



Department of Energy
Washington, DC 20585

October 27, 2017

BY EMAIL

David L. Wochner
Counsel for Magnolia LNG, LLC
K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

RE: Description of Equity Commitment
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 20, 2017, on behalf of Magnolia LNG, LLC (Magnolia LNG).¹ In the letter, you provide information regarding Magnolia LNG's parent company, Magnolia LNG Holding LLC (Magnolia Holding), 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 Magnolia Holding. On July 3, 2017, Magnolia Holding and Stonepeak Partners LP (Stonepeak) announced an amended and restated equity commitment agreement (ECA) that replaced the pre-existing ECA dated October 22, 2013. Magnolia Holding and Stonepeak also updated the form of a related Magnolia Holding LLC Agreement (LLC Agreement) attached to the ECA.³ You state that the ECA and LLC Agreement contemplate that, upon financial close, Stonepeak will acquire mandatorily redeemable preferred interests in Magnolia Holding. You note that this preferred interest has no conversion features; that Magnolia LNG's and Magnolia Holding's common interest remains in their ultimate parent company (Liquefied Natural Gas Limited); and that neither the ECA nor the form of LLC Agreement shift operational authority or voting rights to Stonepeak or to any other

¹ Letter from David L. Wochner, Counsel for Magnolia LNG, LLC, to John A. Anderson, DOE/FE, FE Docket Nos. 12-183-LNG, 13-131-LNG, 13-132-LNG (July 20, 2017) [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.

entity.⁴ In sum, you assert that the ECA does not affect the equity ownership of Magnolia LNG and, consequently, does not amount to a change in control of Magnolia LNG.

Upon review of the information set forth in your letter, DOE/FE agrees that the ECA between Magnolia Holding and Stonepeak does not constitute a change in control of Magnolia LNG.⁵ No further action is required.

Sincerely,



Digitally signed by John A.
Anderson

Date: 2017.10.27 10:10:16 -04'00'

John A. Anderson
Director, Office of Regulation and International Engagement
Office of Oil and Natural Gas
Office of Fossil Energy

⁴ See *id.* at 2-3.

⁵ 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).