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VIA HAND DELIVERY
Mr. John A. Anderson
Office of Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

RE: Driftwood LNG LLC, FE Docket No. 16- 144 - LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas

Dear Mr. Anderson:

Driftwood LNG LLC ("Driftwood LNG") seeks long-term, multi-contract authorization under Section 3 of the Natural Gas Act to export for itself or as agent for others up to 1,496.5 billion cubic feet of natural gas per year (equivalent to approximately 26 million tonnes per year of liquefied natural gas ("LNG")) from domestic resources beginning on the earlier of the date of first export following the commencement of commercial operations or seven years from the date the requested authorization is granted. Driftwood LNG is seeking authority to export LNG (1) for a term of 30 years to any country with which the United States has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas and (2) for a term of 20 years to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and 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.F.R. § 590.207. Please contact the undersigned at (832) 962-4000 if you have any questions regarding this filing.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Meg Gentle", written over a horizontal line.

Meg Gentle
President and Chief Executive Officer
Driftwood LNG LLC
1201 Louisiana Street, Suite 3100
Houston, Texas 77002

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

Driftwood LNG LLC

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FE Docket No. 16 - ___ - LNG

**APPLICATION OF DRIFTWOOD LNG LLC FOR
LONG-TERM, MULTI-CONTRACT AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS TO
FREE TRADE AGREEMENT AND
NON-FREE TRADE AGREEMENT NATIONS**

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Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. § 590, Driftwood LNG LLC (“Driftwood LNG”) submits this application (“Application”) to the DOE, Office of Fossil Energy (“DOE/FE”) for long-term, multi-contract authorization to export up to 1,496.5 billion cubic feet (“Bcf”) of natural gas per year (equivalent to approximately 26 million tonnes per year (“MTPA”) of liquefied natural gas (“LNG”)) produced from domestic sources commencing on the earlier of the date of first export following the commencement of commercial operations or seven years from the date the requested authorization is granted.

Driftwood LNG seeks authorization to export LNG from a proposed natural gas liquefaction facility on the west side of the Calcasieu River near Carlyss, Calcasieu Parish, Louisiana (“Facility”) (1) for a term of 30 years to any country with which the United States has, or in the future may enter into, a free trade agreement (“FTA”) requiring national treatment for trade in natural gas and (2) for a term of 20 years to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited by United States law or policy.

In support of this Application, Driftwood LNG respectfully submits the following:

I. DESCRIPTION OF APPLICANT AND EXPORT FACILITY

The exact legal name of the applicant is Driftwood LNG LLC, which is a limited liability company formed under the laws of Delaware with its principal place of business at 1201 Louisiana Street, Suite 3100, Houston, TX 77002. Driftwood LNG is an indirect wholly-owned subsidiary of Tellurian Investments Inc (“Tellurian Investments”). Tellurian Investments is a corporation formed under the laws of Delaware with its principal place of business at 1201 Louisiana Street, Suite 3100, Houston, TX 77002. Tellurian Investments, a developer of LNG projects along the U.S. Gulf Coast, was founded by two individuals, Charif Souki and Martin J. Houston. Mr. Souki is the former Chairman, Chief Executive Officer and President of Cheniere Energy. Mr. Houston is the former Chief Operating Officer of BG Group, plc.

The site selected for the Facility is situated on the west side of the Calcasieu River in Calcasieu Parish, Louisiana, approximately five miles south of the town of Carlyss. The Facility site will be located on approximately 720 acres of the total 790 acres of land acquired by Driftwood LNG.¹ Driftwood LNG will own or lease all of the land and pipeline rights of way required for the Facility and the Pipeline (as defined below). Driftwood LNG has purchased approximately 140 acres and has leased an additional 650 acres with the right to enter into a long-term lease for up to a total of fifty years.²

The Facility will consist of five LNG plants. Each plant will be comprised of one gas pre-treatment unit and four liquefaction units. Each liquefaction unit will consist of a refrigeration compressor driven by aero derivative gas turbines. The liquefaction technology will be Chart Industries’ proprietary Integrated Pre-cooled Single Mixed Refrigerant process.

¹ A map of the Facility site is included in Appendix C.

² Documents demonstrating control over the Facility site are included in Appendix D.

LNG will be stored onsite in three LNG storage tanks, each with a capacity of approximately 235,000 cubic meters (“m³”). The marine loading facility will be located along the Calcasieu River and will consist of three berths for LNG ships with a cargo capacity ranging from 125,000 m³ to 216,000 m³.

Driftwood LNG Pipeline LLC (“DWPL”), an affiliate of Driftwood LNG, intends to develop a new open access interstate pipeline (“Pipeline”) to connect the Facility with multiple, existing interstate pipeline systems. The Pipeline will be approximately 96 miles long and will connect with up to 15 interstate pipelines or storage facilities in order to maximize supply flexibility. Nearby interstate pipelines that are viable options for connecting to DWPL’s proposed pipeline include Kinder Morgan Louisiana Pipeline Company, Creole Trails, Cameron Interstate Pipeline, Pine Prairie Energy Center, Egan Gas Storage, Florida Gas Transmission, Tennessee Gas Pipeline, Trunkline Gas Company, Texas Eastern Transmission Company, Texas Gas, Transcontinental Gas Pipeline, ANR Pipeline Company and Columbia Gulf Transmission, LLC.

II. COMMUNICATIONS

All communications and correspondence regarding this Application should be directed to the following persons:

Pat Outtrim
Driftwood LNG LLC
1201 Louisiana Street
Suite 3100
Houston, TX 77002
Phone: 832-962-4000
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Vinson & Elkins L.L.P.
2200 Pennsylvania Avenue NW
Suite 500 West
Washington, DC 20037
Phone: 202-639-6599
Email: jdecker@velaw.com

III. AUTHORIZATION REQUESTED

Driftwood LNG requests long-term, multi-contract authorization to export up to 1,496.5 Bcf of natural gas per year (equivalent to approximately 26 MTPA) (1) to any country with

which the United States has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas and (2) to any country with which the United States does not have a FTA requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited by United States law or policy. Driftwood LNG requests this long-term authorization (1) for a term of 30 years to FTA countries and (2) for a term of 20 years to non-FTA countries commencing on the date of first export following the commencement of commercial operations or seven years from the date the requested authorization is granted, whichever is first. The quantities of the FTA authorization and non-FTA authorization will not be additive.

Driftwood LNG is requesting this authorization both on its own behalf and as agent for other parties that may hold title to the LNG at the time of export, pursuant to long-term agreements with Driftwood LNG. Driftwood LNG will comply with all DOE/FE requirements for exports and agents, including the registration requirements. When acting as agent, Driftwood LNG will register with DOE/FE each LNG title holder for which Driftwood LNG seeks to export LNG as agent.

Driftwood LNG will provide DOE/FE with registration materials that include an acknowledgement and agreement by the LNG title holder to supply information necessary to permit Driftwood LNG to register that person or entity with DOE/FE, including (i) the Registrant's agreement to comply with any order issued by DOE/FE pursuant to this Application and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (ii) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of

another entity; (iii) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be directed; (iv) within 30 days of execution, a copy, filed with DOE/FE of any long-term contracts, not previously filed with DOE/FE, including both a non-redacted copy for filing under seal and either (x) a redacted version of the contract or (y) a summary of the major provisions of the contract, for public posting.³

Driftwood LNG is not submitting long-term supply agreements and long-term export agreements with the instant Application and therefore requests that DOE/FE make a similar finding to that in DOE/FE Order No. 2961 with regard to transaction-specific information of the type identified in Section 590.202(b) of the DOE regulations.⁴ At the time of this Application, Driftwood LNG has not yet entered into any such agreements, given that a long-term export authorization is required to finalize arrangements with prospective customers. In accordance with the DOE/FE's stated policy, Driftwood LNG will submit transaction-specific information when such contracts are executed.⁵ Driftwood further requests authorization to continue exporting "Make-Up Volumes" of LNG for a total of three additional years following the end of

³ See, e.g., *Dominion Cove Point LNG, LP*, DOE/FE Order No. 3331 (Sept. 11, 2013).

⁴ In the May 20, 2011 order conditionally granting Sabine Pass Liquefaction, LLC ("Sabine Pass") long-term export authorization to Non-FTA countries, the DOE/FE found that Sabine Pass was not required to submit with its application transaction-specific information pursuant to Section 590.202(b) of the DOE regulations. The DOE/FE found that given the state of development for the proposed Sabine Pass export project, it was appropriate for Sabine Pass to submit such transaction-specific information when the contracts reflecting such information are executed. See *Sabine Pass Liquefaction, LLC, Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations*, FE Docket No. 10-111-LNG, DOE/FE Order No. 2961, at 44 (May 20, 2011).

⁵ The DOE/FE has previously held that the commitment to file contracts once they are executed complies with the requirement of 10 C.F.R. § 590.202(b) to supply transaction-specific information "to the extent practicable." *Id.*

the export period as may be necessary to bring total exports up to the full volume of exports authorized, if Driftwood is unable to export all volumes during the original export period.⁶

IV. FEEDSTOCK GAS SOURCES

Driftwood LNG seeks authorization to export natural gas available in the United States natural gas supply and transmission system. The sources of natural gas for the Facility will include the vast supplies available from various producing regions in the eastern United States. The Facility will have the capability to access the entire national gas pipeline grid through its various interconnections.

V. PUBLIC INTEREST

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

A. FTA Countries

Section 3(c) of the NGA 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.⁷

Under this statutory provision, the portion of this Application that seeks to export LNG to nations with which the United States currently has, or in the future may enter into, an FTA

⁶ See e.g., *Cameron LNG, LLC, Final Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Cameron Terminal Located in Cameron and Calcasieu Parishes, Louisiana to No-Free Trade Agreement Nations*, DOE/FE Order No. 3797, FE Docket No. 15-97-LNG (March 18, 2016); *Sabine Pass Liquefaction, LLC, Final Opinion and Order Granting Long-Term, Multi-contract Authorization to Export Liquefied Natural Gas By Vessel From the Sabine Pass LNG Terminal Located in Cameron Parish, Louisiana, To Non-Free Trade Agreement Nations*, DOE/FE Order No. 3669, Ordering Paragraph C, FE Docket Nos. 13-30-LNG, 13-42-LNG, 13-121-LNG, at 215, 222-23 (June 26, 2015).

