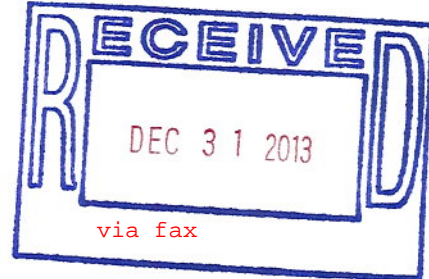




13-160-LNG

William S. Garner, Jr.
Tel 713.374.3549
Fax 713-754-6648
garnerw@gtlaw.com

December 31, 2013



VIA FACSIMILE (202) 586-6050 and (202) 586-6221
and ORIGINALS VIA FIRST-CLASS MAIL

Larine A. Moore
U.S. Department of Energy
FE-34
P. O. Box 44375
Washington, D.C. 20026-4375

Re: Texas LNG LLC, Docket No. 13-____-LNG
Application for Long-Term Authorization to Export Liquefied
Natural Gas

Dear Ms. Moore:

Enclosed are an original and three copies of Texas LNG LLC's Application for Long-Term Authorization to Export Liquefied Natural Gas. Also enclosed is a check in the amount of \$50.00 in payment of the applicable filing fee.

Sincerely,

William S. Garner, Jr.
William S. Garner, Jr.

WSG/lpd
Enclosures

- ALBANY
 - AMSTERDAM
 - ATLANTA
 - AUSTIN
 - BOSTON
 - CHICAGO
 - DALLAS
 - DELAWARE
 - DENVER
 - FORT LAUDERDALE
 - HOUSTON
 - LAS VEGAS
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A MEMBER OF
GREENBERG TRAURIG, PA
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GREENBERG TRAURIG
GREENBERG TRAURIG CRESCENTE



William Garner
Tel 713.374.3549
Fax 713-754-6648
garnerw@gtlaw.com

December 31, 2013

Mr. John Anderson
Office of Fossil Energy (FE-34)
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**RE: Texas LNG LLC, Docket No. 13-____-LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas**

Dear Mr. Anderson:

Enclosed for filing on behalf of Texas LNG LLC, please find attached application for long-term, multi-contract authorization to engage in exports of natural gas in the form of liquefied natural gas ("LNG").

Texas LNG seeks authorization to export for a twenty-five (25) year period on its own behalf and as an agent for others, up to 2 MTA (million tonnes per annum) of LNG, which is equivalent to approximately 275 MMcf/d or 0.27 Bcf/d or approximately 100 Trillion Btu/year, to (1) any country with which the United States currently has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas; and (2) any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy.

Enclosed is a check in the amount of \$50.00 in payment of the applicable filing fee pursuant to 10 C.R.F. § 590.207. Should you have any questions about the foregoing, please feel free to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Will Garner'.

William S. Garner, Jr.
Shareholder

WSG/lpd
Enclosures

December 31, 2013

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL FUELS

TEXAS LNG LLC DOCKET NO. 13-____-LNG

**APPLICATION OF TEXAS LNG LLC FOR LONG TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE AND NON-FREE
TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b (2006), and Part 590 of the Department of Energy's ("DOE") regulations, 10 C.F.R. Part 590 (2012), Texas LNG LLC ("Texas LNG") hereby requests that DOE, Office of Fossil Energy ("FE"), grant long-term, multi-contract authorization for a twenty-five (25) year period on its own behalf and as an agent for others, for Texas LNG to engage in exports of up to 2 MTA (million tonnes per annum) of LNG, which is equivalent to approximately 275 MMcf/d or 0.27 Bcf/d or approximately 100 Trillion Btu/year.

Texas LNG is seeking authorization to export liquefied natural gas ("LNG") from its proposed South Texas LNG Export Project ("Project"), to be located at the Port of Brownsville, Texas to (1) any country with which the United States currently has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas; and (2) any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy.

Texas LNG is seeking this export authorization in conjunction with its proposal to develop, own and operate the Project. The Project will consist of land-based infrastructure including a grounded liquefaction barge, natural gas treatment, compression, and storage facilities to store and deliver LNG to ocean-going LNG vessels. Other facilities include a control room, flare, marine facilities such as a single berth with marine loading arms, and other ancillary systems.

Through a local connection pipeline to be developed by Texas LNG and potentially other partners, the Project will interconnect with many of the interstate and intrastate pipeline systems in the South Texas region, allowing natural gas to be supplied through displacement or direct access from a wide variety of supply sources. The pipeline will be adequate to supply the Project with both feed gas for liquefaction and natural gas required to fuel any gas-fired facilities, taking into account any losses or shrinkage.

**TEXAS LNG DOE FTA/NON-FTA NATURAL GAS EXPORT
AUTHORIZATION APPLICATION**

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1. COMMUNICATIONS AND CORRESPONDENCE

Communications and correspondences regarding this Application should be addressed to the following:

Vivck Chandra
Chief Executive Officer
Texas LNG LLC
700 Louisiana Street Suite 3950
Houston, TX 77002
(713) 900-9021
vchandra@txlng.com

William Garner
Greenberg Traurig, L.L.P.
1000 Louisiana Street
Suite 1700
Houston, TX 77002
Tel: +1 713 374 3500
Fax: +1 713 374 3505
garnerw@gtlaw.com

2. DESCRIPTION OF THE APPLICANT

The exact legal name of the applicant is Texas LNG LLC, a limited liability company organized under the laws of Delaware. Texas LNG's address 700 Louisiana Street Suite 3950, Houston, TX 77002.

60% of Texas LNG is owned by Vivek Chandra, a US citizen of Asian Indian ethnicity, which qualifies Texas LNG as a minority owned business. Mr. Chandra is a recognized International LNG and natural gas consultant, published author ("Fundamentals of Natural Gas: An International Perspective", published by Pennwell of Oklahoma), and expert in the fields of natural gas and LNG commercialization, pricing, project development, training, acquisitions and divestments, fiscal regimes, and engineering. He has served in executive positions with Nexus Energy (Australia), Dubai Energy and Dolphin Energy (both in UAE), ARCO International Oil and Gas Company (Alaska, California and Texas, USA), and Schlumberger Overseas (USA and SE Asia). Mr. Chandra has a BSc. degree in Geophysical Engineering from the Colorado School of Mines, a MSc. in Petroleum Energy Management and Policy from the University of Pennsylvania, a Diplome D'Ingenieur from the French Petroleum Institute, and a Masters in Commercial Law from Deakin University, Australia. He has nearly twenty-five years of global natural gas and LNG technical, financial, commercial and legal experience.

40% of Texas LNG is owned by Langtry Meyer. A British national, Mr. Meyer is a business developer and strategic consultant to international entities with over twenty years' experience on multi-disciplined projects (including oil & gas, commodities trading, engineering & construction, financial services, electronics, and retail) across the Middle East, Asia Pacific, Africa, Europe, and North America. He has served in executive roles with the Majid Al Futtaim Group (UAE), Samsung Engineering (Korea), the Samsung Group Office of the Chairman (Korea), and major financial institutions including ABN AMRO Bank (The Netherlands & France) and Hypo Bank (Germany & USA). Mr. Meyer is a graduate of Stanford University (BA Economics), INSEAD (MBA), and is a CFA (Chartered Financial Analyst) Charterholder.

3. DESCRIPTION OF EXPORT TERMINAL

Texas LNG seeks long-term authorization to export domestically produced Liquefied Natural Gas ("LNG") from the Texas LNG facility to be constructed at the Port of Brownsville in Brownsville, Texas (the "Project") to free trade agreement ("FTA") and non-FTA countries. Texas LNG will construct, own, and operate the Project which will have a planned capacity up to 2 MTA (million tonnes per annum) which is equivalent to approximately 275 MMcf/d or 0.27 Bcf/d or approximately 100 Trillion Btu/year, and be developed as tolling facility to process treated pipeline gas sourced from the US natural gas network into LNG for export to FTA and non-FTA markets. LNG offtakers will be responsible for contracting feed gas deliveries to the plant as well as ships to export the LNG. Texas LNG will facilitate introductions to potential feed gas suppliers.

The current business model, subject to modification, envisages that Texas LNG will be a toll processor of natural gas into LNG and a producer of extracted natural gas liquids, without taking ownership of the feed gas or the produced LNG. Texas LNG will be compensated a fixed and variable toll by LNG offtakers who will contract to purchase feed gas from gas producers and trading organizations. The fixed (capacity) portion is expected to cover capital expenses, financing, overheads, labor, and land lease rate. The variable (operating) charge will cover energy consumed in the process and other variable costs.

The Project is planned to be located on the south side of the Brownsville ship channel, an approximately 51-acre parcel of land inside the Port of Brownsville ("the Port"), exclusively available through a lease option agreement between Texas LNG and the Port (please see Exhibit D for copy of lease option agreement which has been redacted in minor part to omit commercially sensitive information). The Texas LNG Terminal will be located in an area zoned for heavy industrial use and will be consistent with other industrial facilities along the shoreline. The coordinates of the proposed Project site can be found in Figure 1. There is minimal habitation or other activity in the immediate vicinity of the land parcel.

