DOWNEAST LNG, INC.
748 U.S. Route 1
Robbinston, Maine 04671

RECEIVED
By Docket Room at
4:25pm, Oct. 15, 2014

Downeast LNG

October 15, 2014

Mr. John Anderson
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, SW
Washington, D.C. 20585

Re: In the Matter of Downeast LNG, Inc.
FE Docket No. 14-172-LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Countries

Dear Mr. Anderson:

Enclosed for filing, please find Downeast LNG, Inc.'s ("DELNG") application for long-term, multi-contract authorization to engage in exports of domestically-produced liquefied natural gas ("LNG") in an amount up to 173 million British thermal units per year, which is equivalent to approximately 168 billion standard cubic feet of natural gas per year.[1] DELNG seeks authorization for a 20-year term, commencing on the earlier of the date of first export or eight years from the date the requested authorization is granted, to export LNG to any country with which the United States currently has—or in the future enters into—a free trade agreement requiring the national treatment for trade in natural gas and LNG, and that currently has—or in the future develops—the capacity to import LNG.

Should you have any questions about the foregoing, please feel free to contact the undersigned at (207) 454-3925.

Respectfully submitted,

Dean P. Girdis

Dean P. Girdis
CEO and President
Downeast LNG, Inc.

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[1] A check in the amount of $50.00 is being provided as the filing fee stipulated by 10 C.F.R. § 590.207 (2014).

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of:	)	
	)	
Downeast LNG, Inc.	)	FE Docket No. 14-___-LNG
	)	

APPLICATION OF DOWNEAST LNG, INC. FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE COUNTRIES

Pursuant to Section 3 of the Natural Gas Act ("NGA")[2] and Part 590 of the Department of Energy's ("DOE") regulations,[3] Downeast LNG, Inc. ("DELNG") hereby requests that DOE, Office of Fossil Energy ("DOE/FE") grant long-term, multi-contract authorization for DELNG to engage in exports of domestically-produced liquefied natural gas ("LNG") in an amount of up to 173 million British thermal units ("MMBtu") per year,[4] which is equivalent to approximately 168 billion standard cubic feet ("Bcf") of natural gas per year,[5] for a 20-year period. DELNG is seeking authorization to export LNG from the proposed Downeast LNG Import-Export Project ("DELNG Project") to be located in Robbinston, Maine,[6] to any country with which the United States currently has—or in the future enters into—a free trade agreement ("FTA") requiring the

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[2] 15 U.S.C. § 717b (2012).

[3] 10 C.F.R. Part 590 (2014).

[4] 173 MMBtu is equivalent to the planned peak production rate of the export facilities of approximately 3.3 million metric tonnes per annum ("mtpa") of LNG, including a margin for excess production capacity. The authorization is requested in terms of MMBtu per year to maintain consistency with industry convention for the denomination of quantities in LNG export contracts, which are denominated in MMBtu per year.

[5] Conversion based on an assumed higher heating value of exported LNG equal to 1,030 British thermal units per standard cubic foot.

[6] The DELNG Project is being developed by DELNG together with Downeast Liquefaction, LLC, and Downeast Pipeline, LLC, at the same general locations proposed for the previously-reviewed DELNG import terminal and associated pipeline for which DELNG and Downeast Pipeline, LLC, have sought authorization from the Federal Energy Regulatory Commission ("FERC"). *See* Downeast LNG Project Final Environmental Impact Statement, FERC/EIS: 0231F, *Downeast LNG, Inc. & Downeast Pipeline, LLC*, FERC Docket Nos. CP07-52-000, CP07-53-000 & CP07-53-001 (May 15, 2014).

national treatment for trade in natural gas and LNG,[7] and that currently has—or in the future develops—the capacity to import LNG ("FTA Countries").[8] DELNG requests this authorization for a 20-year period commencing at the earlier of the date of first export or eight years from the date of issuance of the authorization requested.

