

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT

DRIFTWOOD LNG LLC

DOCKET NO. 16-144-LNG

ORDER APPROVING CHANGE IN CONTROL

DOE/FECM ORDER NO. 5173

SEPTEMBER 26, 2024

I. INTRODUCTION AND BACKGROUND

On August 16, 2024, Driftwood LNG LLC (Driftwood LNG) submitted a Statement of Change in Control (Statement)¹ to the Office of Fossil Energy and Carbon Management (FECM)² of the Department of Energy (DOE). In the Statement, Driftwood LNG provides notice of an anticipated change in its upstream ownership, in light of DOE's Change in Control Procedures.³

Driftwood LNG is authorized to export domestically produced liquefied natural gas (LNG) in a total volume equivalent to 1,415.3 billion cubic feet per year (Bcf/yr) of natural gas from the proposed Driftwood LNG Terminal to be located in Calcasieu Parish, Louisiana, under the following orders issued by DOE:

- (i) DOE/FE Order No. 3968, as amended,⁴ authorizing exports to any country with which the United States currently has, or in the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries) for a 30-year term, pursuant to section 3(c) of the Natural Gas Act (NGA);⁵ and
- (ii) DOE/FE Order No. 4373, as amended,⁶ authorizing exports to any other country with which trade is not prohibited by U.S. law or policy (non-FTA

¹ See Driftwood LNG LLC, Statement of Change in Control, Docket No. 16-144-LNG (Aug. 16, 2024), <https://www.energy.gov/sites/default/files/2024-08/Driftwood%20CIC%20%28Dated%208-16-24%29.pdf> [hereinafter Statement].

² The Office of Fossil Energy changed its name to the Office of Fossil Energy and Carbon Management on July 4, 2021.

³ 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].

⁴ *Driftwood LNG LLC*, DOE/FE Order No. 3968, Docket No. 16-144-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Driftwood LNG Facility in Calcasieu Parish, Louisiana to Free Trade Agreement Nations (Feb. 28, 2017), *amended by* DOE/FE Order No. 3968-A (Dec. 6, 2018) (decreasing export volume).

⁵ 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.

⁶ *Driftwood LNG LLC*, DOE/FE Order No. 4373, Docket No. 16-144-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. 4373-A (Dec. 10, 2020) (extending export term).

countries) for a term extending through December 31, 2050, pursuant to NGA section 3(a).⁷

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

Consistent with DOE’s Change in Control Procedures, DOE published a notice of Driftwood LNG’s Statement in the *Federal Register* on September 10, 2024 (Notice).⁸ DOE invited protests, motions to intervene, and written comments to be filed no later than September 25, 2024.⁹ In response, DOE received a timely filed “Motion to Intervene” by Public Citizen, Inc. (Public Citizen).¹⁰ In the motion, Public Citizen acknowledges Driftwood LNG’s Statement but takes no position on the Proposed Transaction.¹¹ DOE received no other filings in response to the Notice.

As of the date of this Order, Public Citizen’s motion to intervene is uncontested. Therefore, DOE grants Public Citizen’s motion to intervene in this change in control proceeding.¹²

As discussed below, DOE finds that Driftwood LNG’s proposed change in control has not been demonstrated to render its non-FTA authorization inconsistent with the public interest. DOE’s action for Driftwood LNG’s FTA authorization is also set forth below.

II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP

Driftwood LNG is currently an indirect, wholly-owned subsidiary of Tellurian Inc. (Tellurian), a Delaware corporation.¹³ Driftwood LNG states that, on July 21, 2024, Tellurian

⁷ 15 U.S.C. § 717b(a).

⁸ U.S. Dep’t of Energy, Change in Control; Driftwood LNG LLC, 89 Fed. Reg. 73,398 (Sept. 10, 2024) [hereinafter Notice].

⁹ See *id.*

¹⁰ Public Citizen, Inc., Motion to Intervene, Docket No. 16-144-LNG (Sept. 24, 2024) [hereinafter Public Citizen Mot.].

