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Ms. Amy R. Sweeney
Director, Division of Natural Gas Regulation
U.S. Department of Energy, Office of Fossil Energy
Forrestal Building
1000 Independence Avenue, SW
FE-34, Room 3E-042
Washington, DC 20595

**Re: Description of Investment Transaction in Liquefied Natural Gas Ltd.
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 Ms. Sweeney:

Magnolia LNG, LLC ("Magnolia") hereby submits the following information regarding its ultimate parent company, Liquefied Natural Gas Limited ("LNGL") a publicly listed Australian company. The recent equity investment in LNGL described below does not affect the equity ownership of Magnolia and does not amount to a change-in-control of either LNGL or Magnolia. However, in light of the Department of Energy Office of Fossil Energy's ("DOE/FE") clarified policy on change-in-control filings,¹ Magnolia submits the following description of the equity investment transaction for disclosure purposes to the DOE/FE.

Background

Magnolia is a limited liability company organized under the laws of Delaware, and a wholly owned indirect subsidiary of LNGL, a publicly listed Australian company.

DOE/FE Docket No. 12-183-LNG - FTA Exports Application

On December 18, 2012, Magnolia requested authorization from 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. 65,541 (Nov. 5, 2014) [hereinafter "DOE/FE CIC Procedures"].

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

DOE/FE Docket No. 13-131-LNG - FTA Exports Application

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 - Non-FTA Exports Application

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 after the Federal Energy Regulatory Commission ("FERC") issued its order pursuant to Section 3 of the Natural Gas Act on April 15, 2016, authorizing the Magnolia LNG export facility and associated pipeline project.⁵

Description of Relevant Transaction

Magnolia submits the following information regarding a recent transaction in view of the DOE/FE CIC Procedures 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.⁶

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 DOE/FE CIC Procedures.⁷ At the outset, Magnolia notes that the equity investment in LNGL does not exceed and will not exceed the 10% threshold 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.

Share Placement and Subscription Agreement

On June 4, 2018, LNGL announced that it entered into a binding subscription agreement ("Subscription Agreement") for a share placement of fully paid ordinary shares in the capital of LNGL through an investment made by IDG Energy Investment (IDG, stock code: 650.HK), an investment holding company listed on the Stock Exchange of Hong Kong.

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

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

⁵ *Magnolia LNG, LLC et al.*, 155 FERC ¶61,033 (2016).

⁶ 10 C.F.R. § 590.405.

⁷ 79 Fed. Reg. 65541, 65542.

- The transaction was completed on June 13, 2018, and the shares placed into a mandatory escrow to be released on December 13, 2018.
- Following the completion of the share placement, IDG holds 9.9% of LNGL.
- Pursuant to the Subscription Agreement, IDG warranted that it has no intention to and must not increase its holding in LNGL above 9.9%. Furthermore, IDG warranted to LNGL that it is not a Foreign Government Investor. IDG agreed to indemnify LNGL for any losses LNGL would incur as a result of a breach of these warranties. The Subscription Agreement is governed by the laws of Western Australia. The Subscription Agreement has been filed with the ASX on June 13, 2018, as part of the Notice of Substantial Holder Form 603, Section 671B, Corporations Act 2001.
- There are no shareholder agreements between LNGL and IDG giving IDG rights with respect to the governance and control of LNGL (e.g., a Board seat on the Board of LNGL or any of its subsidiaries).

As DOE/FE is aware, there is significant interest in U.S. LNG resources from foreign offtakers and ensuring regulatory certainty is a critical aspect of securing such offtakers as customers for the Magnolia LNG export facility. In consideration of all of these facts, LNGL and Magnolia are confident that no change in control has occurred and request that DOE/FE give expedited consideration to this filing and find that, consistent with the DOE/FE CIC Procedures, no further action is required.

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

Best regards,



David L. Wochner
Counsel for Liquefied Natural Gas Ltd.

cc: Ms. Kinga Doris
General Counsel and Corporate Secretary
Liquefied Natural Gas Ltd.