⁷ 15 U.S.C. § 717b(c) (2012).

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

Driftwood LNG's requested authorization as described herein would not be inconsistent with the public interest and should be granted by DOE/FE under the statutory provisions that apply to exporting natural gas to non-FTA nations. 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]⁸ 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. . .According to DOE/FE, "[t]his provision creates a rebuttable presumption that a proposed export of natural gas is in the public interest" and "DOE/FE must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest."⁹

⁸ The Secretary's authority was established by the Department of Energy Organization Act, 42 U.S.C. § 7172, which transferred jurisdiction over imports and export authorizations from the Federal Power Commission to the Secretary of Energy.

⁹ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 3357-B at 9; *see also, Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 3282-C at 9; *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 at 6; *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 3282 at 5-6; *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961 at 28; *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.").

In evaluating the “public interest” DOE/FE looks to a number of different factors, including “economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others.”¹⁰ Consistent with its Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas (“Policy Guidelines”), DOE/FE has stated its intention to “minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resource system.”¹¹

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.¹²

While the Policy Guidelines deal specifically with imports, the DOE/FE has found that the principles are applicable to exports.¹³ DOE/FE has also stated that its

review of export applications has continued to focus on: (i) the domestic need for the natural gas proposed to be exported, (ii) whether the proposed exports pose a threat to the security of domestic natural gas supplies, (iii) whether the arrangement is consistent with DOE/FE’s policy of promoting market competition, and (iv) any other factors bearing on the public interest. . . .¹⁴

¹⁰ Order No. 3357-B at 9.

¹¹ *Id.*

¹² *New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas*, 49 Fed. Reg. 6684, 6685 (Feb. 22, 1984).

¹³ Order No. 3357-B at 10; Order No. 3413 at 8; *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 14; *see also*, Order No. 3282 at 7.

¹⁴ Order No. 3357-B at 10.

DOE/FE looks to the evidence developed in the record of each application proceeding to make its determination.¹⁵ As demonstrated herein, Driftwood LNG's Application is not inconsistent with the public interest.

C. Economic Impacts of the Proposed Exports

In Order No. 3282, DOE/FE restated its methodology for evaluating exports of natural gas and set forth a number of factors that it will consider when reviewing applications. The first factor for evaluation when reviewing an export application is economic impact. To study the economic impacts of natural gas exports, DOE/FE commissioned a two-part study of the cumulative impacts of proposed LNG exports ("2012 LNG Export Study"). The first part of the study, conducted by the Energy Information Administration ("EIA"), looked at the potential impacts of natural gas exports on energy prices, production, and consumption under several export scenarios ("2012 EIA Study"). The second part of the study, conducted by NERA Economic Consulting ("NERA"), assessed the macroeconomic impacts of natural gas exports using its proprietary model and the results of the 2012 EIA Study ("NERA Study"). Most importantly, the 2012 LNG Export Study concluded that "the United States will experience net economic benefits from issuance of authorizations to export domestically produced LNG."¹⁶ The NERA Study found that the U.S. would experience net economic benefits from natural gas exports, with the level of benefits increasing as the quantity of exports increases.¹⁷ While exports would cause some increases in natural gas prices, price increases were limited based on conditions both within the U.S. and in the broader global market.¹⁸ After taking comments on

¹⁵ Order No. 3282 at 7.

¹⁶ Order No. 3357-B at 94.

¹⁷ Nera Study at 40.

¹⁸ Order No. 3357-B at 41.

the 2012 LNG Export Study, DOE/FE determined that the study is “fundamentally sound” and supports natural gas exports.¹⁹

NERA updated its 2012 study at the request of Sabine Pass. The resulting update – *Updated Macroeconomic Impacts of LNG Exports From the United States* – was submitted to DOE/FE on February 28, 2014 in FE Docket Nos. 13-30-LNG, 13-42-LNG, and 13-121-LNG (“2014 NERA Update”). The 2014 NERA Update reached conclusions consistent with the prior NERA Study. Most importantly, LNG exports were found to provide economic benefits to the U.S. in all cases where exports occurred.²⁰ Also consistent with its prior study, NERA found that “U.S. economic welfare consistently increases as the volume of natural gas exports increases.”²¹

DOE/FE recently requested that the EIA analyze the impacts of a higher level of natural gas exports than was analyzed in the 2012 EIA Study (12 to 20 Bcf per day). The resulting study, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets* (“2014 EIA Study”) further supports Driftwood LNG’s application.²² The EIA concluded that “increasing LNG exports leads to higher economic output, as measured by real gross domestic product (GDP), as increased energy production spurs investment.”²³

Finally, DOE/FE commissioned a second external study by the Center for Energy Studies at Rice University and Oxford Economics, which analyzed the macroeconomic impact of LNG exports in the range of 12 to 20 Bcf per day (“2015 LNG Export Study”).²⁴ Utilizing the Rice

¹⁹ *Id.*

²⁰ 2014 NERA Update at 6.

²¹ *Id.* at 7.

²² EIA, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets*, October 29, 2014, available at <http://www.eia.gov/analysis/requests/fe/>.

²³ 2014 EIA Study at 12.

²⁴ *The Macroeconomics of LNG Increasing LNG Exports*, October 29, 2015, available at http://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf

World Gas Trade Model to simulate various alternative scenarios for the future of the global natural gas market and the Oxford Economics Global Economic Model and Global Industry Model to simulate broad macroeconomic and sectoral impacts under the scenarios considered, the 2015 LNG Export Study concluded that increasing U.S. exports from 12 Bcf per day to 20 Bcf per day would increase U.S. gross domestic product by an amount ranging from \$7.3 billion to \$20.5 billion annually from 2026 to 2040.²⁵

DOE has determined that the 2014 EIA Study and the 2015 LNG Export Study are “fundamentally sound” and support the proposition that additional export authorizations are not inconsistent with the public interest.²⁶ Driftwood’s proposed export level is within the quantities studied in the 2014 EIA Study and the 2015 LNG Export Study, and these exports and the Facility itself will have a positive economic impact, consistent with the 2012 LNG Export Study, the 2014 NERA Update, the 2014 EIA Study, and the 2015 LNG Export Study.

Driftwood LNG’s proposed exports will also have a significant effect on the regional level. DOE/FE has stated that it will consider regional impacts of natural gas exports on a case-by-case basis.²⁷ The operation of the Facility will benefit the Calcasieu Parish economy in a number of ways. The Facility will enhance the value of existing pipeline infrastructure and add to the local property tax base with very few operating expenditures required from Calcasieu Parish to support the Facility. During the development phase, the Facility will generate jobs in the construction industry. During the operational phase, the Facility will create approximately 250 long-term jobs related to operation and maintenance of the facilities. The economic benefits associated with the Facility would continue for the life of the operation, bringing stable, long-

²⁵ 2015 LNG Export Study at 17.

²⁶ *Cameron LNG, LLC*, DOE/FE Order No. 3846 (July 15, 2016).

²⁷ Order No 3257 at 77.

term economic value to the State of Louisiana and specifically Calcasieu Parish and the surrounding area.

The availability of a reliable supply of LNG to customers outside of the United States who are currently burning coal, diesel or fuel oil for power generation will encourage conversion to natural gas power generation supplied by LNG. Driftwood LNG's project is ideally suited for power generation customers because the output of one liquefaction unit at the Facility is approximately equal to the quantity of LNG needed to supply a 1,080 megawatt ("MW") generator. Driftwood LNG's production capacity would be capable of serving up to 21,600 MW of modern combined cycle gas-fired power generation.

The direct and indirect economic benefits associated with the Facility would continue for the life of the operation (expected to be 20 years or longer), bringing stable, long-term economic value to the State of Louisiana and specifically Calcasieu Parish.

D. International Impacts of the Proposed Exports

A second major factor DOE/FE considers when evaluating an export application is international impacts. Consistent with the aims of the National Export Initiative²⁸ and the DOE's policy of "promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements,"²⁹ the export of LNG will help to improve economic trade and ties between the U.S. and the destination countries, which could include key industrialized nations in Europe and Asia, as well as developing nations in Asia, South America, the Middle East, and the Caribbean.

²⁸ *National Export Initiative*, Executive Order No. 13534 (March 11, 2010).

²⁹ Order No. 3413 at 7.

Authorizing exports to non-FTA countries also is consistent with U.S. obligations under the General Agreement on Tariffs and Trade (“GATT”). According to a report prepared for the Hamilton Project, Article IX of the GATT “prohibits sustained quantitative restrictions on energy exports unless they are related ‘to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption.’”³⁰ A policy of restricting exports in the face of plentiful supply for the purposes of lowering domestic prices and increasing domestic consumption would be the opposite of what the GATT requires. Driftwood LNG believes that honoring existing U.S. trade agreements is in the public interest and exporting natural gas would function to promote free and open trade.

Beyond meeting U.S. trade obligations, LNG exports could have wider geopolitical benefits as well. DOE/FE has recognized that LNG exports provide energy security benefits to U.S. allies and trading partners, which “may advance the public interest.”³¹ Increased LNG supplies could help to reduce European reliance on Russian natural gas supplies, and, in fact, Brookings asserts that “Russia’s dominant position in the European gas market is being eroded by the increased availability of LNG.”³² U.S. exports may also be able “to provide a degree of increased energy security and pricing relief to LNG importers” in Asia, particularly, as discussed above, by helping to decouple LNG prices from oil prices.³³ Finally, a report created for the Brookings Institution notes that U.S. supplies would benefit the global LNG market by representing “a source of predictable natural gas supply that is relatively free from unexpected

³⁰ Michael Levi, *A Strategy for U.S. Natural Gas Exports*, prepared for The Hamilton Project, at p. 18 (Jun. 2012), available at <http://www.brookings.edu/research/papers/2012/06/13-exports-levi> (“Hamilton Study”).

³¹ Order No. 3357-B at 96.