In support of its Application, and in accordance with Section 590.202 of DOE's regulations,[9] DELNG states as follows:

I. DESCRIPTION OF THE APPLICANT

The exact legal name of DELNG is Downeast LNG, Inc. DELNG is a Delaware corporation with its primary places of business in Washington, D.C. and Robbinston, Maine.

II. COMMUNICATIONS AND CORRESPONDENCE

All correspondence and communications concerning this Application, including all service of pleadings and notices, should be directed to the following person:

Dean P. Girdis
Downeast LNG, Inc.
6431 Barnaby Street, NW
Washington, D.C. 20015
Telephone: (202) 249-9035
Facsimile: (202) 249-9035
Email: dgirdis@downeastlng.com

Pursuant to Section 590.103(b) of DOE's regulations,[10] DELNG hereby certifies that the person listed above, who is also the undersigned, is the duly authorized representative of DELNG.

7 Currently, the countries that have such FTAs with the United States include: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Republic of Korea, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, and Singapore.

8 DELNG anticipates exporting up to a total of 3.3 million mtpa on an annual basis from the DELNG Project.

9 *See* 10 C.F.R. § 590.202.

10 *Id.* § 590.103(b).

III. AUTHORIZATION REQUESTED

DELNG requests long-term, multi-contract authorization for DELNG to export 173 MMBtu per year of LNG, which is equivalent to approximately 168 Bcf per year of natural gas, from the DELNG Project to FTA Countries. DELNG requests this authorization for a 20-year period commencing at the earlier of the date of first export or eight years from the date of issuance of the authorization requested.

DELNG is requesting authorization to export LNG for itself and as agent for third parties who themselves hold title to the LNG at the time of export. DELNG will comply with all DOE/FE requirements for exporters and agents, including the registration requirements as first established in DOE/FE Order No. 2913[11] and most recently set forth in DOE/FE Order No. 3465.[12] DELNG is presently in discussions with several gas producers regarding long-term gas supply and with several parties concerning long-term export contracts in conjunction with the LNG export authorization requested herein. As these discussions are at present confidential, DELNG is not submitting transaction-specific information (*e.g.*, long-term supply agreements and long-term export agreements) at this time. DELNG is cognizant of DOE/FE's 1984 "*Policy Guidelines*,"[13] and expects to enter into export transactions that are responsive to the relative level of natural gas prices in the United States.

11 *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, *Order Granting Long-Term Authorization to Export Liquified Natural Gas from Freeport LNG Terminal to Free Trade Nations*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG (Feb. 10, 2011).

12 *LNG Development Co., LLC*, *Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Oregon LNG Terminal in Warrenton, Clatsop County, Oregon to Non-Free Trade Agreement Nations*, DOE/FE Order No. 3465, FE Docket No. 12-77-LNG (July 31, 2014).

13 DOE, *New Policy Guidelines and Delegation Orders from Secretary of Energy to Economic Regulatory Administration and Federal Energy Regulatory Commission Relating to the Regulation of Imported Natural Gas*, 49 Fed. Reg. 6684 (Feb. 22, 1984).

DELNG respectfully requests that DOE/FE issue the requested authorization without modification or delay, in accordance with the applicable standard of review under Section 3(c) of the NGA.[14]

IV. JUSTIFICATION FOR AUTHORIZATION

The granting of the authorization requested herein is justified pursuant to Section 3(c) of the NGA, which provides that applications for authorization to export natural gas to FTA Countries are deemed to be in the public interest and must be granted without modification or delay.[15] DOE/FE has consistently found that, in light of this statutory obligation, there is no need for DOE/FE to engage in an analysis of factors affecting the public interest when acting on such applications.[16] Accordingly, DELNG is not submitting a detailed public interest analysis in support of this Application, but nonetheless briefly discusses below the lack of domestic demand for the LNG to be exported, also noting that DOE's regulations only require inclusion of material "to the extent practicable."[17]

V. SCOPE OF PROJECT

DELNG herein requests authorization to export LNG in an amount of up to 173 MMBtu per year, which is equivalent to approximately 168 Bcf per year of natural gas, from the DELNG

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[14] 15 U.S.C. § 717b(c).

