



Department of Energy
Washington, DC 20585

August 23, 2018

BY EMAIL

David L. Wochner
Counsel for Liquefied Natural Gas Ltd.
K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

RE: Description of Investment Transaction in Liquefied Natural Gas Ltd.
Magnolia LNG, LLC, FE Docket No. 12-183-LNG, DOE/FE Order No. 3245
Magnolia LNG, LLC, FE Docket No. 13-131-LNG, DOE/FE Order No. 3406
Magnolia LNG, LLC, FE Docket No. 13-132-LNG, DOE/FE Order No. 3909

Dear Mr. Wochner:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to your letter filed on July 25, 2018, on behalf of Magnolia LNG, LLC (Magnolia LNG).¹ In the letter, you provide information regarding Magnolia LNG's ultimate parent company, Liquefied Natural Gas Limited (LNGL), in light of DOE/FE's Change in Control Procedures.²

According to your letter, Magnolia LNG is a limited liability company organized under the laws of Delaware, and a wholly owned indirect subsidiary of LNGL. LNGL is a publicly listed Australian company. On June 4, 2018, LNGL announced that it had 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), an investment holding company listed on the Stock Exchange of Hong Kong.³ In relevant part, you provide the following additional facts about this transaction:

- The transaction was completed on June 13, 2018.

¹ Letter from David L. Wochner, Counsel for Liquefied Natural Gas Ltd., to Amy R. Sweeney, DOE/FE, Description of Investment Transaction in Liquefied Natural Gas Ltd., FE Docket Nos. 12-183-LNG, 13-131-LNG, 13-132-LNG (July 25, 2018) [hereinafter Magnolia LNG Ltr.].

² See U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541, 65,542 (Nov. 5, 2014) [hereinafter DOE/FE Change in Control Procedures].

³ See Magnolia LNG Ltr. at 2.

- Following 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%.”⁴
- 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).⁵

In sum, you assert that IDG’s investment in LNGL does not affect the equity ownership of Magnolia LNG and, consequently, does not amount to a change in control of either LNGL or Magnolia LNG.⁶

Upon review of the information set forth in your letter, DOE/FE agrees that IDG’s investment in LNGL under the Subscription Agreement does not constitute a change in control of Magnolia LNG or LNGL.⁷

No further action is required.⁸

Sincerely,

Amy R. Sweeney
Director, Division of Natural Gas Regulation
Office of Oil and Natural Gas

⁴ *Id.* at 3.

⁵ *See id.*

⁶ *See id.* at 1, 3.

⁷ 10 C.F.R. § 590.405; DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542 (describing characteristics of a change in control, including that “a rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10 percent or more of the voting securities of [the] entity”).

⁸ Magnolia LNG is advised that the described investment transaction may also require the approval of the Committee on Foreign Investment in the United States (CFIUS). DOE expresses no opinion regarding the need for review by CFIUS. Additional information may be obtained at: <http://www.treasury.gov/resource-center/international/Pages/Committee-on-Foreign-Investment-in-US.aspx>.