubic foot.

- B. Gas delivered into Transporter's pipeline system at point(s) of receipt in Transporter's Market Area and gas entering the Market Area from the Western Division (as measured at Transporter's Compressor Station No. 12) shall, in addition to the provisions contained in Section A.1 through A.8, conform to the following quality standards:
 - 1. shall have a methane composition of not less than eighty-five (85) mole percent;
 - 2. shall have an ethane composition of not more than ten (10) mole percent;

3. shall have a propane composition of not more than two and three-quarters (2.75) mole percent;
4. shall have a combined composition of not more than one and two tenths (1.2) mole percent of isobutane and normal butane and pentanes and heavier hydrocarbons; and a combined composition of not more than twelve one hundredths (0.12) mole percent of pentanes and heavier hydrocarbons;
5. shall have a minimum temperature, and a physical means to maintain such minimum temperature; such minimum temperature to be determined on a case-by-case basis, considering the pipeline operating conditions at, and downstream, of the receipt location, such as: (i) gas flow and the ability to blend gas streams, (ii) the magnitude of the pressure drop at the point of the interconnection, and (iii) any potentially adverse impact to, or unsafe condition on, Transporter's or customer's facilities downstream of the interconnection, such as those occurring from the receipt of excessively cold gas or liquid hydrocarbon fallout;
6. shall have a Btu content of not more than eleven hundred and ten (1110) Btu per cubic foot;
7. shall have a Wobbe Index absolute limit from 1340 to 1396 (calculated using Higher Heating Value (HHV), dry under standard conditions at 14.73 psia at 60 degrees Fahrenheit) based on the following mathematical definition and in accordance with Section 4 of these GT&C;

HHV/SQRT S_{gas}

Where:

HHV = Higher Heating Value (Btu/scf)

S_{gas} = Specific Gravity

Sqrt = Square Root of

and shall be subject to a limitation on the rate of change of two percent (2%) of Wobbe per six-minute interval;

8. shall not contain more than one percent (1%) carbon dioxide by volume nor any injected carbon dioxide as a dilutant; and
 9. shall contain not more than two (2) grains of total sulphur per one hundred (100) cubic feet of gas.
- C. Transporter may refuse to accept any gas that fails to conform with the quality standards itemized in Sections A and B above. Transporter, in its reasonable discretion exercised on a not unduly discriminatory basis, may waive the quality standards for gas delivered into its pipeline system at receipt points, provided that such waiver will not affect Transporter's ability to maintain an acceptable gas quality in its pipeline and adequate service to its customers consistent with the applicable Rate Schedule and these General Terms, including (without limitation) Section D below. Such waiver will not be effective unless in writing and signed by an authorized representative of Transporter.

D. The gas delivered by Transporter to Shipper shall conform to the following standards:

1. The gas shall be natural gas, or its equivalent as provided for in Section D.3 below, from the sources of supply attached or delivered to Transporter's pipeline system; provided however, that moisture, impurities, helium, natural gasoline, butane, propane, and other hydrocarbons or other substances, may be removed prior to delivery to Shipper. Nothing herein shall restrict Shipper's right to remove any merchantable products prior to delivery into Transporter's system by or for the account of Shipper. Further, nothing herein shall prevent Shipper from making arrangements for the processing of Shipper's gas on Transporter's system (nor, in the event such arrangements are made, from designating a processing plant as the Delivery Point for the MMBtu attributable to processed liquefiabiles). Transporter may subject the gas to compression, heating, cooling, cleaning or other processes, which are not substantially detrimental to the merchantability of the gas stream.
2. To the extent Shippers conform with requirements hereof, the gas shall have a total heating value of not less than one thousand (1000) Btu per cubic foot of dry gas, and be reasonably free of moisture, objectionable liquids and solids so as to be merchantable upon delivery to Shipper, and shall contain not more than two hundred (200) grains of total sulphur, nor more than fifteen (15) grains of hydrogen sulphide, per MCF. The gas may contain an odorant at the point of delivery, but it is the responsibility of the customer to monitor and maintain any required odorant levels after the point of delivery.
3. Transporter may utilize gas from any standby equipment to effectuate deliveries provided the gas shall be reasonably equivalent to the gas delivered to Transporter by or for the account of Shipper hereunder, and adopted for use by Shipper's consumers without the necessity of making adjustment to fuel-burning equipment.