[15] *See id.*

[16] *See, e.g., Delfin LNG LLC, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from a Proposed Floating Liquefaction Project and Deepwater Port 30 Miles Offshore of Louisiana to Free Trade Agreement Nations* 7, DOE/FE Order No. 3393, FE Docket No. 13-129-LNG (Feb. 20, 2014); *Pangea (North America) Holdings, LLC, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed South Texas LNG Export Project to Free Trade Agreement Nations* 5, DOE/FE Order No. 3227, FE Docket No. 12-174-LNG (Jan. 30, 2013); *Freeport LNG Expansion, L.P. & FLNG Liquefaction, LLC, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Freeport LNG Terminal to Free Trade Agreement Nations* 5, DOE/FE Order No. 3066, FE Docket No. 12-06-LNG (Feb. 10, 2012); *Sabine Pass Liquefaction, LLC, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Free Trade Nations* 5, DOE/FE Order No. 2833, FE Docket No. 10-85-LNG (Sept. 7, 2010).

[17] 10 C.F.R. § 590.202(b).

Project, which will be located in Robbinston, Maine on the western shore of Passamaquoddy Bay and south of the City of Calais, Maine. The DELNG Project will include three million mtpa of nominal liquefaction capacity.[18] DELNG, together with Downeast Liquefaction, LLC, and Downeast Pipeline, LLC, has initiated FERC's National Environmental Policy Act ("NEPA") pre-filing process,[19] and currently anticipates a 48-month construction schedule for the DELNG Project beginning in mid-2016.

VI. SOURCE AND SECURITY OF NATURAL GAS TO BE EXPORTED

DELNG proposes to source natural gas to be used as feedstock for LNG production at the DELNG Project from the interstate grid interconnection with the Maritimes & Northeast Pipeline and other pipelines and points upstream of the DELNG Project. The DELNG Project is located in relatively close proximity to the rapidly developing gas fields in Pennsylvania and West Virginia, an area that represents one of the most proximate and prolific potential sources of physical natural gas supply available for export. In addition, it is anticipated that the DELNG Project could also access Canadian gas from either the currently-producing Western Canadian Sedimentary Basin in Alberta, Canada (whose production is currently marketed in the Province of Quebec) or future incremental gas production in the provinces of New Brunswick and Nova Scotia.

Gas supply can be sourced in large volumes in the spot market, or more likely through a long-term supply arrangement. Given the increases in reported reserves and technically recoverable resources in the United States, and in particular, the well-documented increased production associated with emerging unconventional resources, the proposed exports are not

[18] With debottlenecking, total potential production is 3.3 million mtpa.

[19] *See* Letter Granting Approval of Pre-Filing Request for the Downeast LNG Import-Export Project, *Downeast Liquefaction, LLC, Downeast LNG, Inc. & Downeast Pipeline LLC*, FERC Docket No. PF14-19-000 (Aug. 11, 2014).

expected to have any adverse impact on the availability or pricing of natural gas. To the contrary, increased demand due to the DELNG Project will have the beneficial effect of supporting gas production, and facilitating the delivery of a competitive source of gas to the New England region.

VII. IDENTIFICATION OF PARTICIPANTS IN TRANSACTION

DELNG is a Delaware corporation with its primary places of business in Washington, D.C. and Robbinston, Maine.

VIII. TERMS OF TRANSACTION AND COMPETITIVENESS

DELNG is currently actively engaged in commercial discussions with potential LNG buyers to sell all the available liquefaction capacity at the DELNG Project. DELNG is also currently engaged in negotiations with gas producers for long-term gas supply, and with pipeline companies for long-term transportation capacity on the transmission systems connecting the DELNG Project to gas supply basins. These negotiations have been productive, and DELNG expects that they will conclude successfully with commercial agreements in place within the next several months. DELNG anticipates that the terms of those commercial agreements will be consistent with competitively-determined prices of natural gas, as contemplated by the *Policy Guidelines*.[20] DELNG will file copies or summaries of any long-term gas supply or long-term export contracts with DOE/FE pursuant to DOE's regulations.

