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John A. Anderson
Director of the Office of Oil and Gas Global Security and Supply
Division of Natural Gas Regulatory Activities
U.S. Department of Energy
1000 Independence Avenue, SW
FE-34, Room 3E-042
Washington, DC 20595

Re: Description of Equity Commitment
Magnolia LNG, LLC, DOE/FE Docket No. 12-183-LNG, DOE/FE Order No. 3245
Magnolia LNG, LLC, DOE/FE Docket No. 13-131-LNG, DOE/FE Order No. 3406
Magnolia LNG, LLC, DOE/FE Docket No. 13-132-LNG, DOE/FE Order No. 3909

Dear Mr. Anderson:

Magnolia LNG, LLC (Magnolia) hereby submits the following information regarding its parent company, Magnolia LNG Holding LLC (Magnolia Holding). The recently amended and restated Equity Commitment Agreement (ECA) described below does not affect the equity ownership of Magnolia and consequently does not amount to a change-in-control of Magnolia. However, in light of DOE/FE's clarified policy on change-in-control filings,¹ Magnolia submits the following descriptions of the ECA.

Background

Magnolia LNG, LLC is a limited liability company organized under the laws of Delaware, and a wholly owned indirect subsidiary of Magnolia Holding. Magnolia's ultimate parent company, Liquefied Natural Gas Limited (LNGL) is a publicly listed Australian company.

DOE/FE Docket No. 12-183-LNG

On December 18, 2012, Magnolia requested authorization from the U.S. Department of Energy Office of Fossil Energy (DOE/FE) to export approximately 0.54 billion cubic feet per day (Bcf/d) of natural gas as LNG to any nation that has, or develops in the future, capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will have, a Free Trade Agreement (FTA) requiring national treatment for trade in natural gas. Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE granted Magnolia's application on February 26, 2013.²

¹ Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65541 (Nov. 5, 2014).

² *Magnolia LNG, LLC, DOE/FE Order 3245* (Feb. 26, 2013).

DOE/FE Docket No. 13-131-LNG

On October 15, 2013, Magnolia requested authorization from DOE/FE to export an additional 0.54 Bcf/d of natural gas as LNG to any nation that has, or develops in the future, capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will have, a FTA requiring national treatment for trade in natural gas. Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE granted Magnolia's application on March 5, 2014.³

DOE/FE No. 13-132-LNG

On October 15, 2013, Magnolia also requested authorization from DOE/FE to export approximately 1.08 Bcf/d of natural gas as LNG to any nation that has, or develops in the future, capacity to import LNG via ocean-going carrier and with which the United States does not have a FTA requiring national treatment for trade in natural gas (non-FTA). Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE granted Magnolia's application on November 30, 2016.⁴

Description of Relevant Transaction

Magnolia submits the following information regarding a recent transaction in view of the change-in-control policies outlined by DOE/FE on November 5, 2014. Under DOE's regulations, an authorization to import or export natural gas may not be transferred or assigned unless authorized by the Assistant Secretary for Energy.⁵

In particular, Magnolia is cognizant that DOE has set a threshold of 10% of the voting securities for establishing a rebuttable presumption for a change-in-control as set forth in the change-in-control policies.⁶ At the outset, Magnolia notes that the ECA transaction contemplates a potential issuance of a redeemable preferred interest and not an equity interest in Magnolia's indirect parent company, Magnolia Holding, and that no change in ownership of Magnolia itself is contemplated. Thus, Magnolia's filing is made out of an abundance of caution to ensure compliance with DOE's policy.

Amended and Restated Stonepeak Equity Commitment Agreement

On July 3, 2017, Magnolia Holding and Stonepeak Partners LP (Stonepeak) announced an amendment and restatement to an existing equity commitment agreement and updated the form of a related Magnolia Holding LLC Agreement (LLC Agreement) attached to the ECA. The amended and restated equity commitment agreement replaced the pre-existing equity commitment agreement dated October 22, 2013.

The ECA governs the relationship, rights and obligations between Stonepeak and Magnolia Holding through financial close. The LLC Agreement to be entered into at financial close sets out the obligations of Magnolia Holding and Stonepeak from financial close, including governance, operation, allocation of profits, distribution of post debt-service cash flows and other matters.

³ *Magnolia LNG, LLC*. DOE/FE Order 3406 (Mar. 5, 2014).

⁴ *Magnolia LNG, LLC*, DOE/FE Order No. 3909 (Nov. 30, 2016).

⁵ 10 C.F.R. § 590.405.

⁶ 79 Fed. Reg. 65541, 65542.

The ECA and LLC Agreement contemplate that upon financial close Stonepeak will acquire mandatorily redeemable preferred interests in Magnolia Holdings. The \$1.5 billion Stonepeak commitment has a 12-year tenor from financial close and is redeemable in full at Magnolia Holding's election beginning 3-years following the facility's commercial operations date. The preferred interest has no conversion features and Magnolia's and Magnolia Holding's common interest remains wholly in LNGL pre- and post-financial close. Neither the ECA nor the form of LLC Agreement shift any operational authority or voting rights from LNGL to Stonepeak or any other entity. Once executed, the LLC Agreement permits Stonepeak to exercise control over funding and budgetary matters for the Magnolia LNG project. Magnolia and its ultimate parent, LNGL, however, will maintain control over the operations of the Magnolia LNG project, including over all export activities that DOE has approved under DOE/FE Order Nos. 3245, 3406, and 3909. Therefore, based on Magnolia's understanding of DOE's policy, no change in control has occurred and the rebuttable presumption under DOE's policy is overcome.

Thank you for your attention to this matter. Please contact the undersigned with any questions regarding the issues described above.

Very truly yours,

A handwritten signature in cursive script, appearing to read "D. L. Wachner".

CERTIFICATE OF SERVICE

I certify that I have this 20th day of July, 2017, serviced copies of the foregoing document filed with the DOE/FE on the designated representatives of all of the parties to this proceeding, in accordance with 10 C.F.R. § 590.107(a).

Dated: July 20, 2017

/s/ David L. Wochner
David L. Wochner
Counsel for Magnolia LNG, LLC