These numbers are close to, but not exactly in line with, the Natural Gas Council's quality recommendations under the NGC+ paper (available on request).

Moreover the ruling made no recommendation as to how the cost of tuning equipment, if required, should be divided between gas supplier, pipeline and/or end user.

The specification for Gulfstream specifies an upper limit for calorific value of 1075Btu/cu ft. which is significantly below that of FGT. Gulfstream can waive this limitation if it perceives that in doing so its own operations will not be affected. There is no Wobbe specification, and the only other parameter of note is a dewpoint limitation of 25 deg F and 800psig.



APPENDIX B

APPENDIX B

THE PERMITTING PROCESS

Below is an overview of the overall licensing/permitting process, including progress achieved to date and outstanding milestones.

Governor's Decision, DWP Licensing, and FERC Certificate

Deepwater Port Licensing

The Secretary of Transportation has delegated to the Maritime Administrator the authority to issue deepwater port licenses. MARAD is responsible for issuing the Record of Decision (ROD) to announce whether a license application is approved, approved with conditions, or denied; and for issuing, revoking, and reinstating deepwater port licenses.

There is a memorandum of understanding (MOU) between the federal agencies to establish the roles of each agency within the deepwater port licensing process. This MOU confirms that the Maritime Administration (MARAD) and the U.S. Coast Guard (U.S.C.G.) are the lead agencies for processing deepwater port license applications. The U.S. Environmental Protection Agency (U.S.EPA), U.S. Army Corps of Engineers (U.S.ACE), Mineral Management Service (MMS), U.S. Fish and Wildlife Service (U.S.FWS), and other federal agencies are designated as cooperating agencies and support the U.S.C.G. and MARAD in the review and evaluation of deepwater port applications.

Status – MARAD issued a favorable ROD on October 26, 2009. Actual issuance of the DWP License will take place once certain financial conditions imposed by the ROD have been met (i.e., execution of construction and decommissioning guarantees). Port Dolphin aims to meet such conditions by January 2010. The DWP License is expected by late January 2010.



U.S. Transportation Secretary Ray LaHood (left) and Chairman and CEO of Port Dolphin Energy James Butcher (right) discuss the company's plans for a deepwater port off the west coast of Florida during a U.S. Maritime Administration-hosted "Record of Decision" ceremony October 26, 2009, in Washington, D.C.

Governor's Decision

The Maritime Administrator cannot issue a license without the approval of the Governor of each adjacent coastal state and the license must be consistent with state programs relating to environmental protection, land and water use, and coastal zone management. In order to make a decision, the Governor of Florida relies on the technical review and recommendation of the DWP License application by his own state agencies.

Status – On September 11, 2009, the Governor of Florida issued his conditional approval of the Port Dolphin project. The list of conditions include obtaining all necessary state and federal permits prior to construction, developing and implementing a study to determine potential impacts to fisheries, providing funding for beach-quality sand permitting and extraction, and developing and implementing a plan to mitigate for impacts to hard-bottom communities.

FERC

FERC is responsible for authorizing the construction and operation of interstate natural gas pipelines. For deepwater ports, FERC retains jurisdiction on any transportation/storage facilities to the landward side of the high water mark.

Status– Port Dolphin filed with FERC an application for a Certificate of Public Convenience and Necessity which applies to its four-mile onshore pipeline. The NEPA FEIS prepared by the U.S.C.G. in compliance with the DWP Act regulations also serves the same purpose of complying with the Natural Gas Pipelines Act and FERC regulations there under. Port Dolphin's requested Certificate on December 3, 2009 in FERC Docket No. CP07-191-001. FERC's order incorporates the conditions in the FEIS and imposes conditions that are typical in such orders.

Federal Permits

Once the DWP License is issued, then some of the cooperating agencies are enabled to act on resource- and/or activity-specific permit applications that are also necessary for the construction and operation of this project.

U.S. Army Corps of Engineers (U.S.ACE)

The U.S.ACE is responsible for the administration of laws to protect the waters of the United States. Under Section 10 of the Rivers and Harbors Act and Section 404 of the Clean Water Act, the U.S.ACE is responsible for all dredge and fill activities into navigable state and federal waters, as well as for placement of structures in federal waters. A Section 10/404 permit from the U.S.ACE is required to comply with these Acts.

