

December 5, 2014

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By Email

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: Descriptions of Recent Equity Ownership Changes

Magnolia LNG, LLC, DOE/FE Docket No. 12-183-LNG

Magnolia LNG, LLC, DOE/FE Docket No. 13-131-LNG

Magnolia LNG, LLC, DOE/FE Docket No. 13-132-LNG

Dear Mr. Anderson:

Magnolia LNG, LLC (Magnolia) hereby submits the following updated equity ownership information regarding its parent company, Liquefied Natural Gas Limited (LNG Limited). The changes in equity ownership of LNG Limited described below do not affect the governance of Magnolia and do not amount to a change-in-control over Magnolia. However, in light of DOE/FE's clarified policy on change-in-control filings,¹ Magnolia submits the following descriptions of two transactions.

Background

Magnolia LNG, LLC is a limited liability company organized under the laws of Delaware, and a wholly owned indirect subsidiary of LNG Limited. LNG Limited is a publicly listed Australian company with the objective of identifying and developing liquefied natural gas (LNG) projects in Australia and other countries, including, without limitation, the United States of America.

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

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

export LNG on its own behalf and as an agent for others. DOE/FE granted Magnolia's application on February 26, 2013.²

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 Docket 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. Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE issued notice of the application in the Federal Register on March 24, 2013,⁴ and its application remains pending final DOE/FE action.

Description of Relevant Transactions

Magnolia submits the following information regarding two recent transactions that may fall within 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 addition, applicants must amend pending applications to import or export natural gas if there are changes in material facts or conditions upon which the application is based.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 change-in-control policies.⁷ At the outset, Magnolia notes that both transactions relate to its parent company, LNG Limited, and that there has been no change in ownership of Magnolia itself. Thus, Magnolia's filing is made out of an abundance of caution to ensure compliance with DOE's new policy.

² Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal in Lake Charles, Louisiana, to Free Trade Agreement Nations, DOE/FE Order 3245 (Feb. 26, 2013).

³ Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal in Lake Charles, Louisiana, to Free Trade Agreement Nations, DOE/FE Order 3406 (Mar. 5, 2014).

⁴ Magnolia LNG, LLC; Application for Long-Term Authorization to Export Liquefied Natural Gas Produced from Domestic Natural Gas Resources to Non-Free Trade Agreement Countries for a 25-Year Period, 79 Fed. Reg. 15980 (Mar. 24, 2014).

⁵ 10 C.F.R. § 590.405.

⁶ 10 C.F.R. § 590.204(b).

⁷ 79 Fed. Reg. 65541, 65542.

The Baupost Group, L.L.C. Transaction

As of October 10, 2014, The Baupost Group, L.L.C. (Baupost) increased its holdings in LNG Limited stock to 46,529,906 shares. This transaction raised Baupost's holdings from 8.82% to approximately 10.08% of the issued and outstanding shares of LNG Limited, implicating the 10% threshold referenced in the change-in-control policies. However, this transaction did not result in any change in control over Magnolia, nor over LNG Limited. This modest increase in holdings by one shareholder does not create a veto right in Baupost over other shareholders, nor does it suggest that Magnolia will operate at only Baupost's direction. Moreover, this increase in holdings has not resulted in any changes (directly or indirectly) in the power to direct the management or policies of LNG Limited or Magnolia, through any direct or indirect means, and the governance of LNG Limited and Magnolia remains functionally unchanged following the Baupost investment. Accordingly, the rebuttable presumption that increasing share ownership above 10% creates a change-in-control is rebutted.

Therefore, unless a party who opposes the change in relative ownership percentage demonstrates that the change renders Magnolia's application inconsistent with the public interest, or unless DOE independently makes such a determination, no further action need be taken by DOE.

The China Huanqiu Contracting & Engineering Corporation Transaction

As of May 21, 2014, China Huanqiu Contracting & Engineering Corporation (HQ) reduced its holdings in LNG Limited from 53,250,000 shares to 10,000,000. HQ currently controls 2.17% of outstanding shares in LNG Limited, well below the 10% threshold described in the change-in-control policies. This transaction will not result in any significant change in management of Magnolia, and will have no effect on the public interest determination pending before DOE/FE. Moreover, this reduction in holdings has not resulted in any changes (directly or indirectly) in the power to direct the management or policies of LNG Limited or Magnolia, through any direct or indirect means, and the governance of LNG Limited and Magnolia remains functionally unchanged following the reduction.

Therefore, as above, unless a party who opposes the change in relative ownership percentage demonstrates that the change renders Magnolia's application inconsistent with the public interest, or unless DOE independently makes such a determination, no further action need be taken by DOE.

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

Very truly yours,



David L. Wochner

Counsel for Magnolia LNG, LLC