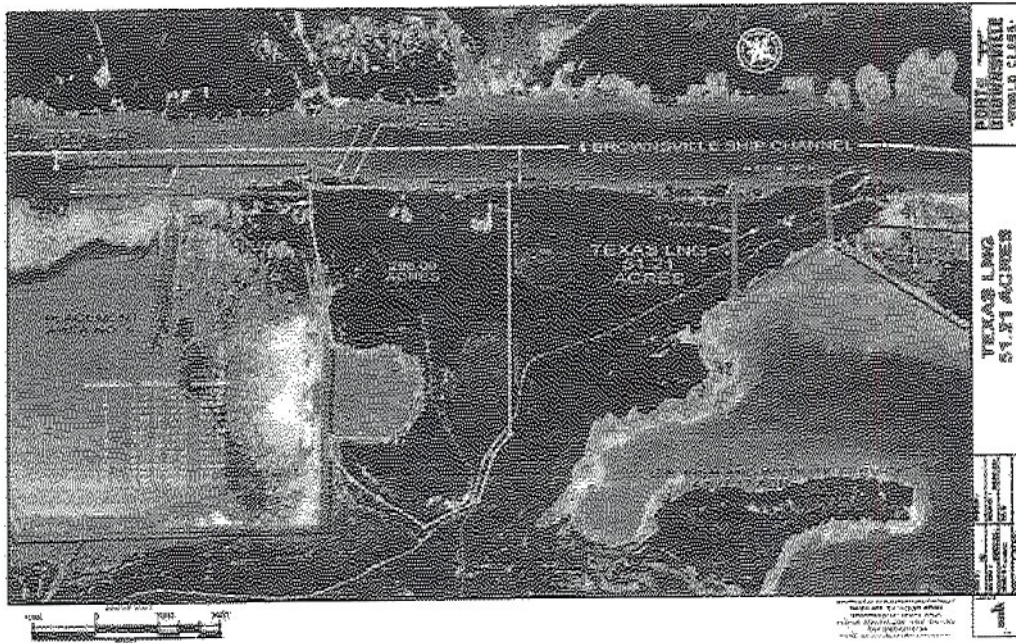


Figure 1: Texas LNG Plot Location

The Project involves an LNG liquefaction barge fabricated offsite at an experienced and qualified shipyard, and transported to the Port of Brownsville, Texas. At the Texas LNG location, the barge will be permanently “grounded” so that it will no longer be a floating vessel. It will be held in place with a retaining wall which will also serve to provide support for an offloading jetty. LNG would be offloaded from tanks contained in the hull of the barge structure onto conventional LNG carriers berthed alongside the Texas LNG facility. Off-the-shelf technology will be used for both the liquefaction process and the gas treatment plant that will be built on site to treat pipeline feed gas by remove any remaining natural gas liquids and other non-methane products before the liquefaction process. Please refer to Figure 2 for a schematic of the Project.

This strategy is designed to allow Texas LNG to minimize complex onshore civil construction works, reduce the need to construct large LNG tanks onsite, and reduce the overall local environmental impact.

Texas LNG is evaluating and finalizing its liquefaction technology for the Project and is in discussions with shipyards and EPC contractors to design and construct the liquefaction barge and associated onshore facilities.

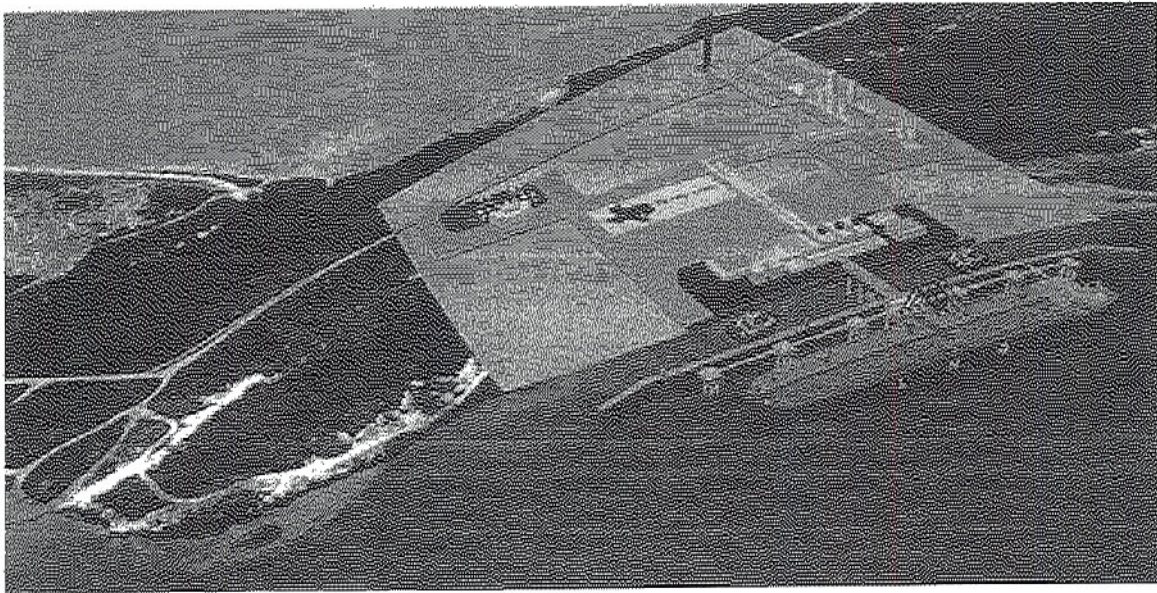


Figure 2: Texas LNG Export Terminal

4. AUTHORIZATION REQUESTED

Texas LNG requests authorization to export up to the equivalent of approximately 2 MTA of domestically produced LNG which is equivalent to approximately 275 MMcf/d or 0.27 Bcf/d or approximately 100 Trillion Btu/year, over a twenty-five (25) year period commencing on the earlier of the date of first export or ten (10) years from the date the requested authorization is granted to export LNG from export terminals to be constructed in Brownsville, Texas to (1) any country with which the United States currently has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas; and (2) any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy.

Texas LNG requests such export authorization on its own behalf and as agent for others. To ensure all exports are permitted and lawful under United States laws and policies, Texas LNG will comply with all DOE requirements for an exporter or agent. As set forth in DOE/FE Order No. 2986.9 Texas LNG will register with DOE/FE each LNG title holder for whom Texas LNG seeks to export LNG.

The long-term, multi-contract authorization sought in this Application is necessary to permit Texas LNG to proceed to incur the substantial cost of developing the liquefaction and export project. The terms and conditions related to the use of the Texas LNG Terminal facilities will be set forth in agreements with Project customers. Texas LNG anticipates that these agreements will be for terms of up to twenty-five (25) years in duration and will run concurrently with Texas LNG's export authorization. Texas LNG has not yet entered into such agreements because long-term export authorization is required to finalize agreements with prospective customers.

DOE/FE's regulations require applicants to submit information regarding the terms of the transaction, including long-term supply agreements and long-term export agreements. In prior orders, DOE/FE has found that applicants need not submit this information with their applications if such transaction specific information is not available because neither the supply contracts nor the long-term export contracts have been executed. In such instances, DOE/FE has permitted applicants to submit such information if and when the contracts are executed, which DOE/FE has found conforms to the requirement in its regulations that such information be submitted "when practicable." Texas LNG requests that DOE/FE make the same finding in this proceeding.

5. EXPORT SOURCES

Texas LNG seeks authorization to export natural gas available from the United States' natural gas pipeline supply and transmission system. Given the size and liquidity of the natural gas market in the Gulf Coast region and the significant growth of unconventional resources in the region, a diverse and reliable source of natural gas will be available to support the requested Export Authorization. Texas LNG anticipates that the sources of natural gas will include supplies from various producing regions, including recent shale gas discoveries in the Haynesville, Eagle Ford, Barnett, Floyd-Ncal/Conasauga, and Marcellus shale plays, estimated to contain 553 trillion cubic feet ("Tcf") of recoverable gas.

Texas LNG will strive, where possible, to source a portion of its feed gas from gas that is currently being flared or otherwise vented, thus providing a positive environmental benefit to the region.

Texas LNG will facilitate contractual arrangements between LNG purchasers and natural gas suppliers, including exploration and production companies and gas traders such as BP and others. The size of traditional and emerging natural gas supply sources in close proximity to the Texas LNG Terminal will provide Texas LNG's potential LNG customers with diverse and reliable alternative gas supply options.

Texas LNG has the potential to access major natural gas pipelines (including Texas Eastern Transmission, LP, Tennessee Gas Pipeline Company LLC, Enterprise Products Partners LP, and Kinder Morgan Tejas Pipeline LLC, and others.

In addition, Texas LNG is in discussions with LNG and gas-fired power generation projects located in the Port area to co-develop natural gas pipeline and connection infrastructure.

6. PUBLIC INTEREST STATEMENT

Texas LNG's authorization as described herein is not inconsistent with the public interest and should be granted by DOE/FE under the individual statutory provisions that apply separately to exporting natural gas to FTA and non-FTA countries.

A. FTA Countries

NGA Section 3(c), as amended by Section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), provides that:

[T]he exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.¹

Under this statutory presumption, that portion of this Application that seeks to export CNG to nations with which the United States currently has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest and should be granted by DOE/FE without modification or delay. Indeed, DOE/FE promptly grants authorization for export to FTA nations as a matter of statutory requirement.

B. Non-FTA Countries

Section 3(a) of the NGA sets forth the general standard for review of export applications:

[N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy] authorizing it to do so. The [Secretary] shall issue such order upon application, unless, after opportunity for hearing, [the Secretary] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or in part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.²

According to the DOE/FE, "Section 3(a) of the NGA creates a rebuttable presumption that proposed exports of natural gas are in the public interest, and DOE must grant such an

¹ 15 U.S.C. § 717b(c) (2009).

² 15 U.S.C. § 717b(a) (emphasis added). This authority has been delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.04D (Nov. 6, 2007).

application unless those who oppose the application overcome that presumption.”³ To overcome this rebuttable presumption an opponent must affirmatively demonstrate that the proposal is inconsistent with the public interest.⁴

In evaluating the “public interest” the DOE/FE looks to a number of different factors, including “economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others.”⁵ Consistent with its Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, DOE/FE examines whether “domestic supply shortages or domestic security needs overcome the statutory presumption that a proposed export is not inconsistent with the public interest.”⁶ While the Policy Guidelines deal specifically with imports, the DOE/FE has found that the principles are applicable to exports.⁷ The Policy Guidelines are intended to “minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resources system.”⁸

The market, not government, should determine the price and other contract terms of imported [or exported] gas. . . . The federal government’s primary responsibility in authorizing imports [or exports] should be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.⁹

DOE/FE looks to the evidence developed in the record of each application proceeding to make its determination.¹⁰ As demonstrated herein, Texas LNG’s application is not inconsistent with the public interest.