Status – This permit application has been filed with the U.S.ACE. The U.S.ACE cooperates with the Florida Department of Environmental Protection (FDEP) in the permitting process applicable within state waters. This permit is expected by December 2010.

U.S. Environmental Protection Agency (U.S.EPA)

The U.S.EPA is responsible to ensure compliance to the Clean Air Act (CAA) through applicable air permitting programs that regulate emissions from new sources, and the Clean Water Act (CWA) through the National Pollutant Discharge Elimination System (NPDES) permit program that regulates the water intakes and discharges from Port Dolphin.

Status – A Prevention of Significant Deterioration (PSD) air permit application has been submitted and updating of its original modeling is being completed for incorporating current data available. This permit is expected by December 2010. The NPDES permit is expected by fall 2010.

Mineral Management Service (MMS)

The MMS is responsible for issuing and enforcing regulations to promote safe operations, environmental protection and resource conservation for all mineral exploration, development and production activities located in the outer continental shelf (OCS).

MMS administers leasing and minerals royalty programs, oversees facility permitting, conducts NEPA analysis, grants pipeline right-of-way (ROW) through submerged portions of the OCS, performs facility inspections, maintains databases of facility locations and attribute data, approves oil spill response plans, administers an operator bonding program, and engages in appropriate engineering and oil spill research. A subsea pipeline ROW from MMS is required.

Status – Port Dolphin is filing the MMS ROW application in December 2009, and the ROW authorization is expected by December 2010.

National Oceanographic and Atmospheric Administration (NOAA)

NOAA/NMFS responsibilities include managing protected species, managing commercial and recreational fisheries, and protecting marine and coastal habitats. NOAA Fisheries ensure compliance with the Endangered Species Act, (ESA), Marine Mammal Protection Act (MMPA), Magnuson-Stevens Fishery Conservation Act, and the Fish and Wildlife Coordination Act (FWCA). An Incidental Harassment Authorization (IHA) or a Letter of Authorization (LOA) from NOAA/NMFS is required to address the potential impacts to marine mammals from pile driving and other construction-related noise.

Status – NOAA/NMFS has provided recommendations and conditions to be included in the DWP License including the preparation and implementation of a noise monitoring study during construction. Port Dolphin will submit an LOA application in early 2010, and the final rulemaking is expected by early 2011. As a part of the final rulemaking, an LOA will be authorized for one year and will require annual renewals for the duration of the final rule. Every five years, an application for a new rulemaking will be filed.

State Permits

The State of Florida is designated as the adjacent coastal state to Port Dolphin's DWP project, and since a portion of its subsea pipeline crosses state waters and a terrestrial portion of the pipeline comes ashore within the state, state permitting requirements must also be met.

Florida Department of Environmental Protection (FDEP)

The FDEP is the lead permitting agency for the state with several other commenting agencies including the Fish and Wildlife Conservation Commission (FWC) and the State Historic Preservation Office (SHPO). FDEP has jurisdiction over a variety of project activities to be performed within state territory.

The following key permits/authorizations are required:

- An Environmental Resource Permit (ERP) is required before beginning any construction activity that would affect wetlands, alter surface water flows or contribute to water pollution. This process includes a Submerged Lands Authorization (SLA) for the pipeline ROW within state waters.
- An industrial wastewater permit for the concrete coating plant, which is for facilities and activities that discharge to surface waters and ground waters of the state.
- An NPDES permit for discharge to ground waters for dewatering, and hydrostatic test water discharge.
- An air permit for a minor stationary source of air pollutants will be required for the concrete coating facility (construction) and the interconnection station (operation).

Status – FDEP and their commenting agencies provided comments and consultation to the MARAD and U.S.C.G. during the deepwater port licensing process and have provided conditions to be included in the DWP License. These conditions are attached to the Governor’s approval letter. The ERP and SLA permit applications have been submitted to FDEP, and both approvals are expected by October 2010. Port Dolphin has applied for a general industrial wastewater permit, which is expected in early 2010, and expects to obtain it within six months after submittal. The NPDES permit application will be filed in early 2010 and its approval is expected by June 2010. Port Dolphin has already obtained the air permit for its proposed interconnection station.

Southwest Florida Water Management District (SWFWMD)

The SWFWMD is responsible for managing the ground water and surface water within the project areas. As such, a Water Use Permit (WUP) will be required that will allow the withdrawal of the necessary water for the hydrostatic testing of the onshore pipeline and dewatering activities.