IX. LACK OF NATIONAL OR REGIONAL NEED FOR GAS TO BE EXPORTED

As noted, under Section 3(c) of the NGA, DOE/FE does not consider factors affecting the public interest when considering an application to export natural gas to FTA Countries. Nevertheless, DELNG provides the following short summary of the lack of national or regional

[20] *See* 49 Fed. Reg. at 6687–88.

need for the gas to be exported. As discussed at greater length in the application that DELNG is contemporaneously filing for authorization to export natural gas from the DELNG Project to nations with which the United States does not have an FTA requiring the national treatment for trade in natural gas and LNG, the DELNG Project is in the public interest because it: (1) does not impinge on domestic needs for natural gas; (2) supports and encourages the continued development of natural gas resources during times when Northeast wellhead prices of natural gas are depressed; and (3) supports the production of a quantity of natural gas that can be deployed on short notice when and if New England market prices induce the cancellation of the export of LNG cargoes, thereby mitigating price volatility that may otherwise arise, and ensuring that domestic supplies will be available over the duration of commodity market cycles.

Domestic natural gas production has expanded rapidly in recent years as the application of new technologies has increased productivity of the growing unconventional resource base in the United States. Since 2005, U.S. marketed natural gas production has grown 35.3%, to 25.62 trillion standard cubic feet ("Tcf") (70.2 Bcf per day ("Bcf/d")) in 2013, representing the highest production levels in U.S. history.[21] Increased drilling productivity has allowed domestic production to continue its growth despite a redeployment of rigs from natural gas to oil basins. The DELNG Project is encouraged by the increase in domestic natural gas production in the United States, and in particular the rapid and sustained growth of gas fields in northeastern Pennsylvania.[22] The production of natural gas in the producing regions in Pennsylvania and

[21] *See* U.S. Energy Information Administration ("EIA"), Natural Gas Gross Withdrawals and Production, http://www.eia.gov/dnav/ng/ng_prod_sum_dcu_NUS_a.htm (last visited Aug. 20, 2014).; EIA, U.S. Natural Gas Marketed Production, http://www.eia.gov/dnav/ng/hist/n9050us2A.htm (last visited Aug. 20, 2014).

[22] Domestic wellhead natural gas production in 2013 totaled 30.17 Tcf, a 17% increase in five years and the highest in U.S. history. *See* EIA, Natural Gas Gross Withdrawals and Production, *supra* note 21.

West Virginia, now exceeds 14 Bcf/d, based on May 2014 EIA estimates,[23] and is expected to reach 20 Bcf/d by the end of 2016.

In its *Annual Energy Outlook 2014* ("*AEO 2014*")[24] Reference Case, EIA predicts the domestic natural gas market to grow at only a 0.7% annual rate through 2040, expanding to 28.45 Tcf (87.2 Bcf/d) in 2040 from 23.50 Tcf (70.3 Bcf/d) in 2012 (not including pipeline, lease and plant fuel).[25] *AEO 2014* includes an alternative High Economic Growth Case scenario, which represents a more robust demand outlook if future economic growth exceeds expectations, and is used as an upper bound on potential future growth in domestic natural gas demand. Under the High Economic Growth Case, *AEO 2014* forecasts long-term annual U.S. natural gas demand to grow an average 1.0%, reaching 33.88 Tcf (92.8 Bcf/d) in 2040.[26] Both the Reference Case and High Economic Growth Case present a far more robust picture of U.S. natural gas production than domestic natural gas markets need, resulting in significant surplus production of natural gas. Based on these scenarios, domestic demand growth for natural gas will average between 0.7% and 0.9% annually with total estimated demand of between 28.45 Tcf and 30.55 Tcf by 2040. However, over this same time period, domestic natural gas production is projected to grow between 1.5% and 1.7% annually, or approximately twice the rate of growth in domestic natural gas demand. Domestic natural gas production will exceed domestic demand by over 25% for both the Reference Case and High Economic Growth Case, or between 7.6 Tcf and 7.9 Tcf (20.9 Bcf/d to 21.7 Bcf/d) by 2040. This significant surplus of deliverable supply well in

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23 EIA, *Drilling Productivity Report for Key Tight Oil and Shale Gas Regions* (May 2014), *available at* http://www.eia.gov/petroleum/drilling/archive/dpr_may14.pdf.