As U.S. natural gas reserves and production have risen, U.S. natural gas prices have fallen to the point where they are among the lowest in the world. The exportation of LNG will also

³ *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 3282 at 5-6 (“Order No. 3282”); *Sabine Pass Liquefaction, LLC*, DOE, FE Order No. 2961 at 28 (“Order No. 2961”); see also *Panhandle Producers and Royalty Owners Assoc. v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987) (“A presumption favoring import authorization, then, is completely consistent with, if not mandated by, the statutory directive.”).

⁴ Order No. 3283 at 6; see also *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 (April 2, 1999) (“Section 3 creates a statutory presumption in favor of approval of an export application and the Department must grant the requested export [application] unless it determines the presumption is overcome by evidence in the record of the proceeding that the proposed export will not be consistent with the public interest.”).

⁵ Order No. 3282 at 6.

⁶ Order No. 3282 at 6-7; Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6,684 (Feb. 22, 1984) (“Policy Guidelines”).

⁷ Order No. 3282 at 7; *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 14; see also, Order No. 2961 at 28.

⁸ Order No. 3282 at 7.

⁹ Policy Guidelines at 6685.

¹⁰ Order No. 3282 at 7.

create a material improvement in the United States' balance of trade. These benefits will be obtained with only a minimal effect on domestic natural gas prices. At current and forecasted rates of demand, the United States, natural gas reserves will meet demand for 100 years.

Numerous organizations, including think tanks, the U.S. Department of Energy (DOE) and economic consulting firms conclude that exporting LNG presents the United States with an opportunity to attain considerable economic benefit and is in the public's interest.

C. Public Interest

Numerous studies commissioned by the DOE, American Petroleum Institute, and other entities overwhelmingly conclude that exporting LNG presents the United States with an opportunity to attain considerable economic benefit and is in the public's best interest. LNG exports will spur significant gains in nationwide employment, GDP, and federal tax receipts.

In addition, US LNG exports will have economic multiplier effects. LNG exports would have only moderate impacts on domestic natural gas prices.

As Professor Richard Schmalensee, Director of the MIT Center for Energy and Environmental Policy Research, noted:

"One of the great strengths of the U.S. economy historically has been our flexibility and our ability to react quickly and effectively to changes in the global marketplace. Restricting LNG exports would be resisting what we are good at, which is reacting to change."¹¹

Positive Overall Economic Impacts

ICF International was commissioned by the American Petroleum Institute (API) to undertake a study of the economic impacts of LNG exports. The following table shows the positive impact of LNG exports in employment, GDP, and natural gas prices attributed to LNG exports between 2016 and 2035 in three export scenarios.¹²

Impact (2016-2035 Averages) ^a	LNG Export Case (Change from Zero Exports Case)		
	ICF Base Case (up to ~1 Bcfd)	Middle Exports Case (up to ~4 Bcfd)	High Exports Case (up to ~10 Bcfd)
Employment Change (No.)	73,100-145,100	112,800-230,200	220,100-452,300
GDP Change (2010\$ Billion)	\$15.6-\$22.8	\$25.4-\$37.2	\$50.9-\$73.8
Henry Hub Price (2010\$/MMBtu)	\$5.03	\$5.30	\$5.73
Henry Hub Price Change (2010\$/MMBtu)	\$0.32	\$0.59	\$1.02

Source: ICF estimates. Note: ^a Includes direct, indirect, and induced impacts

Figure 1: Key Economic Impacts Relative to the Zero Exports Case (Source: ICF)

¹¹ "Should Free Trade Principles Apply to U.S. Exports of Liquefied Natural Gas?", Page 4, <http://accf.org/news/publication/should-free-trade-principles-apply-to-u-s-exports-of-liquefied-natural-gas>

¹² ICF International, "U.S. LNG Exports: Impacts on Energy Markets and the Economy", May 15, 2013.

The NERA Study commissioned by the DOE, is consistent with ICF's findings and emphasizes the positive benefits to U.S. GDP from LNG exports and that those benefits increase as the volume of exports rise.

"Across the scenarios, U.S. economic welfare consistently increases as the volume of natural gas exports increased. This includes scenarios in which there are unlimited exports. The reason for this is that even though domestic natural gas prices are pulled up by LNG exports, the value of those exports also rises so that there is a net gain for the U.S. economy measured by a broad metric of economic welfare – or by more common measures such as real household income or real GDP."¹³

According to Shale Gas and US National Security, a report published in 2011 by the James A. Baker III Institute for Public Policy at Rice University (the "Baker Institute Report"), "full development of commercial shale gas resources in the United States will have multiple beneficial effects for U.S. energy security and national interests." The United States has developed a massive natural gas resource base that is sufficient to supply domestic demand for a century, even with significant exports of LNG. The Export Authorization will not adversely affect U.S. energy security.

GDP Growth

The net effect on annual U.S. GDP of LNG exports is expected to be positive at about \$15.6 to \$73.6 billion annually between 2016 and 2035, depending on LNG export case and GDP multiplier effect. This includes the impacts of additional hydrocarbon liquids that would be produced along with the natural gas, greater petrochemical (olefins) production using more abundant natural gas liquids feedstock, and all economic multiplier effects.¹⁴

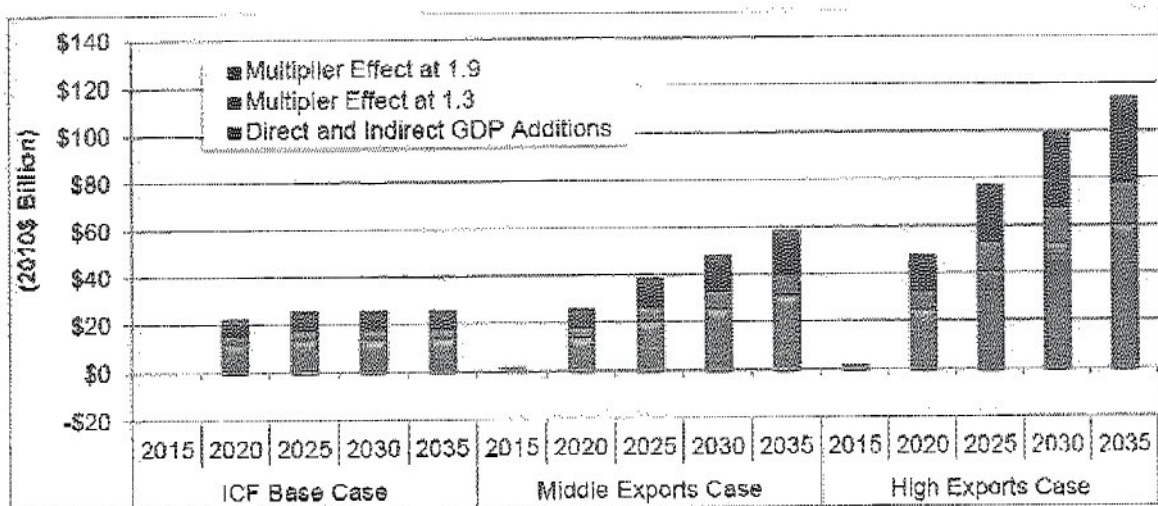


Figure 2: Total Impacts on GDP by LNG Export Case (Source: ICF)

¹³ NERA, on behalf of DOE, "Macroeconomic impacts of LNG Exports from the U.S.", December 2012, page 6

¹⁴ ICF International, "U.S. LNG Exports: Impacts on Energy Markets and the Economy", May 15, 2013.

Employment Growth

The net effects on U.S. employment from LNG exports are projected to be positive with average net job growth of 73,100 to 452,300 between 2016 and 2035, including all economic multiplier effects (“M.E.”). Manufacturing job gains average between 7,800 and 76,800 net jobs between 2016 and 2035, including 1,700-11,400 net job gains in the specific manufacturing sectors that include refining, petrochemicals, and chemicals.¹⁵

Employment is expected to increase across all major sectors.

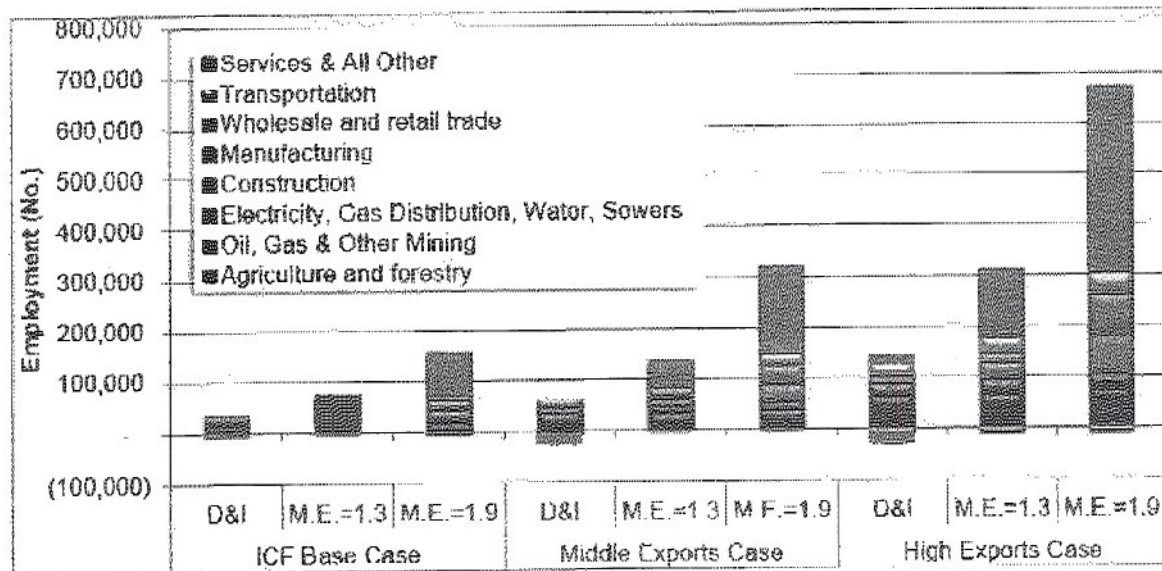


Figure 3: Change in Direct, Indirect, and Induced Employment by Sector (2035) (Source: ICF)