³² Charles Ebinger, Kevin Massy, Govinda Avasarala, *Liquid Markets: Assessing the Case for U.S. Exports of Liquefied Natural Gas*, Energy Security Initiative at Brookings, at 42 (May 2012).

³³ *Id.* at p. 43.

production or shipping disruption” such as a blockade or attack on Qatar’s LNG facilities by Iran.³⁴ While LNG exports would not serve as a direct tool of the U.S. government in foreign relations because the government cannot direct where individual cargoes would go, broader LNG supply diversity would have benefits for U.S. allies and interests in various sectors of the globe.

E. Supply Impacts of the Proposed Exports

A third factor DOE/FE considers in evaluating natural gas export applications is the security of natural gas supply. DOE/FE’s interest in natural gas supply focuses on domestic need for the gas, which can be measured by looking at domestic natural gas supply versus natural gas demand. DOE/FE has historically compared the total volume of natural gas reserves and recoverable resources available to be produced during the proposed export period to total gas demand during the export period to determine whether there is a domestic need for the gas to be exported.³⁵

During the period of the export authorization requested by Driftwood LNG, U.S. reserves and recoverable resources will be far in excess of total gas demand. Accordingly, the export authorization requested in this Application will not have a detrimental impact on the domestic supply of natural gas and, therefore, is not inconsistent with the public interest.

1. Domestic natural gas supply

The U.S. natural gas supply is more than adequate to meet both the future domestic demand and Driftwood LNG’s proposed export volumes over the term of the authorization sought herein. It has been well documented that U.S. domestic gas production and reserves have experienced rapid growth. Overall, natural gas production from 2005 to 2013 increased by

³⁴ *Id.*

³⁵ *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 29, 40, 46.

35%.³⁶ The Annual Energy Outlook (“AEO”) 2016 Reference Case predicts continued growth in production, with 2040 production being 55% higher than 2015 production.³⁷

The growth in gas production has outstripped the growth in demand for gas. The EIA predicts that U.S. domestic gas production will exceed demand starting in 2017 and will continue to exceed demand, even as LNG exports are factored in.³⁸ The EIA predicts that the U.S. will become a net exporter of gas (exports of LNG and pipeline gas to Mexico offsetting imports from Canada) beginning in 2018 and continuing through 2040.³⁹

Estimates of domestic resource have also greatly increased in recent years. The Potential Gas Committee’s (“PGC”) recent biennial assessment of reserves states that the total technically recoverable resource base in the U.S. is 2,515 trillion cubic feet (“Tcf”) as of the end of 2014, the highest level in the PGC’s history.⁴⁰ Dry reserves of natural gas in the lower 48 states at the end of 2013 totaled 293 Tcf, and the EIA expects that number to increase to 345 Tcf by 2040.⁴¹ Proved reserves of U.S. total natural gas increased 34.8 Tcf to 388.8 Tcf in 2014.⁴² The 9.8% increase raised the national total of proved natural gas reserves to a record-high level for the second consecutive year. Each of these figures supports Driftwood LNG’s requested authorization. Moreover, the EIA’s calculations do not take into consideration potential

³⁶ U.S. Energy Information Administration, *Annual Energy Outlook 2015*, at 20 (“AEO2015”).

³⁷ U.S. Energy Information Administration, *Annual Energy Outlook 2016 Early Release*, at 53.

³⁸ U.S. Energy Information Administration, *Annual Energy Outlook 2016*, at Table 13: Natural Gas Supply, Disposition, and Prices, Reference Case, available at <http://www.eia.gov/forecasts/AEO/> (“AEO2016”).

³⁹ *AEO2016*, at Table 62.

⁴⁰ Press Release, Potential Gas Committee, Potential Gas Committee Reports Increase in Magnitude of U.S. Natural Gas Resource Base (Apr. 8, 2015) (available at <http://potentialgas.org/download/pgc-press-release-april-2015.pdf>).

⁴¹ U.S. Energy Information Administration, *Annual Energy Outlook 2015*, at Table D7. (“AEO2015”).

⁴² U.S. Energy Information Administration, *U.S. Crude Oil and Natural Gas Proved Reserves, 2014*, at 12, available at <http://www.eia.gov/naturalgas/crudeoilreserves/pdf/usreserves.pdf>.

advances in processes or technology that will result in higher recoverability ratios per well or improved economics or new or improved energy sources that will reduce the demand for natural gas.

2. Domestic natural gas demand

Domestic natural gas demand is the second component in the DOE/FE's supply analysis. The export of domestic LNG, as proposed by Driftwood LNG, should be considered to be in the public interest as U.S. natural gas reserves far exceed current and projected demand. The EIA estimates that domestic natural gas demand will grow from 26.70 Tcf per year in 2014 to 34.42 Tcf per year in 2040 (inclusive of exports), and natural gas production will exceed demand beginning in 2017.⁴³ The 2014 EIA Study notes that natural gas production will increase as LNG exports increase, which will keep natural gas markets balanced.⁴⁴ As a result of increased natural gas production outstripping increases in demand, the AEO 2016 Reference Case predicts lower natural gas prices than the AEO 2014 Reference Case did for most years between now and 2040.⁴⁵ Comparing the key results from AEO 2016 to AEO 2014, DOE had concluded that AEO 2016's results are "more supportive of LNG exports on the same basis of higher production and demand with lower prices relative to AEO 2014."⁴⁶

DOE/FE has found in the context of the Cameron LNG project that, "the record supports a finding that there are ample supplies of natural gas available to support the export contemplated . . . without affecting the availability of natural gas to meet domestic demand."⁴⁷

⁴³ AEO2016 at Table 13.

⁴⁴ 2014 EIA Study at 12.

⁴⁵ Order No. 3846 at 109.

⁴⁶ Order No. 3846 at 108.

⁴⁷ Order No. 3846 at 107.

The export authorization requested by Driftwood LNG hereunder would increase demand by a maximum of 1,496.5 Bcf per year, which does not change the conclusions from Order No. 3846. Moreover, due to the long construction lead time for LNG export facilities, producers will be able to anticipate new demand and ramp up production in advance, and commencement of LNG exports will not shock the market in any way. As a result, natural gas demand to meet LNG export needs will have a leveling effect on the natural gas market as a whole, providing insulation against supply and demand shocks.

F. Environmental Impacts of the Proposed Exports

A fourth factor that DOE/FE has stated it will consider when reviewing export applications is environmental impacts. LNG exports can have significant environmental benefits as natural gas is cleaner burning than other fossil fuels. The DOE Office of Fossil Energy found that, in most scenarios, power generation from imported natural gas results in lower greenhouse gas emissions than coal, including an almost 40 percent reduction over a 100-year life cycle.⁴⁸ Accordingly, an increased supply of natural gas made possible through LNG exports can help countries break their dependence on less environmentally friendly fuels.⁴⁹ The Hamilton Study concurs that “natural gas is . . . likely to displace coal” in the amount of “approximately 15 million tons of reduced global emissions for each billion cubic feet of daily natural gas

⁴⁸ National Energy Technology Laboratory, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States*, Department of Energy at 9 (May 29, 2014), <http://energy.gov/sites/prod/files/2014/05/f16/Life%20Cycle%20GHG%20Perspective%20Report.pdf> (finding that in most scenarios, even when assuming high methane leakage and low power plant efficiency for natural gas compared to low methane content and high efficiency for coal, power generation from imported natural gas has lower greenhouse gas emissions than coal).

⁴⁹ Order No. 2961 at 37.

exports.”⁵⁰ It further finds that the climate change damages that would be avoided could total \$2 billion per year and reduce greenhouse gas emissions from energy use by 0.3% relative to 2008.

VI. ENVIRONMENTAL IMPACT

The siting, construction and operation of the Facility is subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) and, as such, requires authorization from FERC pursuant to Section 3 of the NGA prior to construction. As part of the FERC approval process, the Facility will be analyzed under the National Environmental Policy Act (“NEPA”), including preparation of an Environmental Analysis or Environmental Impact Statement, which includes review by state and federal agencies as cooperating agencies in the NEPA process. FERC will act as the lead agency for the NEPA review of the Facility, with DOE/FE acting as a cooperating agency. DOE/FE will utilize the NEPA document prepared by FERC in their public interest analysis for the non-FTA license. Driftwood LNG initiated the pre-filing process at FERC on May 11, 2016. Driftwood LNG requests that the DOE/FE issue the export authorization to non-FTA countries promptly after FERC’s completion of the NEPA review and approval of the facility construction, consistent with DOE/FE’s current practice.⁵¹

VII. APPENDICES

The below listed Appendices are included with this application:

Appendix A Verification

Appendix B Opinion of Counsel

Appendix C Site Map

Appendix D Site Control Documents

⁵⁰ Hamilton Study at p. 17.

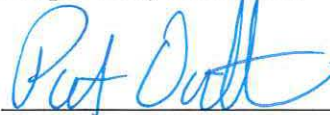
⁵¹ *Procedures for Liquefied Natural Gas Export Decisions*, 79 Fed. Reg. 48,132 (Aug. 15, 2014).

VIII. CONCLUSION

WHEREFORE, for the reasons set forth above, Driftwood LNG respectfully requests that the DOE/FE issue orders granting Driftwood LNG long-term authorization to export up to 1,496.5 Bcf of natural gas per year: (1) for a term of 30 years to any country with which the United States currently has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas, and (2) for a term of 20 years to any country with which the United States does not have a FTA requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited by United States law or policy. Driftwood LNG requests that DOE/FE issue the FTA authorization without modification or delay subsequent to the submission of this application and the non-FTA authorization promptly after FERC's completion of the NEPA review.

As demonstrated herein, the authorization requested is not inconsistent with the public interest and, accordingly, should be granted pursuant to Section 3 of the NGA.

Respectfully submitted,




Pat Outtrim
VP of Regulatory and Government Affairs
Driftwood LNG LLC

**APPENDIX A
VERIFICATION**

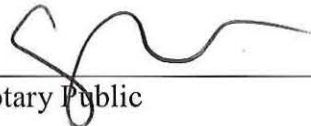
County of Harris)
)
State of Texas)

BEFORE ME, the undersigned authority, Pat Outtrim, on this day personally appeared, who, having been by me first duly sworn, on oath says that she is duly authorized to make this Verification on behalf of Driftwood LNG LLC; that she has read the foregoing instrument and that the facts therein stated are true and correct to the best of her knowledge, information and belief.