Status – This permit application takes approximately 90 days to be processed and approved. Port Dolphin will apply for this permit in January 2012, and its approval is expected by 2012.

Florida Department of Transportation (FDOT)

The Port Dolphin pipeline crosses two roadways under FDOT control—the Sunshine Skyway Bridge and State Road U.S.-41. A crossing permit will be required from the FDOT for these two crossings.

Status – These permit applications require short times for processing and approval, and work must begin within 90 days after receiving permit. Therefore, these permit applications will be submitted later in the process.

Local Permits

There also are minor permits that will be required from the local counties and other entities prior to construction of the Port Dolphin project.

Manatee County

The onshore portion of the pipeline traverses Manatee County; therefore, there are several county permits that will be required including an Environmental/ROW permit, a Construction and Building permit, and a Crossing permit for crossing county roads.

Status – Preparation of the Environmental/ROW permit should be completed during detailed design preparation. The other two permit applications require short review times and require work to start within a short time frame of permit issuance. These permit applications will be submitted later in the process.

Tampa Port Authority (TPA)/Hillsborough County Environmental Protection Commission (EPC)

A portion of the offshore pipeline route passes through Hillsborough County and TPA's District and is subject to their review and permitting for dredge, fill and construction activities. In addition, the sovereign submerged lands within Hillsborough County will require a lease from the TPA.

Status – This application is a subset of the FDEP ERP application information. The TPA application will be filed in early 2010, and its approval is expected by late 2010.

CSX Railroad

A crossing authorization will be required from CSX for the pipeline crossing of the CSX railroad.

Status – An application requires a short time for processing and approval, and work must begin within 90 days after receiving permit. Therefore, this application will be submitted later in the process.

APPENDIX C



CHARLIE CRIST
GOVERNOR

September 11, 2009

Mr. David T. Matsuda
Acting Administrator
Maritime Administration
U.S. Department of Transportation
1200 New Jersey Avenue, SE, W22-300
Washington, D.C. 20590-0001

DOT Docket Number USCG-2007-28532

Dear Mr. Matsuda:

Port Dolphin Energy LLC (Port Dolphin) is seeking a license to own, construct and operate a deepwater port (Port) approximately 28 miles southwest of Tampa, Florida in the Gulf of Mexico. The Port will consist of two permanently moored unloading buoys designed to accept special transport and regasification vessels. Natural gas will be delivered to the state via a 36-inch pipeline making landfall in Port Manatee, Florida. Initially, Port Dolphin will be capable of delivering 400 million standard cubic feet of natural gas per day and would eventually be capable of increasing delivery to an average of 800 million standard cubic feet of natural gas per day. Once in operation, the Port will provide an important alternate source of natural gas for Florida.

In accordance with the Deepwater Port Act, 33 U.S.C. §1508 (DWPA), the Secretary of the U.S. Department of Transportation cannot issue a deepwater port license unless the governor of each adjacent coastal state has approved the proposed port. In July 2007, I was notified that Florida had been designated as an adjacent coastal state for the Port Dolphin Deepwater Port. In making the decision to approve or disapprove Port Dolphin's proposed Port, I considered many factors including 1) Florida's energy needs; 2) the need for alternate natural gas supplies for the state; 2) the potential for adverse environmental effects and economic impacts of the proposed Port; and 4) safety considerations of Port operations.

THE CAPITOL
TALLAHASSEE, FLORIDA 32399 • (850) 488-2272 • FAX (850) 922-4292

Mr. David T. Matsuda
September 11, 2009
Page Two

After careful consideration of all of these factors, I hereby notify you that I approve the deepwater port application submitted by Port Dolphin subject to the thirteen conditions, included in the enclosure to this letter, being incorporated in a subsequent Memorandum of Agreement executed between Port Dolphin, the Florida Fish and Wildlife Conservation Commission and the Florida Department of Environmental Protection, as well as being included in the license to be issued by the U.S. Maritime Administration on behalf of the U.S. Department of Transportation.

I appreciate the assistance that your staff and the U.S. Coast Guard have provided as we work to ensure that the Port Dolphin project is developed and operated in a safe and environmentally conscious manner. We look forward to continuing our work together as we further address the issues that must be resolved prior to licensing.