LNG exports lead to increases in manufacturing jobs, stemming from increased demand for manufacturing of equipment and materials needed for natural gas production. Significant job growth occurs within the tools and machinery manufacturing sector, which is expected to see 3,800-30,300 jobs by 2035, while the iron and steel manufacturing sector is projected to grow by an additional 2,300-9,600 jobs in 2035. Other key manufacturing sectors with strong growth include petroleum/petrochemical manufacturing, which is anticipated to see net job gains of 530-3,100 jobs in 2035, and the chemicals/rubber/glass manufacturing sector, which is expected to see 600-9,500 net job gains in 2035, relative to the Zero Exports Case.¹⁶

¹⁵ Ibid

¹⁶ Ibid

Limited Price Impact on US Natural Gas Prices

One important issue in the debate about expediting the U.S. Department of Energy’s LNG permitting process is the impact of exports on domestic natural gas prices. U.S. shale gas production, which has risen by 50% over the 2007-2012 period, has contributed to the fall in natural gas prices from a high of \$11/million cubic feet in 2008 to the current well-head price of about \$3.70/million cubic feet. While a recent Black & Veatch survey, “2013 Strategic Directions in the North American Natural Gas Industry” concluded that natural gas prices would increase to a range between \$4.50 to \$7.49 MMBtu (one million British thermal units) in 2020, most analysts forecast that prices will remain below \$5.00 MMBtu over the next 5 to 10 years.¹⁷

A number of analyses conclude that LNG exports in the range 6 to 12 Bcf/d would not have a significant impact on domestic prices. For example, the Peterson Institute for International Economics report “Liquefied Natural Gas Exports: An opportunity for America” notes that recent economic analyses conclude that LNG exports would raise domestic natural gas prices by only 3.5% to 16.0%. In addition, the new Bentck Energy report projections show U.S. natural gas prices will remain in the range of \$ 4.18 MMBtu through 2018.

According to ICF, LNG exports are projected to have moderate impacts on domestic U.S. natural gas prices of about \$0.32 to \$1.02 per million British Thermal Units (MMBtu) on average between 2016 and 2035. This results in 2016-2035 average Henry Hub natural gas price estimates of between \$5.03 and \$5.73/MMBtu, depending on LNG export case.¹⁸

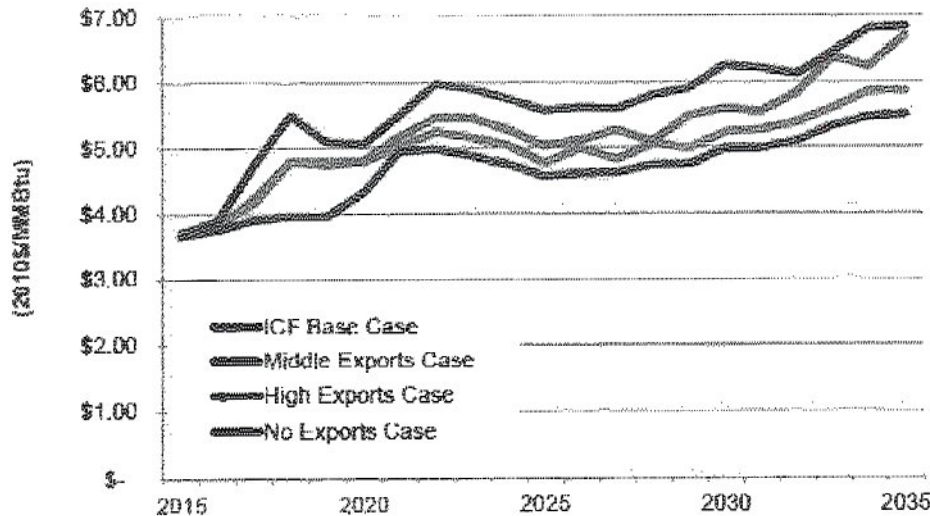


Figure 4: Henry Hub Prices (2010\$/MMBtu) (Source: ICF)

¹⁷ American Council for Capital Formation, “LNG Exports: How Much Will They Impact U.S. Natural Gas Prices?”, Margo Thorning, Ph.D., November 2013.

¹⁸ ICF, “Status Report and Preliminary Results: The Economic Impacts of U.S. LNG Exports”, February 22, 2013.

The following table shows wholesale natural gas price changes relative to zero exports case:

Case	Natural Gas at Henry Hub (2010-2035 Avg)
ICF Base Case	
Avg Price Increase (\$/MMBtu)	\$0.32
Avg Price Increase/Bcf/d (\$/MMBtu)	\$0.10
Middle Exports Case	
Avg Price Increase (\$/MMBtu)	\$0.59
Avg Price Increase/Bcf/d (\$/MMBtu)	\$0.11
High Exports Case	
Avg Price Increase (\$/MMBtu)	\$1.02
Avg Price Increase/Bcf/d (\$/MMBtu)	\$0.10

Figure 5: Wholesale Natural Gas Price Changes Relative to Zero Exports Case (Source: ICF)

Given Texas LNG’s proposed limited export capacity (approximately 2 MTA or 0.27 Bcf/d), there will be a minor impact on overall US natural gas supply and pricing.

Higher Government Revenue

The ICF International analysis also shows that LNG exports would increase government revenues at the federal, state, and local levels due to taxes on GDP gains associated with additional economic activity, as well as additional royalty payments to the government for natural gas production taking place on government lands. State and local taxes (which include severance taxes associated with natural gas production) comprise the largest share of government revenues, with federal taxes making up a smaller portion. In sum, the ICF report concludes, government revenues reach between \$6.4-\$9.3 billion in the ICF Base Case, \$14.3-\$20.8 billion in the Middle Exports Case, and \$27.9-\$40.4 billion annually in the High Exports Case by 2035.

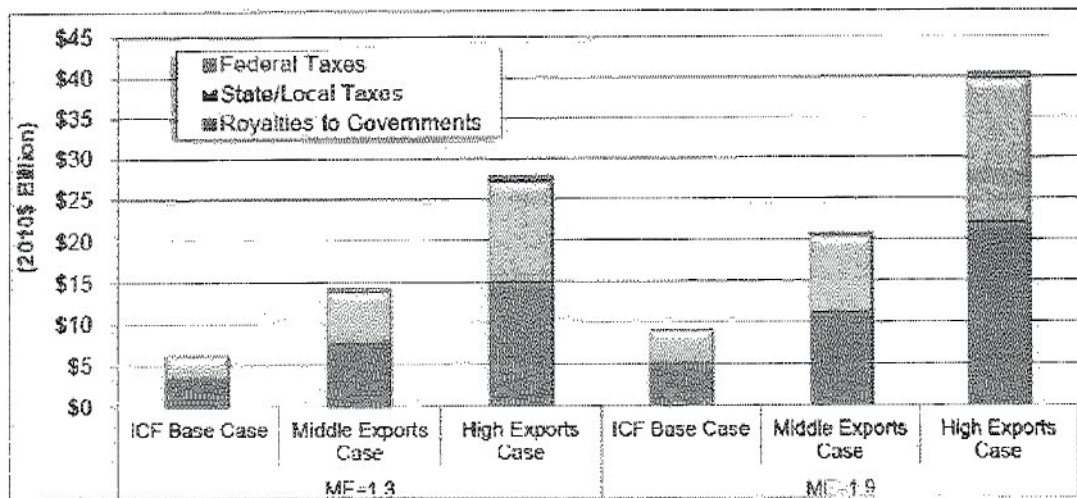


Figure 6: 2035 Government Revenues by Source (Source: ICF)

US LNG Exporters to Gain International Market Share

An international comparison of project costs and transportation costs differentials reveals that U.S. LNG exports (if they were not limited by government regulations) would likely fall within the range of 4 to 16 Bcfd. This indicates that U.S. LNG exports would have 12% to 28% market share of new LNG contract volumes in 2025 and market share of 8% to 25% in 2035.¹⁹

Positive Impact on Small & Medium Enterprises (SMEs)²⁰

To put the potential economic effects of increased LNG exports from the U.S. in perspective, it is useful to look at the recent impact of increased energy production on U.S. employment. As noted in a report, "The Benefits of Natural Gas Production and Exports for U.S. Small Businesses," by the Small Business & Entrepreneurial Council, while overall U.S. jobs in employer firms declined by 3.7 percent from 2005 to 2010, jobs grew by 27.6 percent in the oil and gas extraction sector during the same time period.

During the same period, employment grew by 15.1 percent in the drilling oil and gas wells sector; by 38.5 percent in the support sector for oil and gas operations; by 47 percent in the oil and gas pipeline and related structures construction sector; and by 62 percent in the oil and gas field machinery and equipment manufacturing sector. As the SBEC report notes, expanded energy production over the 2005-2010 period has been a boon to small and midsize enterprises.

Other Positive Impacts of US LNG Exports²¹

NGLs: By 2035, ICF estimates incremental liquids volume increase between 138,000 barrels per day (bpd) and 555,000 bpd, attributable to LNG exports (relative to no exports). For context, in 2012, the U.S. total liquids production equals 2.4 million barrels per day.

Petrochemicals: The incremental volume increase in ethane (feedstocks for ethylene production) will increase ethylene production by between 2,100 tonnes/day and 8,600 tonnes/day by 2035. For reference, a world-scale ethylene plant would have a capacity of 2,740 tonnes/day, meaning LNG exports and the associated increase in ethane production would support roughly one to three additional world-scale ethylene plants.

