



Department of Energy  
Washington, DC 20585

April 18, 2023

***Via Email***

Brett A. Snyder  
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**RE: Notice of Change in Control**  
Port Arthur LNG, LLC  
Docket Nos. 15-53-LNG, 15-96-LNG, and 18-162-LNG

Dear Mr. Snyder:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy and Carbon Management (FECM),<sup>1</sup> to the Statement of Change in Control filed on behalf of your client, Port Arthur LNG, LLC (PALNG), on December 21, 2022,<sup>2</sup> and updated with a Notice of Transaction filed on March 24, 2023.<sup>3</sup> PALNG provides notice of a change in its upstream ownership, in light of DOE's Change in Control Procedures.<sup>4</sup>

**I. BACKGROUND**

PALNG is authorized to export domestically produced liquefied natural gas (LNG) by vessel from the proposed Port Arthur LNG Project, to be located in Port Arthur, Texas, under the following orders issued by DOE under section 3 of the Natural Gas Act (NGA):<sup>5</sup>

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<sup>1</sup> The Office of Fossil Energy (FE) changed its name to the Office of Fossil Energy and Carbon Management on July 4, 2021.

<sup>2</sup> Port Arthur LNG, LLC, Statement of Change in Control, Docket Nos. 15-53-LNG, *et al.* (Dec. 21, 2022), <https://www.energy.gov/sites/default/files/2022-12/PALNG%20-%20Statement%20of%20Change%20in%20Control%2012.21.2022.pdf> [hereinafter Statement of Change in Control].

<sup>3</sup> Port Arthur LNG, LLC, Notice of Transaction, Docket Nos. 15-53-LNG, *et al.* (Mar. 24, 2023) [hereinafter Notice of Transaction], <https://www.energy.gov/sites/default/files/2023-03/COP%20CIC%20notice%20of%20transaction.pdf>.

<sup>4</sup> 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 (Nov. 5, 2014) [hereinafter DOE Change in Control Procedures].

<sup>5</sup> 15 U.S.C. § 717b.

- (i) DOE/FE Order No. 3698, as amended by Order Nos. 3698-A and 3698-B,<sup>6</sup> authorizing exports in a volume equivalent to 698 billion cubic feet per year (Bcf/yr) of natural gas for a term extending through December 31, 2050, to any country with which the United States has entered into, or in the future will have entered into, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries), pursuant to NGA section 3(c);<sup>7</sup> and
- (ii) DOE/FE Order No. 4372, as amended by Order No. 4372-A,<sup>8</sup> authorizing exports in a volume equivalent to 698 Bcf/yr of natural gas through December 31, 2050, to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries), pursuant to NGA section 3(a).<sup>9</sup>

Under these authorizations, the FTA and non-FTA volumes are not additive.

## II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP

In the Statement of Change in Control, PALNG described a change in its upstream ownership. PALNG stated that, on November 22, 2022, Sempra PALNG Holdings, LLC (Sempra PALNG Member) (a wholly-owned subsidiary of Sempra Infrastructure Partners, LP (SI Partners) and the indirect upstream owner of PALNG) and ConocoPhillips Port Arthur LNG LLC (COP-PALNG Member) (a wholly-owned subsidiary of ConocoPhillips Company (COP)) entered into an equity purchase and sale agreement (Transaction). PALNG further stated that, through this Transaction, COP-PALNG Member will purchase from Sempra PALNG Member a non-controlling 30% interest in the equity of Port Arthur Liquefaction Holdings, LLC, which directly holds 100 percent of the equity interest in PALNG.<sup>10</sup>

According to PALNG, following consummation of the Transaction, SI Partners will continue to maintain control of PALNG as the indirect 70% majority owner, with COP having certain minority protections as the indirect 30% minority owner.<sup>11</sup> PALNG stated that the Transaction “is anticipated to close in the first quarter of 2023.”<sup>12</sup>