Pat Outtrim

SWORN TO AND SUBSCRIBED before me on the 21st day of September 2016.




Notary Public

APPENDIX B
OPINION OF COUNSEL

September 27, 2016

Mr. John A. Anderson
Office of Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

RE: Driftwood LNG LLC
Application for Long-Term Authorization to Export Liquefied Natural Gas

Dear Mr. Anderson:

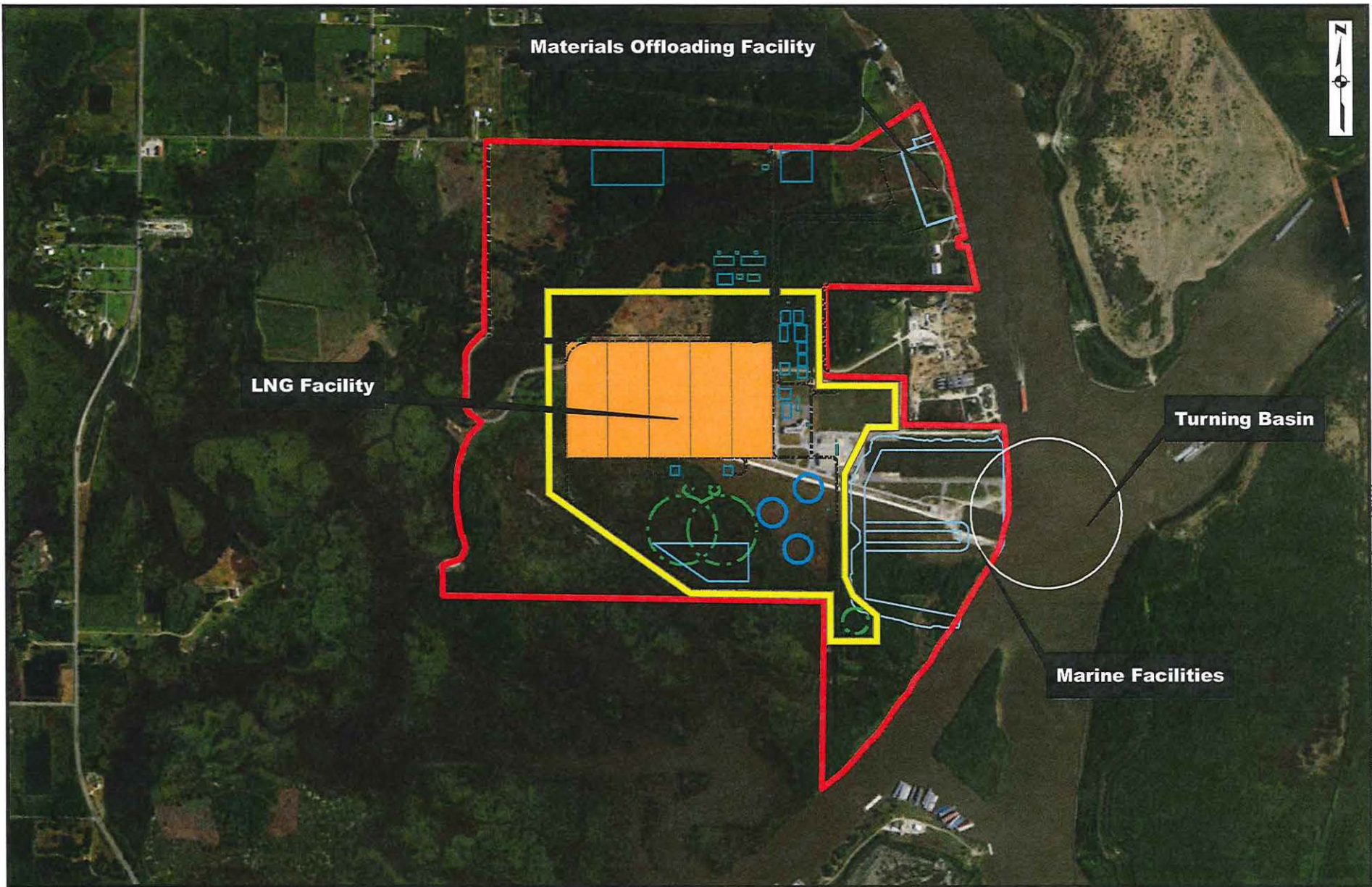
This opinion of counsel is submitted pursuant to Section 590.202(c) of the regulations of the U.S. Department of Energy, 10 C.F.R. § 590.202(c) (2016). The undersigned is counsel to Driftwood LNG LLC. I have reviewed the corporate documents of Driftwood LNG LLC and it is my opinion that the proposed export of liquefied natural gas as described in the application filed by Driftwood LNG LLC to which this Opinion of Counsel is attached as Appendix B, is within the limited liability company powers of Driftwood LNG LLC.

Respectfully submitted,



Rachel G. Candelet
VP Legal
Driftwood LNG LLC

APPENDIX C
SITE MAP



Legend

- Facility Boundary
- Berm
- Process Flares/Marine Flare
- LNG Storage Tanks
- LNG Plants



NOTES:
 Aerial Imagery: ESRI World Imagery
 Reproduced under license in ArcGIS 10.3.1

Preliminary Facility Layout

Driftwood LNG Project
 Driftwood LNG LLC and Driftwood LNG Pipeline LLC
 Calcasieu Parish, Louisiana



APPENDIX D
SITE CONTROL DOCUMENTS

Calcasieu Parish Recording Page

H. Lynn Jones II
Clerk of Court
P.O. Box 1030
Lake Charles, LA 70602
(337) 437-3550

Received From :
ROBICHAUX, MIZE & WADSACK LLC (8)
1777 RYAN ST
LAKE CHARLES, LA 70601

First VENDOR
TECHNIP USA INC

First VENDEE
DRIFTWOOD LNG LLC

Index Type : CONVEYANCES

File Number : 3222604

Type of Document : DEED

Book : 4103 **Page :** 411

Recording Pages : 16

Recorded Information

I hereby certify that the attached document was filed for registry and recorded in the Clerk of Court's office for Calcasieu Parish, Louisiana

On (Recorded Date) : 03/24/2016

At (Recorded Time) : 4:18:12PM



Doc ID - 031283990016

CLERK OF COURT
H. LYNN JONES II
Parish of Calcasieu

I certify that this is a true copy of the attached document that was filed for registry and
Recorded 03/24/2016 at 4:18:12
File Number 3222604
Recorded in Book 4103 Page 411



Carly N. Victor
Deputy Clerk

Return To : ROBICHAUX, MIZE & WADSACK LLC (8)
1777 RYAN ST
LAKE CHARLES, LA 70601

ACT OF CASH SALE

* **UNITED STATES OF AMERICA**

BY

*

*

TECHNIP USA, INC.

*

*

STATES NAMED BELOW

IN FAVOR OF

*

*

COUNTIES/PARISHES NAMED BELOW

DRIFTWOOD LNG LLC

*

*

BE IT KNOWN, that on dates set forth below but effective as of March 24, 2016, **BEFORE US**, the undersigned Notaries, duly commissioned and qualified in and for the below referenced jurisdictions, and in the presence of the undersigned competent witnesses, personally came and appeared:

TECHNIP USA, INC. (TIN: XX-XXX2563), a Delaware corporation, whose mailing address is 11740 Katy Freeway, Houston, Texas 77079; represented herein by its duly authorized undersigned representative ("**Seller**");

AND

DRIFTWOOD LNG LLC (TIN: XX-XXX5355), a Delaware limited liability company, whose mailing address is 1201 Louisiana Street, Suite 3100, Houston, Texas 77002; represented herein by its duly authorized undersigned representative ("**Purchaser**");

who declared unto their respective Notaries that:

Seller does by these presents grant, bargain, sell, convey, transfer, assign, set over, abandon and deliver without any warranty whatsoever, but with full substitution and subrogation in and to all the rights and actions of warranty which Seller has or may have against all preceding owners and vendors, unto Purchaser, all right, title and interest of Seller in and to the immovable property located in Calcasieu Parish, Louisiana and described on Exhibit "A" attached hereto, together with (i) all buildings, improvements and other constructions thereon (ii) all servitudes, rights-of-use, privileges, rights-of-way, appurtenances and other similar rights, pertaining to any of the foregoing, and (iii) any and all personal rights, claims, counterclaims, defenses, and causes of action Seller has or may have against any party arising out of such property, including but not limited to any rights relating to damage to such property and the existence of any hazardous materials and other environmental defects thereon (collectively, the "**Property**").

Purchaser hereby accepts and purchases the Property for itself and its successors and assigns and acknowledges due delivery and possession of the Property, to have and to hold said Property unto the Purchaser and its successors and assigns forever.

THUS DONE AND SIGNED, in Harris County, State of Texas, on March 23, 2016, in the presence of the undersigned competent witnesses who have hereunto signed their names, together with Seller and me, Notary, after due reading of the whole.

WITNESSES:

Jane Kelley
Name: JANE KELLEY
Mike Eszmadia
Name: MIKE ESZMADIA

SELLER:

TECHNIP USA, INC., a Delaware corporation

By: Charles Henri PAOU
Name: Charles Henri PAOU
Title: VP Legal

Brenda Struckhoff
NOTARY PUBLIC
Printed Name: Brenda Struckhoff
Notarial No. N/A
My Commission Expires: 08 May 2017

THUS DONE AND SIGNED, in Harris County/Parish, State of Texas, on March 23, 2016, in the presence of the undersigned competent witnesses who have hereunto signed their names, together with Purchaser and me, Notary, after due reading of the whole.