¹¹ See *id.* at 1 (stating that “[Driftwood LNG] filed a subsequent change in control notice with the U.S. Department of Energy.”).

¹² See 10 C.F.R. § 590.303.

¹³ Statement at 3.

announced that it had entered into a definitive agreement with subsidiaries of Woodside Energy Group Ltd (Woodside), an Australian Company, pursuant to which a Woodside subsidiary will acquire all the outstanding shares of Tellurian (Proposed Transaction).¹⁴ Driftwood LNG states that, upon satisfaction of certain conditions precedent and completion of the Proposed Transaction, Tellurian will be a direct wholly-owned subsidiary of Woodside Energy Holdings (NA) LLC, a Delaware limited liability company with its principal place of business in Houston, Texas, and an indirect wholly-owned subsidiary of Woodside.¹⁵ In Exhibit A to the Statement, Driftwood LNG provides organizational charts illustrating the change in ownership structure before and after the Proposed Transaction, including details about Tellurian’s upstream ownership and equity.

Driftwood LNG states that the Proposed Transaction is anticipated to close in the fourth quarter of 2024, and asks DOE to issue a response “indicating that the Statement of Change in Control is effective upon close of the Proposed Transaction.”¹⁶ Driftwood LNG adds that, after the Proposed Transaction is consummated, Driftwood LNG will continue to hold the DOE authorizations referenced above and will continue to be responsible for operations and maintenance at the Terminal, contracting for such services with an affiliate of Woodside.¹⁷ Driftwood LNG thus asserts that “the Proposed Transaction and resulting changes in upstream ownership will have no effect on the grounds underlying the public interest determination previously made by DOE/FECM in issuing the Non-FTA Authorization.”¹⁸

¹⁴ *See id.* The described change in control 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 can be obtained at: <https://home.treasury.gov/policy-issues/international/the-committee-on-foreigninvestment-in-the-united-states-cfius>.

¹⁵ Statement at 3.

¹⁶ *Id.* at 4.

¹⁷ *Id.* at 3, 5-6.

¹⁸ *Id.* at 6.

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.¹⁹ 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.²⁰

Driftwood LNG states that, under the terms and conditions of the Proposed Transaction, “a Woodside subsidiary will acquire all the outstanding shares of Tellurian.”²¹ Driftwood LNG acknowledges, and we find, that this Proposed Transaction constitutes a change in control.²²

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.²³ As requested by Driftwood LNG, the change in control described above will take effect upon the close of the Proposed Transaction insofar as it relates to Driftwood LNG’s FTA authorization (Order No. 3968, as amended).

¹⁹ See DOE Change in Control Procedures, 79 Fed. Reg. at 65,542.

²⁰ See *id.*

²¹ Statement at 3; see also *id.* at Exhibit A.

²² See DOE Change in Control Procedures, 79 Fed. Reg. at 65,542.

²³ See *id.*

B. Non-FTA Export Authorization

DOE's Change in Control Procedures state that, with respect to existing non-FTA export authorizations issued under NGA section 3(a), DOE will give effect to the change in control and will publish a notice of the change in the *Federal Register*.²⁴ 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(s) will be deemed granted 30 days after publication in the *Federal Register*.²⁵

In light of Driftwood LNG's request,²⁶ and because no protests were filed in response to the Notice,²⁷ DOE grants the change in control described above with respect to Driftwood LNG's non-FTA authorization (Order No. 4373, as amended), effective upon the close of the Proposed Transaction.

ORDER

Pursuant to NGA section 3, DOE's regulations at 10 C.F.R. Part 590, and DOE's Change in Control Procedures, it is ordered that:

- A. The motion to intervene submitted by Public Citizen is granted.
- B. The change in control is effective upon the close of the Proposed Transaction.

Issued in Washington, D.C., on September 26, 2024.

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

²⁴ *Id.*

²⁵ *Id.*

²⁶ *See supra* at 4.

²⁷ *See supra* at 3.