



Department of Energy  
Washington, DC 20585

June 21, 2019

BY EMAIL

William S. Garner  
Greenberg Traurig, LLP  
1000 Louisiana Street, Suite 1700  
Houston, Texas 77002  
[garnerw@gtlaw.com](mailto:garnerw@gtlaw.com)

**RE: Notice of Change in Control**  
Texas LNG Brownsville LLC  
FE Docket No. 15-62-LNG

Dear Mr. Garner:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to your letters filed on behalf of Texas LNG Brownsville LLC (Texas LNG or TXBRO). Specifically, Texas LNG filed a Statement and Notice of Change in Control on April 12, 2019,<sup>1</sup> and a Supplement to Statement and Notice of Change in Control on May 20, 2019.<sup>2</sup> In the letters, Texas LNG provides information regarding a change in control, in light of DOE/FE's Change in Control Procedures.<sup>3</sup>

## **I. BACKGROUND**

On April 15, 2015, Texas LNG filed an application (Application)<sup>4</sup> requesting long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) to: (i) any country with which the United States has, or in the future enters into, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA

---

<sup>1</sup> Texas LNG Brownsville LLC, FE Docket No. 15-62-LNG, Statement and Notice of Change in Control (Apr. 12, 2019) [hereinafter CIC Notice].

<sup>2</sup> Texas LNG Brownsville LLC, FE Docket No. 15-62-LNG, Supplement to Statement and Notice of Change in Control (May 20, 2019) [hereinafter Supp.].

<sup>3</sup> See U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541 (Nov. 5, 2014) [hereinafter DOE/FE Change in Control or CIC Procedures].

<sup>4</sup> Texas LNG Brownsville LLC, Application for Multi-Contract Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Countries, FE Docket No. 15-62-LNG (Apr. 15, 2015).

countries);<sup>5</sup> and (ii) any other country with which trade is not prohibited by United States law or policy (non-FTA countries).<sup>6</sup>

On September 24, 2015, in Order No. 3716, DOE/FE granted the FTA portion of the Application.<sup>7</sup> The non-FTA portion of Texas LNG's Application is still pending.

## **II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP**

In the CIC Notice, Texas LNG states that, at the time its Application was filed, its ownership was composed of Third Point LNG Aggregator LLC, Third Point Partners Qualified L.P., and Third Point Partners L.P. (collectively, the Third Point Entities), and Texas LNG LLC (or TXLNG).<sup>8</sup>

On March 13, 2019, the Third Point Entities contracted with Brownsville LNG Holdings, LLC (Brownsville LNG), whereby the Third Point Entities transferred to Brownsville LNG 100% of their membership interest in Texas LNG (the Transaction). Therefore, effective as of the closing of the Transaction:

- Texas LNG LLC continues to be a member of Texas LNG,
- The Third Point Entities have withdrawn as members of Texas LNG, and
- Brownsville LNG is the managing member of Texas LNG.

Brownsville LNG is a Delaware limited liability company with its principal place of business in The Woodlands, Texas.<sup>9</sup> It is wholly-owned by Alder Midstream, LLC, which is controlled by a board appointed by other entities. Alder Midstream is a Delaware limited liability company with its principal place of business in The Woodlands, Texas.<sup>10</sup>

---

<sup>5</sup> 15 U.S.C. § 717b(c). The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

<sup>6</sup> 15 U.S.C. § 717b(a).

<sup>7</sup> *Texas LNG Brownsville LLC*, DOE/FE Order No. 3716, FE Docket No. 15-62-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed LNG Terminal at the Port of Brownsville in Brownsville, Texas, to Free Trade Agreement Nations (Sept. 24, 2015).

<sup>8</sup> CIC Notice at 2. Texas LNG's Application states that each of the Third Point Entities owned less than 10% of Texas LNG. *See* App. at 7. On February 18, 2016, however, Texas LNG provided notice to DOE/FE that the ownership percentage of Third Point LNG Aggregator LLC had increased to 15.09%. *See* Texas LNG Brownsville LLC, Updated Equity Ownership Information Statement, FE Docket No. 15-62-LNG (Feb. 18, 2016). DOE/FE gave effect to this change in control on August 31, 2016. *See* Ltr. from John Anderson, DOE/FE, to William S. Garner, Jr., Attorney for Texas LNG, Notice of Change in Control, FE Docket No. 15-62-LNG (Aug. 31, 2016).

<sup>9</sup> Supp. at 1.

<sup>10</sup> *Id.*

Texas LNG states that, because Brownsville LNG acquired a 10% or greater membership interest in Texas LNG and became its managing partner, the Transaction amounts to a change in control.<sup>11</sup>

Texas LNG further states that it will remain the holder of its FTA authorization (DOE/FE Order No. 3716) and the applicant in the pending non-FTA proceeding.<sup>12</sup>

### **III. DISCUSSION AND CONCLUSIONS**

DOE/FE construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.<sup>13</sup> A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, of 10% or more of the voting securities of such entity.<sup>14</sup>

#### **A. FTA Authorization**

DOE/FE's CIC Procedures provide that, upon receipt of a statement of a change in control relating to existing FTA long-term natural gas export authorizations, DOE will give immediate effect to the change in control and will take no further action.<sup>15</sup> Accordingly, the change in control described above has taken effect insofar as it relates to Texas LNG's FTA authorization, DOE/FE Order No. 3716. No further action is required.

#### **B. Pending Non-FTA Application**

As stated above, the portion of Texas LNG's Application requesting a non-FTA authorization is currently pending before DOE/FE. The CIC Procedures state that, with respect to "pending non-FTA export applications, *i.e.*, proceedings in which DOE has not yet issued a final order," applicants may amend their applications to reflect a change in control by submitting notice of the amendment to DOE and serving that notice on other parties in the proceeding.<sup>16</sup>

Under the CIC Procedures, DOE will give immediate effect to the amendment, but it will accept and consider answers to the notice of amendment received within 15 days of

---

<sup>11</sup> CIC Notice at 2-3.

<sup>12</sup> *Id.* at 3.

<sup>13</sup> See DOE/FE CIC Procedures, 79 Fed. Reg. at 65,542.

<sup>14</sup> See *id.*

<sup>15</sup> See *id.*

<sup>16</sup> *Id.*

service of the applicant's pleading.<sup>17</sup> DOE will address the issues raised in any answers to the amendment in its final order on the pending application.<sup>18</sup>

In this proceeding, Texas LNG complied with the service requirements of the CIC Procedures when it served the CIC Notice and the Supplement on the service list for this proceeding.<sup>19</sup> The change in control applicable to Texas LNG's pending non-FTA Application has thus taken effect. More than 15 days have passed since Texas LNG served the CIC Notice (as well as the Supplement), and DOE/FE has not received any answers in opposition to the change in control. Accordingly, the change in control as to Texas LNG's pending Application continues in effect. No further action is required.

Sincerely,

---

Amy R. Sweeney  
Director, Office of Regulation, Analysis, and Engagement  
Office of Oil and Natural Gas

---

<sup>17</sup> *See id.*

<sup>18</sup> *See id.*

<sup>19</sup> *See* CIC Notice at 4; Supp. at 3.