WITNESSES:

[Signature]
Name: Erica Anton

[Signature]
Name: Matthew Broderick

PURCHASER:

DRIFTWOOD LNG LLC, a Delaware limited liability company

By: [Signature]
Name: Christopher B. Daniels
Title: Manager

[Signature]
NOTARY PUBLIC
Printed Name: Julia G Smith
Notarial No. 129499372
My Commission Expires: July 24, 2017

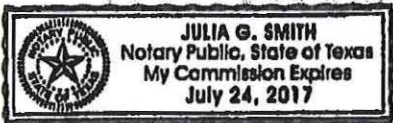


EXHIBIT "A"

Legal Description of Land

SUBJECT TRACT 1

A TRACT OF LAND CONTAINING 128.691 ACRES, more or less, situated in Sections 13 and 24, Township 11 South, Range 10 West, Calcasieu Parish, Louisiana. Said Subject Tract being more particularly described as follows:

COMMENCING at a PK Nail set at the common corner of Sections 18 and 19, Township 11 South, Range 9 West and Sections 13 and 24, Township 11 South, Range 10 West from which a 5/8" iron rebar found bears South 01° 04' 35" West a distance of 44.23 feet, said common corner having grid coordinates X = 2,648,253.50' and Y = 585,974.40';

THENCE proceed North 89°11'59" West, along the South line of said Section 13, for a distance of 1,328.69 feet to a 3/4" iron pipe set at the Southeast corner of the Southwest quarter of the Southeast quarter of said Section 13;

THENCE proceed North 01°01'11" East, along the East line of said Southwest quarter of the Southeast quarter for a distance of 20.35 feet to a PK Nail set on the centerline of Global Drive, being the POINT OF BEGINNING hereof, said point of beginning having grid coordinates X = 2,646,925.31' and Y = 586,013.30';

THENCE proceed North 89°03'55" West, along the centerline of Global Drive, a distance of 1,652.58 feet to a PK Nail set at a point of curvature of Global Drive;

THENCE proceed in a Westerly direction, continuing along the centerline of Global Drive, along the arc of a curve to the left having a radius of 1300.00 feet for an arc distance of 175.82 feet to a PK Nail set at a point of tangency, said curve having a chord bearing of South 87°03'37" West and a chord distance of 175.68 feet;

THENCE proceed South 83°11'09" West, continuing along the centerline of Global Drive, a distance of 243.55 feet to a PK Nail set at a point of curvature of Global Drive;

THENCE proceed in a Southwesterly direction, continuing along the centerline of Global Drive, along the arc of a curve to the left having a radius of 300.00 feet for an arc distance of 357.33 feet to a PK Nail set at a point of tangency, said curve having a chord bearing of South 49°03'48" West and a chord distance of 336.58 feet;

THENCE proceed South 14°56'27" West, continuing along the centerline of Global Drive, a distance of 200.11 feet to a PK Nail set at a point of curvature of Global Drive;

THENCE proceed in a Westerly direction, continuing along the centerline of Global Drive, along the arc of a curve to the right having a radius of 245.00 feet for an arc distance of 713.31 feet to a PK Nail set at a point of tangency, said curve having a chord bearing of North 81°39'05" West and a chord distance of 486.76 feet;

THENCE proceed North 01°45'24" East, continuing along the centerline of Global Drive, a distance of 373.95 feet to a PK Nail set on the South line of said Section 13;

THENCE proceed North 89°08'06" West, leaving the centerline of Global Drive and proceeding along the South line of said Section 13, a distance of 32.64 feet to a 3/4" iron pipe set on the West right of way line of Global Drive;

THENCE proceed North 00°03'35" East, along the West right of way line of Global Drive, a distance of 75.77 feet to a 3/4" iron pipe set at a point of curvature of said right of way;

THENCE proceed in a Northeasterly direction, continuing along the West right of way line of Global Drive, along the arc of a curve to the right having a radius of 282.27 feet for an arc distance of 257.86 feet to a 3/4" iron pipe set at a point of tangency, said curve having a chord bearing of North 26°13'52" East and a chord distance of 248.99 feet;

THENCE proceed North 52°24'07" East, continuing along the West right of way line of Global Drive, a distance of 140.11 feet to a 3/4" iron pipe set;

THENCE proceed North 08°58'26" East, continuing along the West right of way line of Global Drive, a distance of 33.20 feet to a 3/4" iron pipe set at a point where said right of way line intersects the West line of the East half of the Southwest quarter of said Section 13;

THENCE proceed North 00°55'26" East, along the West line of the East half of the Southwest quarter of said Section 13, a distance of 2,220.54 feet to a PK Nail set at the Northwest corner of the East half of the Southwest quarter of said Section 13;

THENCE proceed South 89°09'53" East, along the North line of the East half of the Southwest quarter of said Section 13, for a distance of 1,331.42 feet to a PK Nail set at the center of said Section 13;

THENCE proceed South 00°58'15" West, along the east line of the Northeast quarter of the Southwest quarter of said Section 13, passing a 1½" iron pipe found at 30.47 feet and continuing for a total distance of 1,321.34 feet to a 2" iron pipe found at the Northeast corner of the Southeast quarter of the Southwest quarter of said Section 13;

THENCE proceed South 89°12'37" East, along the North line of the Southwest quarter of the Southeast quarter of said Section 13, a distance of 1330.51 feet to a 1/2" iron pipe with cap found at the Northeast corner of the Southwest quarter of the Southeast quarter of said Section 13;

THENCE proceed South 01°01'11" West, along the East line of the Southwest quarter of the Southeast quarter of said Section 13, passing a 1½" iron pipe with cap found at 1,268.96 feet and continuing for a total distance of 1,299.07 feet to the POINT OF BEGINNING.

Being a portion of the same property acquired by Global Industries, Ltd. (predecessor by merger to Seller) described as follows:

Lot Twelve (12) of Section 18, Township 11 South, Range 9 West, less and except the North 300 feet thereof; all of Lots 2, 3, 4, 5, 10, 11 and 12 lying West of the Calcasieu River and Ship Channel and North and West of the Intracoastal Waterway in Section 19, Township 11 South, Range 9 West; the East Half of Southwest Quarter (E ½ of SW ¼), the Southwest Quarter of the Southeast Quarter (SW ¼ of SE ¼), two (2) acres, more or less, in the Southeast Corner of the Southwest Quarter of the Southwest Quarter (SW ¼ of SW ¼), and lying East of the West line of the old road in Section 13, all being in Section 13, Township 11 South, Range 10 West; and the North Half (N ½) of Section 24, Township 11 South, Range 10 West; LESS AND EXCEPT the property sold by Owens-Illinois, Inc. to Port Arthur Towing Company by warranty deed filed with the Clerk of Court, Calcasieu Parish, under File No. 1292862, and recorded in Book 1328 of Conveyances, at page 494, of the records of Calcasieu Parish and LESS AND EXCEPT the property sold by Global Industries, LTD. to Bollinger Calcasieu, L.L.C. by Cash Deed filed with the Clerk of Court, Calcasieu Parish under File No. 2844011, and recorded in Book 3415 of Conveyances, at page 836, of the records of Calcasieu Parish.

SUBJECT TRACT 2

A TRACT OF LAND CONTAINING 10.002 ACRES, more or less, situated in Section 13, Township 11 South, Range 10 West, Calcasieu Parish, Louisiana. Said Subject Tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod found at the Northeast corner of the Northeast quarter of the Southeast quarter of Section 13, Township 11 South, Range 10 West, said Northeast corner having grid coordinates X = 2,648,303.05' and Y = 588,612.84, being the Northeast corner of the Subject Tract;

THENCE proceed South 01°04'29" West, along the East line of said Section 13, for a distance of 377.14 feet to a 5/8" iron rebar found at the Southeast corner of the Subject Tract;

THENCE proceed North 89°09'53" West a distance of 1,155.29 feet to a 3/4" iron pipe set at the Southwest corner of the Subject Tract;

THENCE proceed North 01°04'29" East passing a 5/8" iron rebar with cap found at 30.80 feet and another 5/8" rebar with cap found at 355.16 feet and continuing for a total distance of 377.14 feet to a PK Nail set on the North line of the Southeast quarter of said Section 13, being the Northwest corner of the Subject Tract;

THENCE proceed South 89°09'53" East, along the North line of the Northeast quarter of the Southeast quarter of said Section 13, a distance of 1,155.29 feet to the POINT OF BEGINNING.

Being the same property acquired by Global Industries, Ltd. (predecessor by merger to Seller) described as follows:

North Ten (10) acres of the East Thirty-Five (35) acres of the Northeast Quarter of the Southeast Quarter (NE ¼ of SE ¼) of Section Thirteen (13), Township Eleven (11) South, Range Ten (10) West, Calcasieu Parish Louisiana.

STATE OF LOUISIANA
PARISH OF CALCASIEU

GROUND LEASE

THIS GROUND LEASE (hereinafter "Lease") is made and entered into, and is effective, as of April 12, 2016 ("Effective Date") by and between the LAKE CHARLES HARBOR AND TERMINAL DISTRICT, a political subdivision of the State of Louisiana (hereinafter "the District" or "LESSOR"), and DRIFTWOOD LNG LLC, a limited liability company organized and existing under the laws of the State of Delaware (hereinafter "LESSEE").

WHEREAS, LESSEE is desirous of leasing land now owned or to be purchased by the LESSOR for the development, construction and operation of the "Facilities" as defined in Section 3(a); and

WHEREAS, the LESSOR desires to lease such land to LESSEE in order to develop the land with the Facilities; and

WHEREAS, in accordance with the above, LESSEE has executed this Lease and offers fair value to the LESSOR as consideration for this Lease.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties herein covenant and agree as follows:

* * * * *

KNOW ALL MEN BY THESE PRESENTS: That,

LESSOR for and in consideration of the annual rentals herein specified and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby rent, let, and lease unto LESSEE, all that certain tract or parcel of land containing 477 acres, more or less, being more particularly described as set forth on Exhibit A attached hereto and made a part hereof, including all rights, privileges, servitudes and appurtenances thereunto belonging (hereinafter "Leased Premises").


1. **Term.** The term of this Lease shall be the period commencing April 12, 2016 (the "Commencement Date") and expiring on April 12, 2020 ("Expiration Date"). The four (4) year period commencing on the Commencement Date and expiring on the Expiration Date shall be referred to herein as the "Initial Term".