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<sup>6</sup> *Port Arthur LNG, LLC*, DOE/FE Order No. 3698, Docket No. 15-53-LNG, Order Amending Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Proposed Port Arthur LNG Project in Port Arthur, Texas, to Free Trade Agreement Nations (Aug. 20, 2015), *amended by* DOE/FE Order No. 3698-A (Nov. 20, 2018) (increasing export volume and amending start date of FTA export term), *further amended by* DOE/FE Order No. 3698-B (Oct. 28, 2020) (extending export term). Although Order No. 3698 was issued in Docket No. 15-53-LNG, the amendment to Order No. 3698 was docketed in both Docket Nos. 15-53-LNG and 18-162-LNG.

<sup>7</sup> 15 U.S.C. § 717b(c). The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

<sup>8</sup> *Port Arthur LNG, LLC*, DOE/FE Order No. 4372, Docket No. 15-96-LNG, Opinion and Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations (May 2, 2019), *amended by* DOE/FE Order No. 4372-A (Oct. 28, 2020) (extending export term).

<sup>9</sup> 15 U.S.C. § 717b(a).

<sup>10</sup> Statement of Change in Control at 1.

<sup>11</sup> *See id.* at 2. In the Statement of Change in Control, PALNG provided charts illustrating its ownership structure before and after the Transaction as Exhibit A and B, respectively.

<sup>12</sup> *Id.*

Subsequently, in the Notice of Transaction, PALNG informed DOE that the Transaction was completed on March 20, 2023.<sup>13</sup>

### III. DISCUSSION AND CONCLUSIONS

DOE construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.<sup>14</sup> A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity.<sup>15</sup>

PALNG acknowledges, and we agree, that COP-PALNG Member's acquisition of an indirect 30% ownership interest in PALNG represents a change in control.<sup>16</sup> SI Partners "continue[s] to maintain control of PALNG as the indirect 70% majority owner."<sup>17</sup>

#### A. FTA Export Authorization

DOE's Change in Control Procedures provide that, upon receipt of a statement of change in control relating to existing FTA export authorizations, DOE will give immediate effect to the change in control and will take no further action.<sup>18</sup> Accordingly, the change in control described above has taken effect insofar as it relates to PALNG's FTA authorization in DOE/FE Order No. 3698, as amended.

#### B. Non-FTA Export Authorization

DOE's Change in Control Procedures state that, with respect to existing non-FTA authorizations, DOE will give effect to the change in control and will publish a notice of the change in the *Federal Register*.<sup>19</sup> If no interested person protests the change in control and DOE takes no action on its own motion, the amendment to the existing non-FTA authorization will be deemed granted 30 days after publication in the *Federal Register*.<sup>20</sup>

Consistent with these procedures, DOE published a notice of PALNG's change in control in the *Federal Register* on January 27, 2023 (Notice).<sup>21</sup> DOE invited protests, motions to intervene, and written comments to be filed no later than February 13, 2023.<sup>22</sup> DOE received no filings in response to the Notice. Because more than 30 days have passed since the Notice was published

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<sup>13</sup> Notice of Transaction at 1.

<sup>14</sup> See DOE Change in Control Procedures, 79 Fed. Reg. at 65,542.

<sup>15</sup> *Id.*

<sup>16</sup> See Statement of Change in Control at 4.

<sup>17</sup> *Id.* at 2.

<sup>18</sup> DOE Change in Control Procedures, 79 Fed. Reg. at 65,542.

<sup>19</sup> See *id.*

<sup>20</sup> *Id.*

<sup>21</sup> U.S. Dep't of Energy, Change in Control; Port Arthur LNG, LLC, 88 Fed. Reg. 5325 (Jan. 27, 2023).

<sup>22</sup> *Id.*

in the *Federal Register*, the change in control with respect to PALNG's non-FTA authorization, DOE/FE Order No. 4372, as amended, is deemed granted. No further action is required.

Sincerely,

Amy R. Sweeney  
Director, Office of Regulation, Analysis, and Engagement  
Office of Resource Sustainability