



Department of Energy
Washington, DC 20585

August 12, 2020

Via Email

Jennifer Brough
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RE: Notification Regarding Change in Control
Alaska LNG Project LLC
FE Docket No. 14-96-LNG

Dear Ms. Brough:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to the Notification Regarding Change in Control that you filed on behalf of your client, Alaska LNG Project LLC (Alaska LNG), on July 6, 2020.¹ Alaska LNG provides notice of a change in ownership of one of its LLC members, in light of DOE/FE's Change in Control Procedures.²

I. BACKGROUND

Alaska LNG currently holds two authorizations from DOE/FE:

First, in DOE/FE Order No. 3554,³ Alaska LNG has a long-term, multi-contract authorization to export liquefied natural gas (LNG) to countries with which the United States has entered into a

¹ See Alaska LNG Project LLC, Notification Regarding Change in Control, FE Docket No. 14-96-LNG (July 6, 2020), available at:

<https://www.energy.gov/sites/prod/files/2020/07/t76/Alaska%20LNG%2014%2096%20LNG%20Change%20in%20Control%20Notice.pdf> [hereinafter Alaska LNG Notification].

² See U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541 (Nov. 5, 2014) [hereinafter DOE/FE Change in Control or CIC Procedures].

³ Alaska LNG Project LLC, DOE/FE Order No. 3554, FE Docket No. 14-96-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Proposed Alaska LNG Project in the Nikiski Area of the Kenai Peninsula, Alaska, to Free Trade Agreement Nations (Nov. 21, 2014).

free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries).⁴

Second, in DOE/FE Order No. 3643, Alaska LNG has a conditional long-term, multi-contract authorization to export LNG to non-FTA countries.⁵ The portion of Alaska LNG's application (Application)⁶ requesting a final non-FTA authorization remains pending.⁷

II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP

Alaska LNG states that, at the time it filed its Application in this proceeding, Alaska LNG's three members were ExxonMobil Alaska LNG LLC, ConocoPhillips Alaska LNG Company, and BP Alaska LNG LLC. Alaska LNG states that BP Alaska LNG LLC is a wholly owned subsidiary of BP Exploration (Alaska) Inc. (BPXA). Alaska LNG further states that, effective June 30, 2020, Hilcorp Alaska, LLC (Hilcorp) acquired the stock of BPXA—which includes the member interest in BP Alaska LNG LLC—as part of a larger corporate transaction whereby Hilcorp and its affiliates acquired all of BP's Alaska operations.⁸ As a result, Hilcorp has acquired BP Alaska LNG LLC's membership interest in Alaska LNG (33.33%).⁹

Alaska LNG states that it will remain the holder of the export authorizations, and that no changes are proposed to the Alaska LNG Project.¹⁰

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.¹¹ A rebuttable presumption that control exists will arise from the

⁴ 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.

⁵ 15 U.S.C. § 717b(a). *See Alaska LNG Project LLC*, DOE/FE Order No. 3643, FE Docket No. 14-96-LNG, Order Conditionally Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Proposed Alaska LNG Project in Nikiski, Alaska, to Non-Free Trade Agreement Nations (May 28, 2015).

⁶ Alaska LNG Project LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas, FE Docket No. 14-96-LNG (July 18, 2014).

⁷ We note that, on April 17, 2017, Alaska Gasline Development Corporation (AGDC) filed an application with the Federal Energy Regulatory Commission (FERC) for authorization to site, construct, and operate the Alaska LNG Project, pursuant to section 3 of the Natural Gas Act. On May 21, 2020, FERC issued an order approving AGDC's application. *See Alaska Gasline Dev. Corp.*, Order Granting Authorization Under Section 3 of the Natural Gas Act, 171 FERC ¶ 61,134 (May 21, 2020). Parties to the FERC proceeding have sought rehearing of that order, and that proceeding is ongoing.

⁸ *See* Alaska LNG Notification at 2.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *See* DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity.¹²

A. FTA Authorization (DOE/FE Order No. 3554)

DOE/FE's CIC Procedures provide that, upon receipt of a statement of 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.¹³ Accordingly, the change in control described above has taken effect insofar as it relates to Alaska LNG's FTA authorization, DOE/FE Order No. 3554. No further action is required.

B. Pending Non-FTA Application

Because DOE has not yet issued a final order on the non-FTA portion of Alaska LNG's Application, the Application remains pending in FE Docket No. 14-96-LNG. 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/FE and serving that notice on other parties in the proceeding.¹⁴

Under the CIC Procedures, DOE/FE will give immediate effect to the amendment, but it will accept and consider answers to the notice of amendment received within 15 days of service of the applicant's pleading.¹⁵ DOE/FE will address the issues raised in any answers to the amendment in its final order on the pending application.¹⁶

In this proceeding, Alaska LNG complied with the service requirements of the CIC Procedures when it served the Notification Regarding Change in Control on the service list for FE Docket No. 14-96-LNG. The change in control applicable to Alaska LNG's pending non-FTA request thus took effect immediately. More than 15 days have passed since Alaska LNG served the Notification Regarding Change in Control, and DOE/FE has not received any answers. Accordingly, the change in control 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

¹² *See id.*

¹³ *See id.*

¹⁴ *Id.*

¹⁵ *See id.*

¹⁶ *See id.*