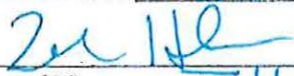
2. **Rent.**

(a) Rent. Commencing upon the Commencement Date, the initial annual rent for the Leased Premises ("Rent") shall be [REDACTED] provided, if LESSEE has not exercised its option to enter into the Long-Term Lease (as defined in Section 25), by the end of the third year of the term, then the Rent for the fourth year of the term shall be increased to

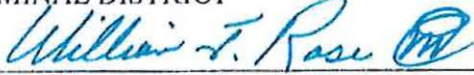
EXECUTED this 13th day of April, 2016.

WITNESSES:



Printed Name: Jonathan Ringo

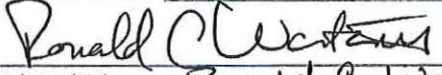

Printed Name: Todd Henderson

LAKE CHARLES HARBOR AND
TERMINAL DISTRICT


By: 
William J. Rase, III, Executive Director

WITNESSES:


Printed Name: CHRISTOPHER DANIELS


Printed Name: Ronald C. Watson

DRIFTWOOD LNG LLC

By: 
Name: MARTIN HOUSTON
Title: PRESIDENT

STATE OF LOUISIANA :

PARISH OF Calcasieu :

On this 13th day of April, 2016, before me appeared William J. Rase, III, to me personally known, who, being by me duly sworn, did say that he is the Executive Director for LAKE CHARLES HARBOR AND TERMINAL DISTRICT, and that the foregoing instrument was signed in behalf of said entity by authority of its Board of Commissioners, and said appearer acknowledged said instrument to be the free act and deed of said entity.



NOTARY PUBLIC

Printed Name: _____

Bar Roll/Notary No.: _____

Commission Expires: _____



MICHAEL K. DEES
Louisiana Bar No 04796
Notary Public No. 2630
State of Louisiana
Parish of Calcasieu
My Commission Is For Life

STATE OF Texas :

PARISH/COUNTY OF Harris :

On this 16th day of April, 2016, before me appeared Martin J. Houston, to me personally known, who, being by me duly sworn, did say that he is the President of DRIFTWOOD LNG LLC, and that the foregoing instrument was signed in behalf of said entity by authority of its managers, and said appearer acknowledged said instrument to be the free act and deed of said entity.

Melita Washington

NOTARY PUBLIC

Printed Name: Melita Washington

Bar Roll/Notary No.: _____

Commission Expires: 07-02-18



Exhibit A

Legal Description of Leased Premises

A TRACT OF LAND CONTAINING 477.823 ACRES, more or less, situated in Section 19, Township 11 South, Range 9 West and Sections 13 and 24, Township 11 South, Range 10 West, Calcasieu Parish, Louisiana. Said Subject Tract being more particularly described in the following two tracts:

Subject Tract 3(A)

BEGINNING at a 1" Iron Pipe with Cap found at the common corner of Sections 13, 14, 23, and 24, Township 11 South, Range 10 West, said common corner having grid coordinates $X = 2,642,937.39'$ and $Y = 586,050.17'$;

THENCE proceed South $89^{\circ}08'06''$ East, along the North line of said Section 24, a distance of 1109.76 feet to a 3/4" iron pipe set on the West right of way line of Global Drive;

THENCE proceed South $89^{\circ}08'06''$ East, continuing along the North line of said Section 24, a distance of 32.64 feet to a PK Nail set on the centerline of Global Drive;

THENCE proceed South $01^{\circ}45'24''$ West, leaving the North line of Section 24 and proceeding along the centerline of Global Drive, a distance of 373.95 feet to a PK Nail set at a point of curvature of Global Drive;

THENCE proceed in an Easterly direction, continuing along the centerline of Global Drive, along the arc of a curve to the left having a radius of 245.00 feet for an arc distance of 713.31 feet to a PK Nail set at a point of tangency, said curve having a chord bearing South $81^{\circ}39'05''$ East and a chord distance of 486.76 feet;

THENCE proceed North $14^{\circ}56'27''$ East, continuing along the centerline of Global Drive, a distance of 200.11 feet to a PK Nail set at a point of curvature of Global Drive;

THENCE proceed in a Northeasterly direction, continuing along the centerline of Global Drive, along the arc of a curve to the right having a radius of 300.00 feet for an arc distance of 357.33 feet to a PK Nail set at a point of tangency, said curve having a chord bearing of North $49^{\circ}03'48''$ East and a chord distance of 336.58 feet;

THENCE proceed North $83^{\circ}11'09''$ East, continuing along the centerline of Global Drive, a distance of 243.55 feet to a PK Nail set at a point of curvature of Global Drive;

THENCE proceed in an Easterly direction, continuing along the centerline of Global Drive, along the arc of a curve to the right having a radius of 1300.00 feet for an arc distance of 175.82 feet to a PK Nail set at a point of tangency, said curve having a chord bearing of North $87^{\circ}03'37''$ East and a chord distance of 175.68 feet;

THENCE proceed South $89^{\circ}03'55''$ East, along the centerline of Global Drive, a distance of 1,652.58 feet to a PK Nail set on the centerline of Global Drive and the East line of the Southwest quarter of the Southeast quarter of said Section 13;

THENCE proceed South $01^{\circ}01'11''$ West, along the East line of said Southwest quarter of the Southeast quarter, for a distance of 20.35 feet to a 3/4" iron pipe set at the Southeast corner of said Southwest quarter of the Southeast quarter of said Section 13;

THENCE proceed South $89^{\circ}11'59''$ East, along the South line of said Section 13, for a distance of 1,328.69 feet to a PK Nail set at the common corner of Sections 18 and 19, Township 11 South, Range 9 West, and Sections 13 and 24, Township 11 South, Range 10 West;

THENCE proceed South $01^{\circ}04'35''$ West, along the East line of said Section 24, a distance of 44.23 feet to a found 5/8" iron rebar;

THENCE proceed South $88^{\circ}53'56''$ East for a distance of 903.42 feet to a set 3/4" iron pipe;

THENCE proceed South 00°55'42" West for a distance of 544.17 feet to a set 3/4" iron pipe;

THENCE proceed South 88°57'56" East, passing a 1/2" iron rebar found at 1,028.18 feet, for a total distance of 1,157.37 feet to a point on the existing West bank of the Calcasieu River;

THENCE along the existing West bank of the Calcasieu River the following bearings and distances:

South 05°46'04" East a distance of 533.66 feet;

South 00°08'32" East a distance of 43.39 feet;

THENCE proceed North 89°51'28" East for a distance of 367.15 feet to the North line of the Intracoastal Waterway right of way;

THENCE proceed South 07°35'00" West, along the North line of said Intracoastal Waterway right of way, for a distance of 291.05 feet;

THENCE proceed South 30°53'00" West, along the North line of said Intracoastal Waterway right of way, for a distance of 3,242.00 feet;

THENCE proceed South 51°14'00" West, along the North line of said Intracoastal Waterway right of way, for a distance of 1,032.00 feet;

THENCE proceed South 47°04'43" West, along the North line of said Intracoastal Waterway right of way, for a distance of 66.59 feet to a point on the East line of said Section 24;

THENCE proceed North 00°58'57" East, along the East line of said Section 24, for a distance of 122.73 feet to a point on the existing North bank of the Intracoastal Waterway;

THENCE proceed North 00°58'57" East, along the East line of said Section 24, passing a 4" transite pipe found at 841.91 feet at the Southeast corner of the Northeast Quarter of the Southeast Quarter of said Section 24, for a total distance of 2,174.60 feet to a 4" transite pipe found at the Southeast corner of the Northeast Quarter of said Section 24;

THENCE proceed North 89°11'48" West, along the South line of the North Half of said Section 24, for a distance of 4,869.92 feet to a point on the East bank of Bayou Choupique;

THENCE along the East bank of Bayou Choupique the following bearings and distances:

North 11°27'39" East a distance of 128.12 feet;

North 05°43'14" West a distance of 128.72 feet;

North 04°06'42" East a distance of 321.72 feet;

North 33°38'10" West a distance of 171.55 feet;

North 01°22'54" East a distance of 68.51 feet;

North 28°20'28" West a distance of 115.74 feet;

North 06°05'29" West a distance of 27.14 feet;

North 27°07'56" West a distance of 211.76 feet;

North 46°58'33" West a distance of 283.76 feet to a point on the West line of said Section 24;

THENCE proceed North 00°44'12" East, along the West line of said Section 24, a distance of 1,376.23 feet to the **POINT OF BEGINNING** and containing 476.456 acres of land, more or less.

-AND-

COMMENCING at the **POINT OF BEGINNING** for Subject Tract 3(A), being a 1" Iron Pipe with Cap found at the common corner of Sections 13, 14, 23, and 24, Township 11 South, Range 10 West, said common corner having grid coordinates X = 2,642,937.39' and Y = 586,050.17';

THENCE proceed South 00°44'12" West, along the West line of said Section 24, a distance of 2,667.01 feet to a 4" transite pipe found at the Southwest corner of the Northwest Quarter of said Section 24, said corner being the **POINT OF BEGINNING** for Subject Tract 3(B) and having grid coordinates X = 2,642,903.10' and Y = 583,383.39';

THENCE proceed North 00°44'12" East, along the West line of said Section 24, 834.60 feet to a point on the West bank of Bayou Choupique;

THENCE along the West bank of Bayou Choupique the following bearings and distances:

South 31°41'57" East a distance of 49.61 feet;

South 20°27'53" East a distance of 120.17 feet;

South 05°51'50" East a distance of 123.30 feet;

South 08°39'14" West a distance of 91.12 feet;

South 00°29'02" West a distance of 84.26 feet;

South 03°34'23" East a distance of 188.48 feet;

South 02°03'30" West a distance of 87.36 feet;

South 04°36'27" West a distance of 108.76 feet to a point on the South line of the North Half of said Section 24;

THENCE proceed North 89°11'48" West, along the South line of the North half of said Section 24, a distance of 76.87 feet to the **POINT OF BEGINNING** for Subject Tract 3(B) and containing 1.367 acres of land, more or less.