Methanol and Ammonia: LNG exports have a negligible effect on methanol and ammonia production, according to ICF's modeling assumptions wherein the price of these products are high enough to keep new and existing plants profitable even at the higher feedstock prices resulting from LNG exports.

¹⁹ ICF International, "U.S. LNG Exports: Impacts on Energy Markets and the Economy", May 15, 2013.

²⁰ Small Business & Entrepreneurship Council (SBEC), "The Benefits of Natural Gas Production and Exports for U.S. Small Businesses," May 2013, page 2-3

<http://www.sbecouncil.org/wp-content/uploads/2013/05/BenefitsofNatGasSBECouncil.pdf>;

²¹ ibid.

State-Level Economic Impacts of U.S. LNG Exports²²

Similar to the ICF national-level study, which found overwhelmingly positive economic and employment impacts associated with LNG exports, an ICF study on the state-level concludes that LNG exports have a net positive impact, or negligible net impact, across all states.

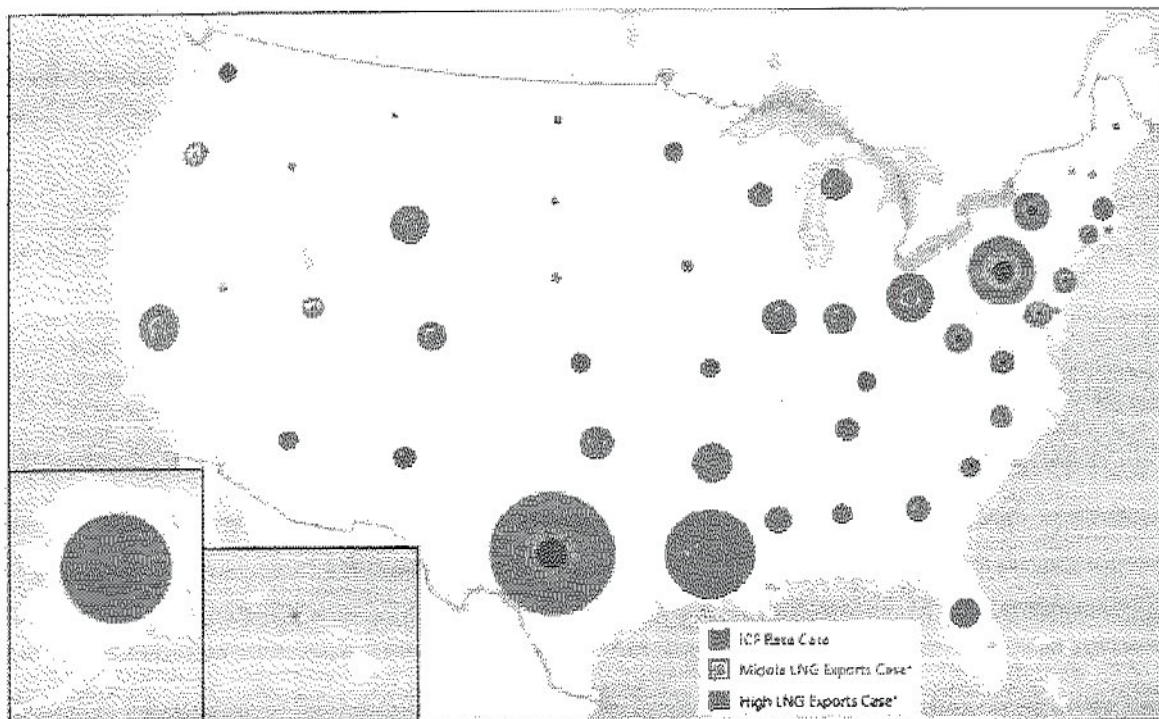


Figure 7: Map of 2035 Relative Income Impacts from LNG Exports (By State Income) (Source ICF)²³

In particular, states such as Texas (location of Texas LNG Project) with natural gas production, liquefaction plants, and petrochemical processing are expected to see significant employment gains with LNG exports.

Texas LNG Positive Impact on Public Interest

Employment Generation

Texas LNG estimates that at its peak, more than 300 onsite engineering and construction jobs will be created during the design and construction period for the Project. Furthermore, hundreds of offsite jobs will be created to support the design, fabrication and construction of these facilities. The ongoing management and operation of the Project is expected to create more than 150 new permanent positions. A large number of new American jobs will be

²² ICF International, "U.S. LNG Exports: State-Level Impacts on Energy Markets and the Economy", November 13, 2013.

²³ The circle sizes represent the relative income impact of each state for each LNG export case.

indirectly created by production of natural gas required to feed the Project and by the associated maritime operations resulting from the Project.

Negligible Impact on US Gas Supply

Given Texas LNG's proposed limited export capacity (approximately 2 MTA), there will be a minor impact on overall US natural gas supply.

Positive Potential Environmental Impact

In fact, Texas LNG will strive to source its gas from currently flared and vented supplies, thereby providing a positive environmental and economic benefit to the region.

Key Conclusions

The preponderance of the economic analyses of the impact exports of LNG from the U.S. show positive overall benefits in terms of jobs, investment and GDP growth. In addition, the impact on

U.S. domestic natural gas prices rises will be relatively small, thus allowing U.S. customers to maintain a strong competitive advantage over its trading partners.

In addition, Texas LNG's Project is expected to generate numerous benefits to the South Texas economy.

7. ENVIRONMENTAL IMPACT

Texas LNG's intended LNG exports will require the siting, construction, and operation of the potential Brownsville, Texas facility, subject to environmental review and authorization by FERC. Texas LNG will use a self-contained liquefaction barge unit which will minimize the environmental impact as opposed to the increased footprint of using land-based liquefaction facilities. In addition to the authorization from DOE/FE sought in this Application and the authorizations from FERC, Texas LNG will seek the necessary permits from and consultations with other federal, state, and local agencies as required.

Texas LNG respectfully requests that the DOE/FE issue a conditional order approving this Application, conditioned upon FERC's satisfactory completion of the environmental review as it has done in other LNG export applications.

As stated earlier, Texas LNG will strive to source its feed gas from currently flared and vented supplies, thereby providing a positive environmental and economic benefit to the region.

8. MINORITY OWNERSHIP CONSIDERATIONS

Texas LNG requests that the DOE/FE consider President Kennedy's Executive Order 10925 and President Nixon's Executive Order 11625 when considering this FTA application. Texas LNG is majority owned (60%) by Vivek Chandra, a US citizen of Asian Indian ethnicity, which qualifies Texas LNG as a minority owned business.

Ethnic minority representation in the oil and gas industries is limited. Previously a similar situation existed in the telecommunications industry. The Federal Communications Committee ("FCC") remedied this absence of minority representation by granting radio and TV licenses to minority owned businesses. According to the New York Times on 6/23/1994 with regards to *Metro Broadcasting v. FCC* - 497 U.S. 547 (1990), "In 1990, the United States Supreme Court upheld the F.C.C.'s policy of granting preferences to minority-owned businesses applying for radio and television broadcasting licenses. The court ruled that Congress had specifically instructed the agency to help groups that had suffered discrimination, and that the Government had a compelling state interest in promoting diversity."

Furthermore, President Nixon's Executive Order states "The opportunity for full participation in our free enterprise system by socially and economically disadvantaged persons is essential if we are to obtain social and economic justice for such persons and improve the functioning of our national economy." It goes on to mention: "One important way of improving our efforts is (d) to coordinate the participation of all Federal departments and agencies in an increased minority enterprise effort." Stated in "Sec. 3. Responsibilities of Other Federal Departments and Agencies ... (e) Each Federal department or agency shall, within constraints of law and appropriations therefore, continue all current efforts to foster and promote minority business enterprises".

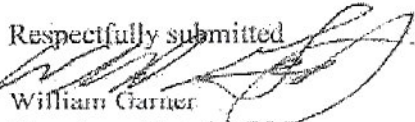
Texas LNG respectfully requests that the DOE/FE consider the above precedents in expediting approval of this application.

9. CONCLUSION

For the reasons set forth above, Texas LNG respectfully requests that the DOE issue an order granting Texas LNG authorization to export for a twenty-five (25) year period on its own behalf and as an agent for others, up to 2 MTA (million tonnes per annum) of LNG, which is equivalent to approximately 275 MMcf/d or 0.27 Bcf/d or approximately 100 Trillion Btu/year, to (1) any country with which the United States currently has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas; and (2) any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy.