24 EIA, *Annual Energy Outlook 2014* (Apr. 2014), *available at* http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf.

25 EIA, *AEO 2014* (Apr. 2014), *available at* http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf, at A-27.

26 *See* EIA, *AEO 2014*, Natural Gas Supply, Disposition and Prices, High Economic Growth http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2014&subject=8-AEO2014&table=13-AEO2014&region=0-0&cases=highmacro-d112913a (last visited Aug. 20, 2014).

excess of foreseeable U.S. market needs demonstrates that resources are available for export and would not interfere with the public interest. The DELNG Project gas requirement represents just 1.4% of the projected annual surplus by 2040.

In the Northeast region, production growth has far outpaced gas consumption, with the region now a net exporter of gas. In 2008, the New England and Mid-Atlantic regions (together, the "Northeast")[27] consumed 3.25 Tcf (8.91 Bcf/d)[28] of natural gas as compared to 1.09 Tcf (2.99 Bcf/d) of production,[29] a net gas deficit of 2.16 Tcf (5.92 Bcf/d). However by 2013, gas supply and demand in the Northeast became balanced, with 3.92 Tcf of production[30] as compared to 3.90 Tcf of natural gas consumption.[31] Most dramatically the *AEO 2014* forecasts rapid growth in Northeast gas production to 8.08 Tcf (22.74 Bcf/d) by 2040, a 3.2% annual rate of increase from 2012 to 2040, as compared to an estimated 4.06 Tcf (11.12 Bcf/d) of consumption in 2040.[32] By 2040 the Northeast region is projected to have a net surplus gas production of 4.02 Tcf (11.01 Bcf/d). The DELNG Project would consume only 2.7% of the surplus regional gas production.

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27 EIA defines New England and Mid-Atlantic gas production as the Northeast.

28 *See* EIA, *Annual Energy Outlook 2011* ("*AEO 2011*"), Natural Gas Consumption by End-Use Sector and Census Division, Reference Case, http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2011&subject=17-AEO2011&table=77-AEO2011&region=0-0&cases=ref2011-d020911a (last visited Aug. 20, 2014).

29 *See* EIA, *AEO 2011*, Lower 48 Natural Gas Production and Wellhead Prices by Supply Region, Reference Case, http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2011&subject=17-AEO2011&table=72-AEO2011&region=0-0&cases=ref2011-d020911a (last visited Aug. 21, 2014).

30 *See* EIA, *AEO 2014*, Lower 48 Natural Gas Production and Wellhead Prices by Supply Region, Reference Case, http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2014&subject=17-AEO2014&table=72-AEO2014&region=0-0&cases=ref2014-d102413a (last visited Aug. 21, 2014).

31 *See* EIA, *AEO 2014*, Natural Gas Consumption by End-Use Sector and Census Division, Reference Case, http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2014&subject=17-AEO2014&table=77-AEO2014&region=0-0&cases=ref2014-d102413a (last visited Aug. 21, 2014).

32 *See id.*; EIA, *AEO 2014*, Lower 48 Natural Gas Production and Wellhead Prices by Supply Region, Reference Case, http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2014&subject=17-AEO2014&table=72-AEO2014&region=0-0&cases=ref2014-d102413a (last visited Aug. 21, 2014).