ALL being a portion of the same property acquired by Global Industries, Ltd. (predecessor by merger to Seller) described as follows:

Lot Twelve (12) of Section 18, Township 11 South, Range 9 West, less and except the North 300 feet thereof; all of Lots 2, 3, 4, 5, 10, 11 and 12 lying West of the Calcasieu River and Ship Channel and North and West of the Intracoastal Waterway in Section 19, Township 11 South, Range 9 West; the East Half of the Southwest Quarter (E 1/2 of SW 1/4), the Southwest Quarter of the Southeast Quarter (SW 1/4 of SE 1/4), two (2) acres, more or less, in the Southeast Corner of the Southwest Quarter of the Southwest Quarter (SW 1/4 of SW 1/4), and lying East of the West line of the old road in Section 13, all being in Section 13, Township 11 South, Range 10 West; and the North Half (N 1/2) of Section 24, Township 11 South, Range 10 West; **LESS AND EXCEPT** the property sold by Owens-Illinois, Inc. to Port Arthur Towing Company by warranty deed filed with the Clerk of Court, Calcasieu Parish, under File No. 1292862, and recorded in Book 1328 of Conveyances, at page 494, of the records of Calcasieu Parish and **LESS AND EXCEPT** the property sold by Global Industries, LTD. to Bollinger Calcasieu, L.L.C. by Cash Deed filed with the Clerk of Court, Calcasieu Parish, under File No. 2844011 and recorded in Book 3415 of Conveyances, at page 836 of the records of Calcasieu Parish.

Exhibit B

Form of Long-Term Lease

STATE OF LOUISIANA
PARISH OF CALCASIEU

GROUND LEASE

THIS GROUND LEASE (hereinafter "Lease") is made and entered into, and is effective, as of _____, 20__ ("Effective Date") by and between the LAKE CHARLES HARBOR AND TERMINAL DISTRICT, a political subdivision of the State of Louisiana (hereinafter "the District" or "LESSOR"), and DRIFTWOOD LNG LLC, a limited liability company organized and existing under the laws of the State of Delaware (hereinafter "LESSEE").

WHEREAS, LESSOR and LESSEE are party to that certain Ground Lease dated April ____, 2016 (the "Short Term Lease"), pursuant to which LESSEE leases from LESSOR that certain tract or parcel of land containing 477 acres, more or less, being more particularly described as set forth on Exhibit A attached hereto and made a part hereof, including all rights, privileges, servitudes and appurtenances thereunto belonging (hereinafter "Leased Premises"); and

WHEREAS, pursuant to the terms of Section 25 of the Short-Term Lease, LESSEE has exercised its option to enter into a long-term lease of the Leased Premises and in conjunction therewith, LESSEE and LESSOR desire to enter into this Lease whereby LESSEE may develop, construct and operate the "Facilities" (as defined in Section 3(a) below); and

WHEREAS, in accordance with the above, LESSEE has executed this Lease and offers fair value to the LESSOR as consideration for this Lease.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties herein covenant and agree as follows:

* * * * *

KNOW ALL MEN BY THESE PRESENTS: That,

LESSOR for and in consideration of the annual rentals herein specified and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby rent, let, and lease unto LESSEE, the Leased Premises.

1. **Term.**

(a) Term. The initial term of this Lease shall be twenty years commencing on _____, 20__ (the "Commencement Date") and expiring on _____, 20__ (the "Expiration Date"), with six (6) options to renew this Lease on the same terms and conditions ("Renewal Options") for additional periods of five (5) years each ("Renewal Term" or "Renewal Terms"). The twenty (20) year period commencing on the Commencement Date and expiring on the Expiration Date shall be referred to herein as the "Initial Term" and the Initial Term, together with any applicable Renewal Terms, shall be referred to herein collectively as the "Term".

OPTION TO LEASE AGREEMENT

This Option To Lease Agreement ("**Option Agreement**") is made and entered into this 3rd day of June, 2016 ("**Effective Date**"), by and between **J. Lawton Company, L.L.C.**, a Louisiana limited liability company (the "**Landlord**"), located at 1450 William Street, Floor Two, Lake Charles, LA 70601 and Driftwood LNG LLC, a Delaware limited liability company (the "**Lessee**"), located at 1201 Louisiana, Suite 3100, Houston, Texas 77002.

WHEREAS, Landlord is the owner of a parcel of land encompassing approximately 171 acres (the "**Property**") with approximately 2,111 feet of frontage on the Calcasieu River as more particularly described on Exhibit A.

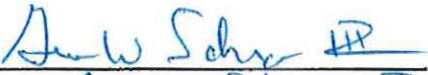
WHEREAS, Lessee wishes to acquire an option to lease from Landlord the Property and Landlord is willing to provide the option to lease the Property on the terms and conditions set forth herein.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party, Landlord and Lessee agree as follows.

1. **Option.** Subject to this Option Agreement's further terms and conditions, Landlord hereby grants to Lessee the exclusive option (the "**Option**") to lease the Property pursuant to the Lease (as defined in Section 5). The term of this Option shall commence on the Effective Date and terminate on October 20, 2019 (the "**Option Period**"), in order for Lessee to investigate and determine the suitability of the Property for Lessee's Permitted Purpose (as defined in the Lease). On the Effective Date, and as a condition to the effectiveness of this Option Agreement, Lessee shall pay Landlord [REDACTED] (the "**Initial Payment**"). On October 20, 2017, provided Lessee has not terminated this Option Agreement or exercised its Option prior to such date in accordance with Section 5 or Section 6, and on each subsequent anniversary of October 20, 2017 through the expiration of the option (each a "**Payment Date**"), Lessee shall pay Landlord [REDACTED] (each, including the Initial Payment, an "**Option Payment**"). The failure to timely pay any Option Payment shall result in the early termination of the Option Period and this Option Agreement effective on the missed Payment Date. Landlord agrees, however, to notify Lessee if the Option Payment is not received on any Payment Date and to allow a 3-day period following Lessee's receipt of notification of non-payment within which Lessee may pay the Option Payment, in which case the Option Payment will be deemed to have been timely paid on the applicable Payment Date. Landlord shall not be obligated to give Lessee any such notice in connection with the payment of the Initial Payment. If Lessee timely exercises its Option and the Lease is executed, then the first installment of Rent (as such term is defined in the Lease) shall be reduced by an amount equal to [REDACTED] multiplied by the number of full calendar months that remain from the commencement date of the Lease to the next Payment Date or, if the exercise occurs after the last Payment Date, the anniversary of the last Payment Date.

This Option Agreement has been executed as of the Effective Date.

LANDLORD: J. LAWTON COMPANY, L.L.C.

By: 
Name: Gus W Schram III
Title: Executive Vice President

LESSEE: DRIFTWOOD LNG LLC


By: 
Name: Martin Houston
Title: President & Manager

EXHIBIT A

Property Description

Tract Data Sheet

Tract Name/Number: Shipyard Tract - J. Lawton Company's Tract

CALCW/SHIPYARDZ

T-R-S: T11S-T10W-13 Desc: All that part of the following described tract of land situated in Section 13, T11S-R10W;

Net Law Acres: 110.90

A certain parcel or tract of land, excluding the minerals and mineral rights of every kind and character, situated in Section 13, Township 11 South, Range 10 West (T11S-R10W) and Section 18, Township 11 South, Range 9 West (T11S-R9W), Parish of Calcasieu, State of Louisiana, (being all that part or portion of a tract of land designated as the "William T. Burton Industries, Inc." tract (on a plat of survey prepared by Phillip L. Whitaker, Registered Land Surveyor, and dated August 14, 1985, and recorded in Plat Book 95, Page 5, under File No. 2362337 of the records of Calcasieu Parish, Louisiana) that is situated South of the South line of the Northeast Quarter (NE¹/₄) of Section 13, T11S-R10W and South and Southwesterly of a line described as: beginning at the Southeast corner of the Northeast Quarter (NE¹/₄) of Section 13, T11S-R10W; thence run North 89° 47' 18" East along the North line of Lot 11 of Section 18, T11S-R9W, a distance of 250 feet to a point and corner; thence run North 62° 37' 37" East 936.8 feet along the centerline of a "Proposed Road" (as shown on the above referenced plat of survey) to a 3/4 inch pipe; thence continue North 62° 37' 37" East 202.5 feet to the West bank of the Calcasieu River and end of said line) and more particularly described as commencing at a 1-1/2" pipe at the Southeast corner of Section 13, T11S-R10W; thence North 0° 01' 16" East along the East line of Section 13, a distance of 50 feet to a 1-1/2 inch pipe; thence continue along the East line of Section 13 North 0° 01' 16" East, a distance of 970.23 feet to an existing 1-inch pipe and corner; thence in an easterly direction, South 89° 57' 20" East, 916.86 feet to an existing 1-inch pipe; thence continuing along the same bearing South 89° 57' 20" East, a distance of 687.79 feet to a 1-1/2 inch pipe; thence continue South 89° 57' 20" East, a distance of 51 feet to the right descending bank of Calcasieu River; thence go in a Northerly direction along the meander of the right descending bank of the Calcasieu River to a point of intersection of centerline of Section 18, T11S-R9W, with the right descending or West Bank of the Calcasieu River (said point of intersection being North 89° 47' 18" East 1222.9 feet from the SE corner of the NE¹/₄ Section 13, T11S-R10W); thence continue to proceed in a Northerly direction along the right descending or West Bank of the Calcasieu River, to a point and corner that is North 18° 16' 21" West a distance of 450 feet from the intersection of centerline of Section 18 with the right descending or West Bank of the Calcasieu River; thence in a Southwesterly direction, go South 62° 37' 37" West, 936.8 feet to a point and corner, said point and corner being North 89° 47' 18" East 250 feet from the SE corner of the NE¹/₄ of Section 13, T11S-R10W; thence South 89° 47' 18" West, a distance of 250 feet to a point located on the Range line between Range 10 West and Range 9 West; thence in a Westerly direction along the centerline of Section 13, South 89° 47' 18" West, 1156.29 feet to a point; thence continue along the centerline of Section 13, South 89° 47' 18" West, a distance of 397.76 feet to a point; thence continue along the centerline of Section 13, South 89° 48' 03" West, a distance of 1109.49 feet to the center of Section 13 and corner; thence South 0° 07' 45" East along the West line of the Northwest Quarter of Southeast Quarter of Section 13, T11S-R10W, a distance of 1320.26 feet to a point marked by a four-inch Transite pipe and corner; thence North 89° 47' 18" East, a distance of 600.0 feet along the South line of the Northwest Quarter of the Southeast Quarter of Section 13 to a 4 inch Transite pipe; thence continue North 89° 47' 18" East, a distance of 730.0 feet along the South line of the Northwest Quarter of the Southeast Quarter of Section 13 to a 1 inch pipe and corner; thence go South 0° 01' 24" East, along the West line of the Southeast Quarter of the Southeast Quarter of Section 13, a distance of 1269.10 feet to a 1-1/2 inch pipe; thence continuing along the same bearing South 0° 01' 24" East, a distance of 30 feet to a 1-1/2 inch pipe and corner, being the Southwest corner of the Southeast Quarter of the Southeast Quarter of Section 13; thence go North 89° 47' 33" East along the South line of the Southeast Quarter of the Southeast Quarter of Section 13, a distance of 1328.92 feet to the point of commencement, LESS AND EXCEPT a certain 10 acre tract of land situated in the Northeast Quarter of the Southeast Quarter of Section 13, Township 11 South, Range 10 West (T11S-R10W), more particularly described as commencing at the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 13, T11S-R10W; thence South 89° 47' 18" West a distance of 1156.29 feet to a point and corner; thence South 0° 01' 26" West, a distance of 377.14 feet to a 4 inch Transite pipe and corner; thence North 89° 47' 18" East a distance of 543.43 feet to a 4 inch Transite pipe; thence continue North 89° 47' 18" East, a distance of 612.84 feet to a point marked by a 4 inch Transite pipe and corner; thence North along the East line of Northeast Quarter of the Southeast Quarter of Section 13, North 0° 01' 26" East, a distance of 377.14 feet to the point of beginning.