Dated: December 31, 2013

Respectfully submitted



William Garner
Greenberg Traurig, LLP
1000 Louisiana Street
Suite 1700
Houston, TX 77002
Tel: +1 713 374 3500
Fax: +1 713 374 3505
garnerw@gtlaw.com

10. APPENDICES

The following appendices are included with this application:

Exhibit A: Port of Brownsville Location

Exhibit B: Texas LNG Site Plan with the Brownsville Navigation District

Exhibit C: Texas LNG Site Schematic

Exhibit D: Option on Lease Contract Navigation District of Brownsville

Exhibit E: Opinion of Counsel

Exhibit F: Verification

Exhibit A:
Port of Brownsville Location



Texas LNG
The closest US LNG export project to the
Panama Canal

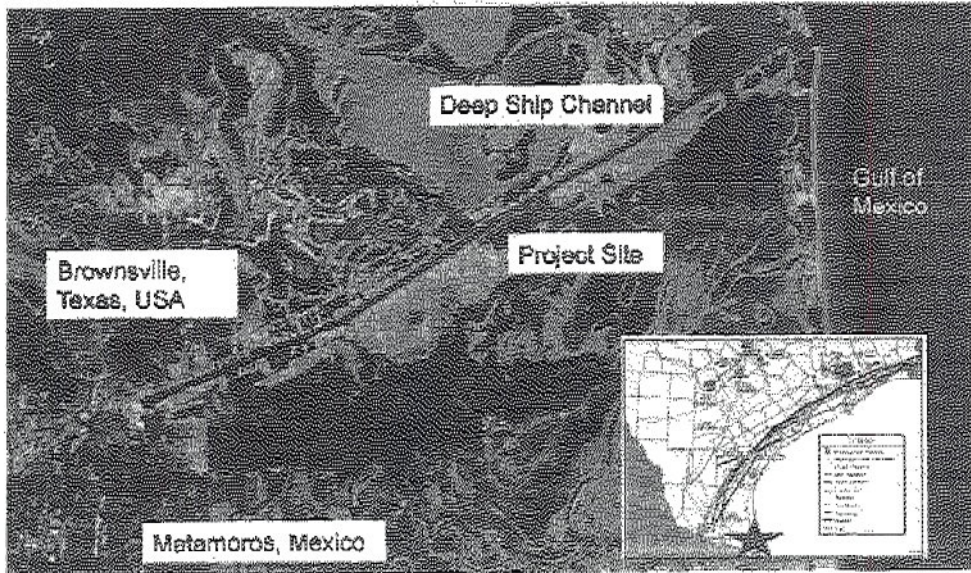


Exhibit B:
Texas LNG Site Plan with the Brownsville Navigation District

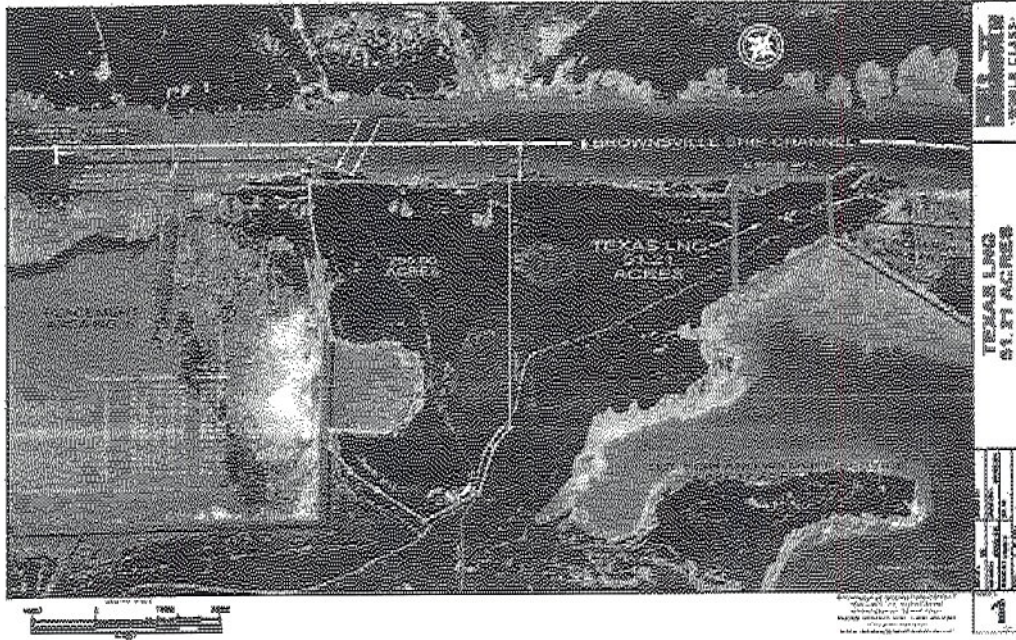


Exhibit C:
Texas LNG Site Plan Schematic

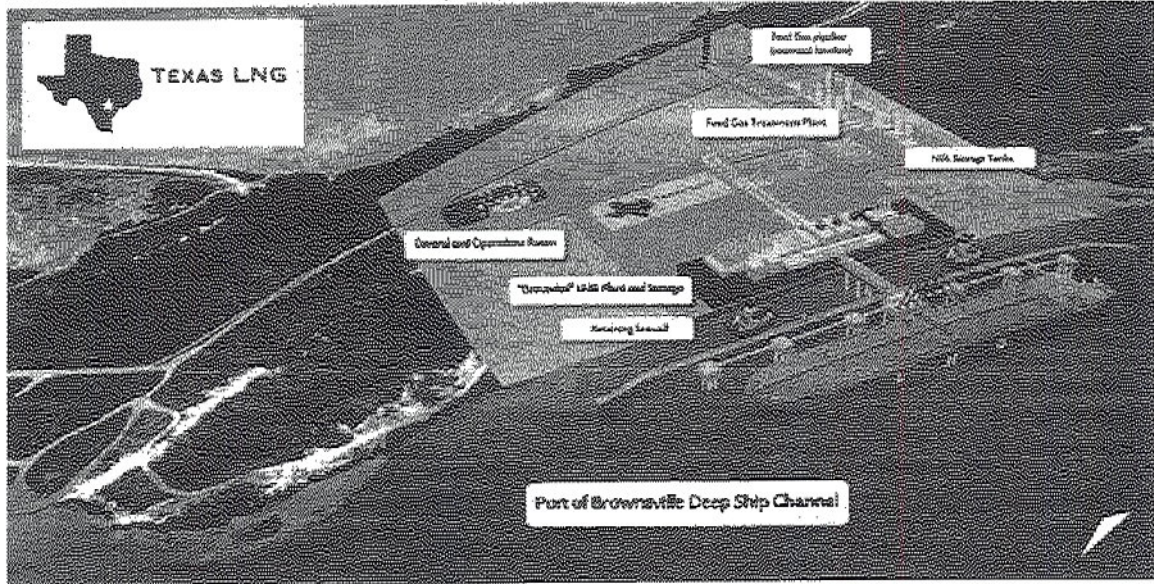


Exhibit D:
Option on Lease Contract Navigation District of Brownsville

BROWNSVILLE NAVIGATION DISTRICT
CONTRACT NO. 3983

OPTION TO LEASE

THIS OPTION TO LEASE ("Option Agreement") dated as of December 20, 2013 ("Effective Date"), is entered into between the Brownsville Navigation District of Cameron County, Texas, a political subdivision of the State of Texas ("Optionor") and Texas LNG, LLC ("Optionee"). Optionor and Optionee may be referred to herein, collectively as "Parties" and individually as a "Party".

RECITALS

- A. Optionor is the owner of real property situated in Cameron County, Texas, and more particularly described in the attached Exhibit A and incorporated herein by reference ("Premises").
- B. Optionee desires to acquire from Optionor the option to lease the Premises for the purpose of a modular constructed liquefied natural gas export facility, and Optionor desires to grant such option to Optionee on the terms and conditions set forth herein.

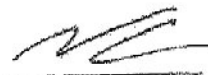
AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

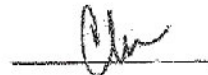
- 1. **OPTION TO LEASE.** Subject to the terms and conditions more particularly described in this Option Agreement, Optionor grants to Optionee the exclusive right and option to lease the Premises during the Term (the "Option").
- 2. **CONSIDERATION.** Optionee shall pay to Optionor as consideration for the Term of the Option an option fee equal to [REDACTED] ("Option Fee"), payable upon execution of this Option Agreement; provided, however, that within thirty (30) days after execution of this Option Agreement by all Parties, Optionee, in its sole discretion, may terminate this Option Agreement by written notice to Optionor. In the case of such termination, Optionee shall receive an immediate refund of the Option Fee less a cancellation fee of 10% of the Option Fee, which cancellation fee shall equal ten percent [REDACTED]. The Option Fee shall be payable at the following address: Brownsville Navigation District of Cameron County, Texas, 1000 Foust Road, Brownsville, Texas 78521.
- 3. **TERM.** The term of this Option Agreement shall be for a period of one year commencing on the Effective Date, unless earlier terminated as provided herein (the "Term"). Optionee shall have the option during the term of this Option Agreement, provided that it is then in full force and effect, of extending and renewing the term for two additional terms of one year each, upon the same terms and conditions, including the Option Fee, which shall be payable upon the first day of the applicable renewal term. The exercise of said renewal

OPTION AGREEMENT

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Initials of Optionee



Initials of Optionor

option shall be by written notice to Optionor on or before ninety days prior to the expiration of the primary or applicable renewal term.

- 4. **EARLY TERMINATION.** This Option Agreement may be terminated by Optionee, in its sole discretion, for any reason, during the Term, by giving thirty (30) days' prior written notice to Optionor. However, no such early termination shall entitle Optionee to a refund of any portion of any Option Fee previously paid.
- 5. **EXERCISE OF OPTION.** Optionee may exercise the Option by delivering to Optionor, at any time prior to the expiration of the Term, a written notice stating that Optionee exercises the Option. Optionee may exercise the Option only with respect to all of the Premises in their entirety.
- 6. **FORM OF LEASE.** In the event Optionee exercises the Option, the Parties shall enter into a lease for the Premises on Optionor's standard lease form, with commercially reasonable modifications appropriate to the development of a liquid natural gas import/export facility as agreed to by the Parties (the "Lease"), within six (6) months after the date of such exercise. The purpose of the Lease shall be for Optionee to operate a liquid natural gas import/export facility. The Parties agree to use good faith efforts to agree upon the form of the Lease on or before the expiration of the Initial Term. Notwithstanding anything else in the Agreement, Optionor shall have no obligation to execute a Lease with Optionee unless Optionee is able to provide satisfactory evidence that Optionee has secured the necessary financing and capital to construct the facility. The sufficiency of that evidence shall be determined by Optionor in its sole discretion.
- 7. **APPROVALS; ENCUMBRANCES.** Optionee shall have the right during the Term to apply for all permits and approvals from governmental authorities and public utility companies necessary or desirable for Tenant's intended development, construction, use and operation of the Premises. Optionor agrees to reasonably cooperate with Optionee in regard to all such applications. Optionor further agrees to consent to, and to promptly execute when required as owner of the Premises, such plans, applications, and other requests for governmental approval, and amendments thereto, which may be prepared by or at the direction of the Optionee, incident to the planning, permitting and development of the Premises. The timeline for the planning and development of Optionee's project and use of the Premises is attached hereto as Exhibit B and is incorporated by reference. Optionee may only exercise its renewal option(s) as described in Section 3 of this Option Agreement if Optionee adheres to the timeline for the planning and development of its project and use of the Premises as described in Exhibit B, to Optionor's satisfaction.