Sincerely,



Charlie Crist

cc: Mr. Michael W. Sole, Secretary, FDEP, Enc.
Ms. Jennifer L. Fitzwater, Deputy Secretary, FDEP, Enc.
Mr. Kenneth D. Haddad, Director, FFWCC, Enc.
Ms. Yvette Fields, Director, Office of Deepwater Ports and Offshore Activities, Enc.
Mr. Mark A Prescott, Chief, U.S.C.G. Deepwater Ports Standards, Enc.

**State of Florida Required License Conditions
for the Port Dolphin Energy LLC Proposed Deepwater Port
DOT Docket Number USCG-2007-28532**

Port Dolphin Energy LLC ("Port Dolphin") shall abide by the following conditions when constructing, operating, and maintaining its deepwater liquefied natural gas port and associated facilities and pipelines ("Port").

1. Within 5 business days, Port Dolphin shall execute a Memorandum of Agreement (MOA) between Port Dolphin, the Florida Fish and Wildlife Conservation Commission and the Florida Department of Environmental Protection which shall address the conditions identified below more fully, as appropriate.
2. Port Dolphin shall obtain all necessary state and federal approvals, permits and authorizations to construct and operate the Port and shall comply with all conditions and/or requirements of the required approvals, permits and authorizations. Port Dolphin shall comply with all conditions as may be set forth in the Florida's final Coastal Zone Management Act Consistency review determination, and the state Environmental Resource Permit and Submerged Land Use Authorization including mitigation measures, compensatory mitigation and regulatory monitoring resulting from unavoidable impacts to benthic and upland resources. The state's final Coastal Zone Management Act consistency findings pursuant to 15 C.F.R. 930 and 33 U.S.C. 1508(b)(1) will be forthcoming after all issues regarding state and federal approvals, permits and authorizations are satisfactorily resolved.
3. Consistent with previously identified commitments, Port Dolphin shall use best available technologies in the development and operation of the Port to prevent or limit environmental impacts including:
 - Closed-loop regasification system;
 - Reducing air emissions by implementing modifications to diesel fueled engines;
 - Controlling air emissions by using low nitrogen oxide burners, catalytic reduction systems, and catalytic oxidizers for engines and boilers on each ship; and
 - Limiting or reducing seawater intake and discharge through design of a comprehensive ballast and cooling water management system.
4. Port Dolphin shall develop and implement a study to assess the impacts of the Port's operational water intake on marine fisheries through a Population Connectivity Study. Development and implementation of the study shall require the coordination with and approval of the State of Florida (Florida Fish and Wildlife Conservation Commission) and the National Oceanographic and Atmospheric Administration (NOAA Fisheries Service), also in concurrence with the U.S. Coast Guard and the Maritime Administration. The study shall include field data collection. An approved study plan shall be required as part of the Port Operations Manual. The study budget is \$8.5 million.
5. To avoid the preemptive use of beach quality sand in the pipeline corridor, Port Dolphin shall compensate for the assessment of potential borrow areas and the permitting for and recovery of beach quality sand from the identified borrow areas

prior to construction of the pipeline through the borrow areas. Development and recovery of borrow areas located in federal waters will be consistent with federal sand removal processes. Compensation to be provided by Port Dolphin shall be no more than \$11.0 million dollars. Any construction that will interfere with the recovery of beach quality sand from the potential borrow areas cannot begin prior to June 30, 2012.

Florida would appreciate the assistance of MARAD and the U.S. Coast Guard in ensuring that the Minerals Management Service sand permitting process is carried out as efficiently and rapidly as feasible.