X. ENVIRONMENTAL IMPACT

The DELNG Project will be located within areas that have already been evaluated in conjunction with FERC's review of the Downeast LNG Import Project proposed in 2006. On May 15, 2014, FERC published a Final Environmental Impact Statement under NEPA in which it concluded that the Downeast LNG Import Project "would result in some adverse environmental impacts," but that "most of these impacts would be reduced to less-than-significant levels with the implementation of … mitigation measures."[33] This month, FERC published a Notice of Intent to prepare an environmental impact statement for the DELNG Project that will supplement FERC's prior NEPA review.[34]

XI. CONCLUSION

For the foregoing reasons, DELNG respectfully requests that DOE/FE grant DELNG's request for long-term, multi-contract authorization to engage in exports of domestically-produced LNG in an amount up to 173 MMBtu per year, which is equivalent to approximately 168 Bcf per year of natural gas, from the DELNG Terminal to FTA Countries for a twenty-year term commencing the earlier of the date of first export or eight years from the date of the issuance of such authorization. DELNG respectfully requests that DOE/FE grant such authorization without modification or delay in accordance with the standard of review under NGA Section 3(c).

33 FERC, Downeast LNG Project: Final Environmental Impact Statement, FERC\EIS: 0231F ES-7, *Downeast LNG, Inc. & Downeast Pipeline, LLC*, FERC Docket Nos. CP07-52-000, CP07-53-000 & CP07-53-001 (May 15, 2014).

34 Notice of Intent to Prepare an Environmental Impact Statement for the Planned Downeast LNG Import-Export Project, Request for Comments on Environmental Issues, and Notice of Public Scoping Meeting, *Downeast Liquefaction, LLC*, FERC Docket No. PF14-19-000 (Oct. 3, 2014).

Respectfully submitted,

Dean P. Girdis, CEO and President
Downeast LNG, Inc.
6431 Barnaby Street, NW
Washington, D.C. 20015
Telephone: (202) 249-9035
Facsimile: (202) 249-9035
Email: dgirdis@downeastlng.com

Dated: October 15, 2014

VERIFICATION

State of Maryland)
County of Prince George's)

BEFORE ME, the undersigned authority, on this day personally appeared Dean P. Girdis, who, having been by me first duly sworn, on oath says that he is the Chief Executive Officer and President for Downeast LNG, Inc., and is duly authorized to make this Verification; that he has read the foregoing instrument; and that the facts therein stated are true and correct to the best of his knowledge, information and belief.

Dean P Girdis

Dean P. Girdis

SWORN TO AND SUBSCRIBED before me on the 15 day of October, 2014.

Name: Brenda N Cruz Ramirez

Title: Notary Public

My Commission expires: 10/25/2015

Citibank, NA-Chevy Chase
5700 Connecticut Ave NW
Washington, DC 20015

BRENDA N. CRUZ-RAMIREZ
Notary Public
Prince George's County
Maryland
My Commission Expires Oct 25, 2015

EXHIBIT A

THOMPSON & KNIGHT LLP

ATTORNEYS AND COUNSELORS

ONE ARTS PLAZA
1722 ROUTH STREET • SUITE 1500
DALLAS, TEXAS 75201-2533
(214) 969-1700
FAX (214) 969-1751
www.tklaw.com

AUSTIN
DALLAS
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PARIS

October 15, 2014

Office of Fuel Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Ave., SW
Washington, D.C. 20585

Re: **In the Matter of Downeast LNG, Inc.**
FE Docket No. 14-___-LNG
Application of Downeast LNG, Inc. for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Countries
Opinion of Counsel

Ladies and Gentlemen:

We have acted as special counsel for Downeast LNG, Inc., a Delaware corporation (the "Company"), in connection with its formation, initial organization and certain corporate matters. The Company is applying to the Office of Fuel Programs, Fossil Energy of the U.S. Department of Energy (the "Department") pursuant to Section 590.202(c) of the Department's regulations, 10 C.F.R. § 590.202(c) (2014). This opinion letter is furnished to you solely for purposes of complying with Section 590.202(c) of the Department's regulations. We have not advised the Company with respect to the Company's application to the Department.

In connection with this opinion letter, we have examined originals or copies of the certificate of incorporation, bylaws, certificates of public officials and of officers of the Company and such other records of the Company as we have deemed necessary as a basis for the opinions expressed below.