From the Effective Date until the date of expiration or earlier termination of this Option Agreement, Optionor shall not cause or permit any mortgage, deed of trust, lien, encumbrance, covenant, condition, restriction, assessment, easement, right-of-way, obligation, encroachment or liability whatsoever to be placed of record or to affect the leasehold interest to be given Optionee pursuant to this Option Agreement or to otherwise



Initials of Optionee



Initials of Optionor

exist, without Optionee's prior written consent, which Optionee may withhold in its sole and absolute discretion.

1. NOTICES. All notices, demands, requests and exercises under this Option Agreement by either Party shall be in writing and shall be deemed to have been given by such Party to the other Party or Parties (a) on the date of personal delivery, (b) on the date delivered by a nationally recognized overnight courier service, or (c) three (3) Business Days after being placed in the United States Mail, registered or certified, postage prepaid, addressed to the other Party as follows:

To Optionor: Brownsville Navigation District
1000 Foust Road
Brownsville Texas 78521
Attn: Port Director/Chief Executive Officer
Phone: (956) 831-4592
brosenbaum@portofbrownsville.com

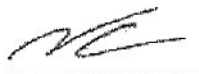
With Copy to: The Rentfro Law Firm, PLLC
Post Office Box 6355
(2200 Boca Chica Boulevard, Suite 120)
Brownsville, Texas 78523
Attn: Daniel L. Rentfro Jr.
Phone: (955) 542-4329
drentfro@rentfrolawfirm.net
bill@rentfrolawfirm.net

To Optionee: Texas LNG, LLC
Attention: Vivek Chandra

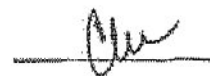
vchandra@txlng.com

The addresses above may be changed by written notice to the other Party delivered pursuant to this Section; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

2. ASSIGNMENT. Optionee shall not assign this Option Agreement or any of Optionee's rights without first obtaining the prior written consent of Optionor, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Optionee may, without the prior written consent of Optionor, assign this Option Agreement (a) to an Affiliate of Optionee, (b) in connection with the merger or consolidation of Optionee with another entity, or (c) in connection with the sale, pledge or other transfer of less than fifty percent (50%) of the ownership interests of Optionee. However, in the event Optionee assigns this Option Agreement as provided herein, Optionee agrees to provide



Initials of Optionee



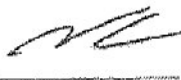
Initials of Optionor

written notice to Optionor of the assignment and the identity of the assignee within three (3) days of said assignment.

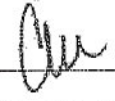
- 10. **LITIGATION COSTS.** In any legal action brought by either party to enforce the terms of this Option Agreement, the Prevailing Party shall receive reasonable attorney fees and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled. "Prevailing Party" shall mean the party determined to be the prevailing party by a court of law.
- 11. **BROKERS.** Each Party represents and warrants that it has not dealt with any other real estate broker or agent in connection with this Option Agreement. Each Party shall indemnify the other and hold it harmless from any cost, expense, or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by any other real estate broker or agent in connection with this Option Agreement or its negotiation by reason of any act or statement of the indemnifying party.
- 12. **SUCCESSORS.** This Option Agreement and the covenants and conditions herein contained shall bind and inure to the benefit of the respective heirs, personal representatives, executors, successors, and assigns of each Party.
- 13. **WAIVERS.** No waiver of any breach of a provision in this Option Agreement shall be deemed a waiver of any other provision. No waiver shall be valid unless in writing and executed by the waiving Party.
- 14. **FURTHER ASSURANCES.** Whenever requested to do so by a Party, the other Party shall execute, acknowledge, and deliver any such other instruments as reasonably necessary in order to carry out the intent and purpose of this Option Agreement.
- 15. **NO THIRD-PARTY RIGHTS.** Nothing in this Option Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies under or by reason of this Option Agreement.
- 16. **INTEGRATION.** This Option Agreement contains the entire agreement between the Parties respecting the matter set forth, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the Parties respecting these matters.
- 17. **COUNTERPARTS.** This Option Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the parties hereto.

OPTION AGREEMENT

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Initials of Optionee



Initials of Optionor

18. AMENDMENT. This Option Agreement may not be amended or altered except by an instrument in writing executed by the Parties.

19. PARTIAL INVALIDITY. Any provision of this Option Agreement that is held to be invalid, unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforcement of this Option Agreement shall be of no further force or effect, but all the remaining provisions of this Option Agreement shall remain in full effect and this Option Agreement shall be construed as if such invalid, unenforceable or illegal provisions had not been contained herein.

20. AUTHORITY OF PARTIES. Each Party represents and warrants that (a) it has full power, capacity, authority and legal right to execute and deliver this Option Agreement and to perform all of its obligations hereunder and (b) this Option Agreement is a legal, valid and binding obligation of each Party, enforceable in accordance with its terms. Each person executing this Option Agreement on behalf of a Party represents and warrants that he or she has the full right and authority to execute this Option Agreement on behalf of that Party.

21. GOVERNING LAW. This Option Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to choice of law principles. Exclusive venue over any action concerning this Option Agreement shall lie in Cameron County, Texas.

22. DEFINITIONS. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth:

"Affiliate" shall mean with respect to a specified Person, any other Person who or which is (i) directly or indirectly Controlling, Controlled by or under Common Control with the specified Person, or (ii) any member, stockholder, director, officer, manager, or comparable principal of, or relative or spouse of, the specified Person.

"Business Day" shall mean any day other than a Saturday, Sunday, or legal holiday on which national banks are authorized by federal law to close.

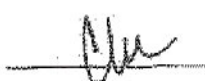
"Control" (including the correlative meanings of the terms "Controlling," "Controlled by" and "under Common Control with") as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Person" shall mean an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization and any other entity.

23. RECORDATION. Optionor and Optionee shall within (5) days of the execution of this Option Agreement, execute and acknowledge a memorandum of lease option in the form attached hereto as Exhibit C (the "Memorandum of Option") which may, at Optionee's sole option, be recorded in the Real Property Records of Cameron County, Texas. Nothing



Initials of Optionee




Initials of Optionor

in such Memorandum of Option shall modify or amend any provision of this Option Agreement. Upon the termination of this Option Agreement and at the request of either Party hereto, Optionor and Optionee shall enter into and record a memorandum evidencing such termination in a form reasonably satisfactory to each of the Parties.

IN WITNESS WHEREOF, the parties have executed this Option Agreement as of the day and year first written above.


OPTIONOR:

Brownsville Navigation District
Of Cameron County, Texas

By: 
Sergio Tito Lopez, Chairman
Carlos R. Masso, Acting

OPTIONEE:

Texas LNG, LLC, a Delaware Limited Liability
Company

By: 
Name: VIVEK CHANDRA
Its: CEO.

OPTION AGREEMENT

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Initials of Optionee



Initials of Optionor

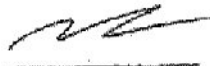
EXHIBIT A

(LEGAL DESCRIPTION OF PROPERTY)

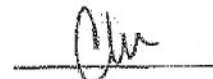
Map of Property is enclosed with metes and bounds to follow...