6. Port Dolphin shall develop and implement a plan to mitigate for unavoidable impacts to and monitor the recovery of hard and live-bottom habitats affected by the construction of the Port. The plan shall require approval by the State of Florida (Department of Environmental Protection) and be developed in consultation with the U.S. Coast Guard, Maritime Administration and other appropriate Federal and state agencies. An approved plan shall be required as part of the Port Operations Manual.
7. Port Dolphin shall assist in supporting the State of Florida's renewable energy goals by providing \$3 million dollars to the Florida Energy Systems Consortium or alternate entity to fund renewable energy research and development.
8. Should the transfer of the Deepwater Port Act license to another license holder be planned, Port Dolphin shall provide the Governor of the State of Florida with written notice no less than three (3) months prior to the formal written request to MARAD. During the Transfer review process, the Maritime Administration will consult with the Governor of Florida prior to rendering a decision.
9. Should any State of Florida agency personnel, equipment, or other resources be required in the event of any incident at the Port, Port Dolphin shall reimburse the cost of funds expended by each state agency within 30 days of receipt of invoice or other notice by the agency.
10. Port Dolphin shall continue their commitment to support MARAD's manning/crew program by providing job opportunities for U.S. cadets on board of its fleet, as well as by funding training initiatives aimed to prepare qualified U.S. mariners.
11. Port Dolphin shall contribute \$0.5 million dollars to support local cultural, recreational and marine educational facilities.
12. Port Dolphin shall comply with any and all aspects of the final deepwater port Operations Manual approved by the U.S. Coast Guard, as well as any and all orders given by the Captain of the Port Tampa.
13. Port Dolphin shall investigate alternatives for re-locating the Port Manatee Horizontal Directional Drill (HDD) entry point consistent with safety, environmental, permitting and engineering considerations. Port Dolphin shall consult with Port Manatee and Gulfstream Pipeline, as appropriate, to identify a feasible alternative HDD entry location within Port Manatee.



MANATEE COUNTY
FLORIDA

September 29, 2009

VIA ELECTRONIC MAIL & USPS

Mr. Michael Sole, Secretary
Florida DEP
3900 Commonwealth Boulevard M.S.10
Tallahassee, FL 32399

Re: Port Dolphin Energy, LLC Liquefied Natural Gas Deepwater Port License Application

Dear Secretary Sole:

The Board of County Commissioners of Manatee County, at their meeting on September 3, 2009, passed a motion to find that the Proposed Pipeline Route described in the Final Environmental Impact Statement will be an acceptable alternative route subject to applicable conditions being added to the Deep Water Port License to enable the removal of future beach compatible sand from Area B prior to construction of the pipeline and if such conditions are acceptable to the Florida Department of Environmental Protection.

Would you please inform the Governor of Manatee County's recommendation. We appreciate the professionalism of your department and staff throughout negotiation of this process.

Respectfully submitted,

Ed Hunzeker
County Administrator, Manatee County

SAS:mz

cc: Jennifer Fitzwater, Deputy Secretary for Policy and Planning, DEP

County Administrator's Office
Mailing Address: P.O. BOX 1000, Bradenton, FL 34206-1000 * Street Address: 1112 Manatee Ave W, Bradenton, FL 34205
PHONE: 941.745.3717 * FAX: 941.745.3790
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LARRY BUSTLE * DR. GWENDOLYN Y. BROWN * JOHN R. CHAPPIE * RON GETMAN * DONNA HAYES * CAROL WHITMORE * JOE MCCLASH
District 1 District 2 District 3 District 4 District 5 District 6 District 7

September 15, 2009

Mike Sole, Secretary
Florida Department of Environmental Protection
3900 Commonwealth Boulevard
Mail Station 49
Tallahassee, Florida 32399

Dear Secretary Sole,

This is to confirm that the Longboat Key Town Commission has, by unanimous vote, determined that the Deepwater Port Application for the Port Dolphin project should be approved by the Governor subject to the conditions as set forth in the Memorandum of Agreement between the State of Florida and Port Dolphin Energy, LLC as circulated on September 11, 2009.

Would you please inform the Governor of the Town's recommendation?

Would you also please confirm with U.S. that this recommendation comports with Paragraph 6 of the Memorandum of Agreement.

Thank you for your professionalism and courtesies throughout this process.

My best regards,



Bruce St. Denis,
Town Manager

Cc: Jennifer Fitzwater
Duane Siler
David Persson



APPENDIX D

Dear Mr. Castro:

I am writing to you on behalf of _____ with regard to the Port Dolphin offshore deepwater port facility.

Please be advised that _____ wishes to explore the possibility of becoming a capacity holder in the project and to this end hereby registers an expression of interest in the project in accordance with the information provided in the project Prospectus.

In this regard, I enclose two signed copies of a confidentiality agreement whereby _____ can undertake due diligence on the project.

For the avoidance of doubt, the only obligations on the part of _____ created by this letter and its attachments are those contained in the confidentiality agreement upon its execution by Port Dolphin.

I understand that _____ has 45 days within which to commence its due diligence of Port Dolphin failing which this expression of interest will be deemed to have lapsed.