In rendering the opinions expressed below, we have assumed:

(i) The genuineness of all signatures.

(ii) The authenticity of the originals of the documents and records submitted to us.

(iii) The conformity to authentic originals of any documents and records submitted to us as copies.

(iv) As to matters of fact, the truthfulness of the representations and statements contained in such documents and records and those made in certificates of public officials and officers.

We have not independently established the validity of the foregoing assumptions.

Based upon the foregoing, and subject to the qualifications and limitations herein set forth, we are of the opinion that:

1. The Company has the corporate power to export liquefied natural gas and to engage in foreign commerce.

2. Based solely on the certificates of public officials, the Company is authorized to do business in Maine.

The opinions set forth above are subject to the following qualifications and exceptions:

(a) Our opinions are limited to (i) Applicable Laws and (ii) in the case of our opinion in paragraph 2, to the limited extent set forth therein, the law of the state referred to in paragraph 2, and we do not express any opinion herein concerning any other laws. "Applicable Laws" means those laws, rules and regulations of the State of Texas and the federal laws, rules and regulations of the United States of America, that in our experience are normally applicable to the Company and, for purposes of our opinion in paragraph 1 above, include the General Corporations Law of the State of Delaware. However, the term "Applicable Laws" does not include:

(i) Any state or federal laws, rules or regulations relating to: (A) pollution or protection of the environment; (B) zoning, land use, building or construction; (C) occupational safety and health or other similar matters; (D) labor or employee rights or benefits, including without limitation the Employee Retirement Income Security Act of 1974, as amended, and the Fair Labor Standards Act, as amended; (E) the regulation of utilities; (F) antitrust and trade regulation; (G) tax; (H) securities, including without limitation federal and state securities laws, rules or regulations and the Investment Company Act of 1940, as amended; (I) corrupt practices, including without limitation the Foreign Corrupt Practices Act of 1977, as amended, and the Currency and Foreign Transactions Reporting Act of 1970, as amended; (J) insurance; (K) the Dodd-Frank Wall Street Reform and Consumer Protection Act; and (L) copyrights, patents, service marks and trademarks.

(ii) Any laws, rules or regulations of any county, municipality or similar political subdivision or any agency or instrumentality thereof.

(iii) The laws of the State of Delaware except to the extent based on our review of the General Corporations Law of the State of Delaware, without consideration of any judicial or administrative interpretations thereof.

(b) Our opinions are subject to (i) bankruptcy, insolvency, fraudulent transfer, reorganization, receivership, moratorium or similar laws affecting the rights and remedies of creditors generally and (ii) possible judicial action giving effect to governmental actions or foreign laws affecting creditors' rights.

(c) When used in this opinion, the words "our knowledge" or "known to us" signify that, in the course of our representation of the Company as described in the introductory paragraph of this letter, no information with respect to statements in such opinion has come to the actual, conscious attention of any of our attorneys who have been directly involved in representing the Company that would lead such attorney to conclude that such statements are untrue. We have not made any examination of our files or the files of the Company, any investigation of court or other public records, any inquiry with any other person or a general canvass of our attorneys, to determine the existence or absence of such facts.

This opinion letter is rendered to you in connection in connection with the Company's application to the Department. This opinion letter may not be relied upon by any person other than you or by you for any other purpose, without our prior written consent.

This opinion letter has been prepared, and is to be understood, in accordance with customary practice of lawyers who regularly give and lawyers who regularly advise recipients regarding opinions of this kind. This opinion letter is limited to the matters expressly stated herein and is provided solely for purposes of complying with Section 590.202(c) of the Department's regulations, and no opinions may be inferred or implied beyond the matters expressly stated herein. The opinions expressed herein are rendered and speak only as of the date hereof and we specifically disclaim any responsibility to update such opinions subsequent to the date hereof or to advise you of subsequent developments affecting such opinions.

Respectfully submitted,

Thompson + Knight LLP/amc

AMC/cjr

ARC

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