OPTION AGREEMENT

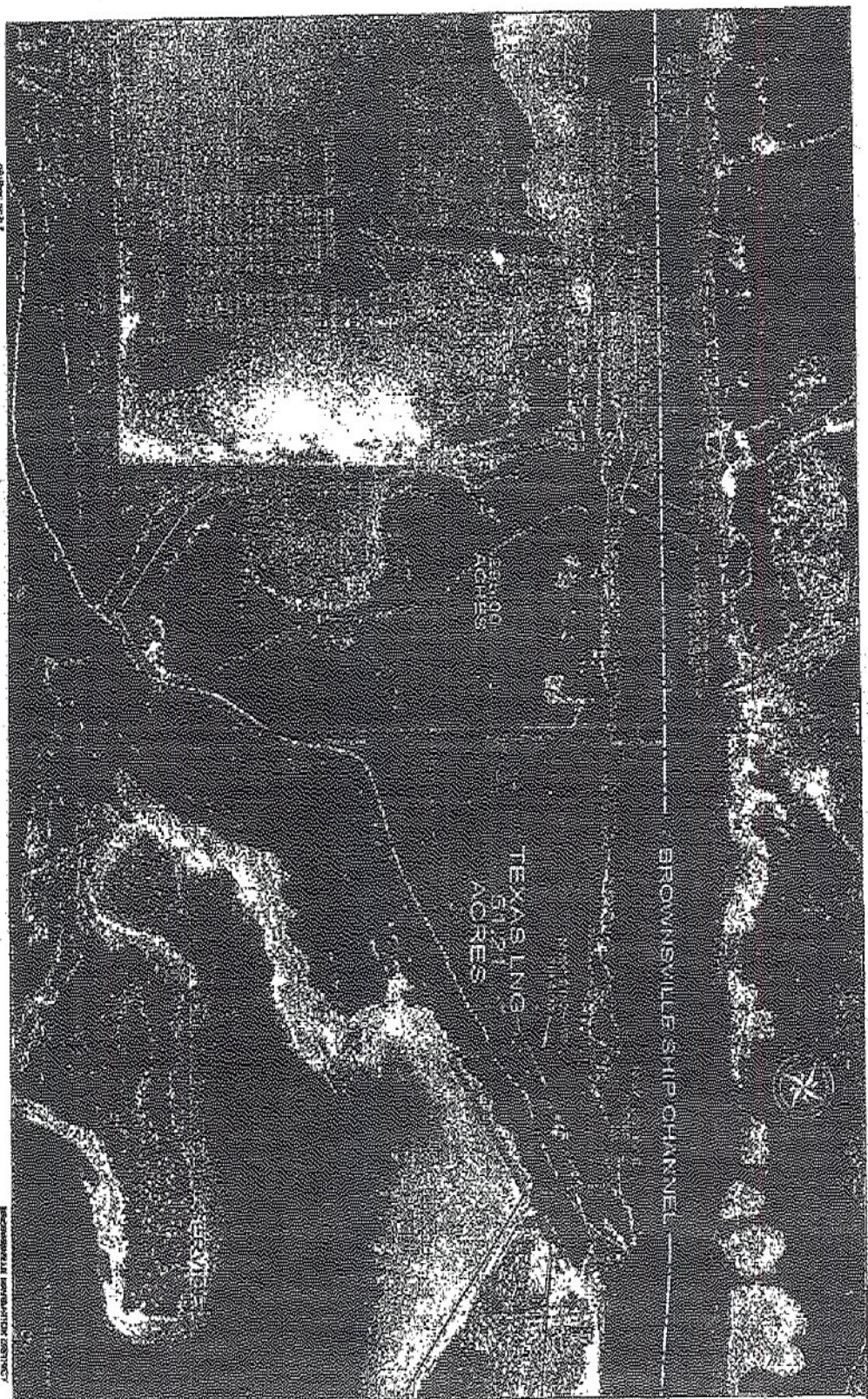
Page 7



Initials of Optionee



Initials of Optionor



THIS MAP IS THE PROPERTY OF THE TEXAS A&M UNIVERSITY SYSTEM. IT IS TO BE USED ONLY FOR THE PURPOSES FOR WHICH IT WAS PREPARED AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.

PROJECT NO.	10000
DATE	10/01/13
SCALE	1" = 1000'
BY	J. A. MOORE
CHECKED BY	J. A. MOORE
APPROVED BY	J. A. MOORE

TEXAS LNG
51.21 ACRES

PORT BROWNSVILLE
'WORLD CLASS'

EXHIBIT B

Texas LNG, LLC's Timeline for Planning and Development of Project and Use of Premises

On or before December 20, 2014, Texas LNG, LLC will have achieved the following:

1. Application for and grant of liquefied natural gas (LNG) permits to free trade agreement (FTA) countries by the US Department of Energy (DOE).
2. Conceptual design and commencement of Pre-FEED (Front End Engineering Design) work for the liquefaction process units and loading facilities.
3. Identification of potential buyers of LNG and feed gas providers.

In the event Texas LNG, LLC exercises its first renewal option, Texas LNG, LLC shall achieve the following on or before December 20, 2015:


1. Make substantial progress toward meeting Federal Energy Commission (FERC) Pre-Filing requirements including any necessary submission.
2. File FERC NEPA intent to prepare project Environmental Impact Statement (EIS).
3. File EIS with FERC.

OPTION AGREEMENT

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Initials of Optionee



Initials of Optionor

**EXHIBIT C
MEMORANDUM OF OPTION TO LEASE**

**THE STATE OF TEXAS §
 §
COUNTY OF CAMERON §** **KNOW ALL MEN BY THESE PRESENTS:**

This MEMORANDUM OF OPTION TO LEASE (this "Memorandum of Option") is made and entered into effective as of the 20th day of December, 2013 by and between the **BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS**, a navigation district organized, created and existing under and by virtue of the laws of the State of Texas, with its domicile in Brownsville, Cameron County, Texas, ("Optionor") and the **TEXAS LNG, LLC** ("Optionee").

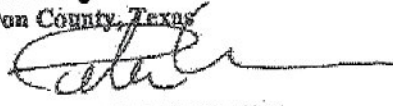
Optionor and Optionee are parties to the Option to Lease dated as December 20, 2013 (said Option to Lease, as heretofore amended, the "Option Agreement"), covering certain real property situated in Cameron County, Texas, and more particularly described on Exhibit "A" attached hereto and incorporated for all purposes (the "Property"). Pursuant to the terms of the Option Agreement, Optionor granted to Optionee an option to lease the Property, as more particularly described in the Option Agreement. The Option Agreement shall expire on December 20, 2014, unless earlier terminated or extended pursuant to the terms therein.

NOW, THEREFORE, the parties hereto have entered into this Memorandum of Option to acknowledge and place as a matter of public record the aforementioned Option Agreement. Nothing in this Memorandum of Option shall alter or amend any of the terms of the Option Agreement.

EXECUTED effective as of the date first above written.

OPTIONOR:

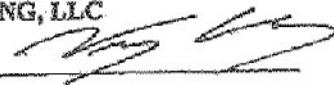
**Brownsville Navigation District
Of Cameron County, Texas**

By: 

**Sergio Fito Lopez, Chairman
Carlos R. Masso, Acting**

OPTIONEE:

Texas LNG, LLC

By: 

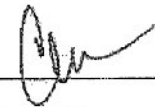
Name: **VIVEK CHANDRA**

Its: **CEO**

OPTION AGREEMENT



Initials of Optionee



Initials of Optionor

EXHIBIT "A"
METES AND BOUNDS DESCRIPTION
51.21 ACRE TRACT

December 19, 2013

BEING 51.21 ACRES of land, comprised of a portion of the Gatewood Newberry Patent, Tract 318, Abstract 269, G.L.O. File S.F. 12924, Share 2, and 3, in San Martin Grant, Abstract 6, and a portion of Patent No. 68, Abstract 264, Survey 665 from the State of Texas to Brownsville Navigation District in Cameron County, Texas, said 51.21 Acre tract being more fully described as follows:

COMMENCING at U.S.E.D Station 60+108.89 on the centerline of the Brownsville Ship Channel having coordinate values: X=2,387,981.48 and Y=116,257.99; thence South 32 deg. 21 min. 25 sec. East, 250.01 feet to a point on the South Right-of-Way line of the Brownsville Ship Channel's perpetual Right-of-Way Easement; thence along the South Right-of-way line of the Brownsville Ship Channel, North 57 deg. 38 min. 35 sec. East, 16,452.94 feet; thence along the East boundary line of the Disposal Area No. 5 2,198.93 Acres, South, 32 deg. 20 min. 02 sec. East, 350.00 feet to a point for the Northwest corner of a certain 295.00 Acre Tract; thence along a line parallel to and 600.0 feet from the centerline of the Brownsville Ship Channel, North 57 deg. 38 min. 35 sec. East, at 3,161.95 a point for the Northeast corner of said 295.00 Acre Tract, a total distance of 6,776.31 feet for the Northwest corner and **PLACE OF BEGINNING** of this tract;

THENCE continuing along said line parallel to and 600.0 feet from the centerline of the Brownsville Ship Channel, North 57 deg. 38 min. 35 sec. East, 1,500.00 feet to a point for the Northeast corner of this tract;

THENCE leaving the South Right-of-way line of line of the Brownsville Ship Channel, South 35 deg. 49 min. 16 sec. East, at 721.36 feet a point at the Northwest corner of Placement Area No. 4B, a total distance of 1,014.33 feet to a point at the Southwest corner of the Placement Area No. 4B, for the Southeast corner of this tract;

THENCE South 28 deg. 26 min. 42 sec. West, 1,788.54 feet to a point for the Southwest corner of this tract;

THENCE North 32 deg. 21 min. 25 sec. West, 1,884.98 feet to the **PLACE OF BEGINNING**, containing 51.21 Acres of land, more or less.

This description must be verified by a field survey.

SURVEYOR'S NOTE: All bearings and distances are based on the Centerline of the Brownsville Ship Channel, Meridian (N 69 deg. 14 min. E) indicated per South Right-of-Way line of State Highway No. 48 (FM 1792) Texas Highway Department of Transportation Right-of-Way map.

Exhibit F:
Opinion of Counsel



William Garner
Tel 713.374.3549
Fax 713-754-6648
garnerw@gtlaw.com

December 31, 2013

Mr. John Anderson
Office of Fossil Energy (FE-34)
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**RE: Texas LNG, LLC, Docket No. 13-____-LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas**

Dear Mr. Anderson

This opinion of counsel is provided in accordance with the requirements of Section 590.202(c) of the US Department of Energy's regulations, 10 CFR 590.202(c) (2012). I have examined the organizational and governance documents of Texas LNG LC, a Delaware limited liability company ("Texas LNG"), and other documents and authorities as necessary for purposes of this opinion. On the basis of the foregoing, it is my opinion that the proposed long-term, multi-contract export of liquefied natural gas by Texas LNG, as described in the above-referenced application, is within the limited liability company powers of Texas LNG.

Respectfully submitted

William S. Garner, Jr.

GREENBERG TRAUERIG, LLP ■ ATTORNEYS AT LAW ■ WWW.GTLAW.COM
1000 Louisiana, Suite 1700 ■ Houston, Texas 77002 ■ Tel 713.374.3500 ■ Fax 713.374.3505
HOU 407850701v2

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- MIAMI
- MILAN
- NEW JERSEY
- NEW YORK
- ORANGE COUNTY
- ORLANDO
- PALM BEACH COUNTY
- PHILADELPHIA
- PHOENIX
- ROME
- SACRAMENTO
- SAN FRANCISCO
- SEOUL

Exhibit F:
Verification

Commonwealth of Australia
State of Victoria
City of Melbourne
Consulate General of the United
States of America

} S.S.

Exhibit F: Verification

I, Vivek Chandra, being sworn, do hereby affirm that I am a duly authorized representative of Texas LNG LLC and that I am familiar with the contents of this application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.


Vivek Chandra

(Notarized by Consulate General of United States, Melbourne, Australia)


Kala Carruthers Azar
Vice Consul

Commission does not expire