Tract Data Sheet

Tract Name/Number: Shipyard Tract - J. Lawton Company's Tract

CALCWSHIPYARD2

T11S-R9W-18 Desc: All that part of the following described tract of land situated in Section 18, T11S-R9W:

Net Law Acres: 59.90

A certain parcel or tract of land, excluding the minerals and mineral rights of every kind and character, situated in Section 13, Township 11 South, Range 10 West (T11S-R10W) and Section 18, Township 11 South, Range 9 West (T11S-R9W), Parish of Calcasieu, State of Louisiana, [being all that part or portion of a tract of land designated as the "William T. Burton Industries, Inc." tract (on a plat of survey prepared by Phillip L. Whitaker, Registered Land Surveyor, and dated August 14, 1985, and recorded in Plat Book 35, Page 5, under File No. 2362337 of the records of Calcasieu Parish, Louisiana) that is situated South of the South line of the Northeast Quarter (NE/4) of Section 13, T11S-R10W and South and Southeasterly of a line described as: beginning at the Southeast corner of the Northwest Quarter (NE/4) of Section 13, T11S-R10W; thence run North 89° 47' 18" East along the North line of Lot 11 of Section 18, T11S-R9W, a distance of 250 feet to a point and corner; thence run North 62° 37' 37" East 936.8 feet along the centerline of a "Proposed Road" (as shown on the above referenced plat of survey) to a 3/4 inch pipe; thence continue North 62° 37' 37" East 202.5 feet to the West bank of the Calcasieu River and end of said line] and more particularly described as commencing at a 1-1/2" pipe at the Southeast corner of Section 13, T11S-R10W; thence North 0° 01' 16" East along the East line of Section 13, a distance of 50 feet to a 1-1/2 inch pipe; thence continue along the East line of Section 13 North 0° 01' 16" East, a distance of 970.25 feet to an existing 1-inch pipe and corner; thence in an easterly direction, South 89° 57' 20" East, 916.86 feet to an existing 1-inch pipe; thence continuing along the same bearing South 89° 57' 20" East, a distance of 687.79 feet to a 1-1/2 inch pipe; thence continue South 89° 57' 20" East, a distance of 51 feet to the right descending bank of Calcasieu River; thence go in a northerly direction along the meander of the right descending bank of the Calcasieu River to a point of intersection of centerline of Section 18, T11S-R9W, with the right descending or West Bank of the Calcasieu River (said point of intersection being North 89° 47' 18" East 1222.9 feet from the SE corner of the NE/4 Section 13, T11S-R10W); thence continue to proceed in a northerly direction along the right descending or West Bank of the Calcasieu River, to a point and corner that is North 18° 16' 21" West a distance of 450 feet from the intersection of centerline of Section 18 with the right descending or West Bank of the Calcasieu River; thence in a southeasterly direction, go South 62° 37' 37" West, 936.8 feet to a point and corner, said point and corner being North 89° 47' 18" East 250 feet from the SE corner of the NE/4 of Section 13, T11S-R10W; thence South 89° 47' 18" West, a distance of 250 feet to a point located on the Range line between Range 10 West and Range 9 West; thence in a westerly direction along the centerline of Section 13, South 89° 47' 18" West, 1156.29 feet to a point; thence continue along the centerline of Section 13, South 89° 47' 18" West, a distance of 397.76 feet to a point; thence continue along the centerline of Section 13, South 89° 48' 03" West, a distance of 1109.49 feet to the center of Section 13 and corner; thence South 0° 07' 43" East along the West line of the Northwest Quarter of Southeast Quarter of Section 13, T11S-R10W, a distance of 1320.26 feet to a point marked by a four-inch Transite pipe and corner; thence North 89° 47' 18" East, a distance of 600.0 feet along the South line of the Northwest Quarter of the Southeast Quarter of Section 13 to a 4 inch Transite pipe; thence continue North 89° 47' 18" East, a distance of 730.0 feet along the South line of the Northwest Quarter of the Southeast Quarter of Section 13 to a 1 inch pipe and corner; thence go South 0° 01' 24" East, along the West line of the Southeast Quarter of the Southeast Quarter of Section 13, a distance of 1269.10 feet to a 1-1/2 inch pipe; thence continuing along the same bearing South 0° 01' 24" East, a distance of 50 feet to a 1-1/2 inch pipe and corner, being the Southwest corner of the Southeast Quarter of the Southeast Quarter of Section 13; thence go North 89° 47' 33" East along the South line of the Southeast Quarter of the Southeast Quarter of Section 13, a distance of 1328.92 feet to the point of commencement, LESS AND EXCEPT a certain 10 acre tract of land situated in the Northeast Quarter of the Southeast Quarter of Section 13, Township 11 South, Range 10 West (T11S-R10W), more particularly described as commencing at the Northeast corner of the Northwest Quarter of the Southeast Quarter of Section 13, T11S-R10W; thence South 89° 47' 18" West a distance of 1156.29 feet to a point and corner; thence South 0° 01' 26" West, a distance of 377.14 feet to a 4 inch Transite pipe and corner; thence North 89° 47' 18" East a distance of 543.45 feet to a 4 inch Transite pipe; thence continue North 89° 47' 18" East, a distance of 612.84 feet to a point marked by a 4 inch Transite pipe and corner; thence North along the East line of Northwest Quarter of the Southeast Quarter of Section 13, North 0° 01' 26" East, a distance of 377.14 feet to the point of beginning.

EXHIBIT B

Form of Lease

TRIPLE NET GROUND LEASE

THIS TRIPLE NET GROUND LEASE (this "Lease") is made and entered into, and is effective, as of the ____ day of [] ("Effective Date") by and between **J. Lawton Company, L.L.C.**, a Louisiana limited liability company ("Landlord"), and [insert name of Option holder], a [insert entity type] ("Lessee").

BACKGROUND:

WHEREAS, Lessee is a party to that certain Option to Lease Agreement dated June 3, 2016 between Landlord and Lessee (the "Option Agreement") pursuant to which Lessee holds an Option (as defined in the Option Agreement) to lease land owned by the Landlord;

WHEREAS, Lessee has exercised the Option; and

WHEREAS, in accordance with the Option Agreement, Landlord and Lessee are executing this Lease;

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties herein covenant and agree as follows:

1. **Grant of Lease.** Subject to this Lease's further terms and conditions, Landlord for and in consideration of the annual rentals herein specified and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby rent, let, and lease unto Lessee, all that certain tract or parcel of land containing ____ [acreage to be determined by survey in accordance with Section 2 of the Option Agreement] acres, more or less, being more particularly described as set forth on Exhibit A attached hereto and made a part hereof, including all rights, privileges, servitudes and appurtenances thereunto belonging (the "Leased Premises"). For the avoidance of doubt, the Leased Premises do not include the "Boat Slip" as defined in the Option Agreement.

2. **Term.**

- a. **Term.** The initial term of this Lease shall be the twenty year period commencing on the Effective Date and expiring on _____, 20__ ("Initial Term"), with six (6) options to renew this Lease on the same terms and conditions ("Renewal Options") for additional periods of five (5) years each (each a "Renewal Term" and, collectively, "Renewal Terms"). The Initial Term, all Renewal Terms, and the Removal Period (as defined in Section 16) shall be referred to collectively as the "Term."
- b. **Exercise of Renewal Options.** The Renewal Options shall be exercisable only by Lessee, in its sole discretion, by delivery of written notice to Landlord no later than 180 days prior to the expiration of the Initial Term or the then current Renewal Term, as applicable, provided that as of the giving of such notice no Event of Default (as defined in Section 19(a) below) shall exist. The failure of Lessee to properly exercise any Renewal Option for any Renewal Term in accordance with the terms of this Section 2(b) shall result in the termination of the

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

d. No use of Boat Slip. Lessee may use the Leased Premises (or a portion thereof) and the Boat Slip as a thermal exclusion zone (as such term is used 49 CFR 193.2057 and 49 CFR 193.2059); in furtherance thereof, Landlord agrees that during this Lease's Term, Landlord shall not use or allow others to use the Boat Slip for any purpose whatsoever, except that Landlord may, upon 24-hour's

advance notice to Lessee, access the Boat Slip from time to time as needed for necessary maintenance and repair purposes. Further, at Lessee's request, Landlord shall execute a servitude agreement or similar agreement in recordable form and otherwise reasonably acceptable to the parties, prohibiting any use of the Boat Slip during the Term except as specifically provided herein.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]