

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

MAGNOLIA LNG, LLC

)
)
)

FECM Docket No. 23-____-LNG

**APPLICATION OF MAGNOLIA LNG, LLC FOR LONG-TERM AUTHORIZATION
TO EXPORT LNG TO NON-FREE TRADE AGREEMENT COUNTRIES
AND REQUEST FOR EXPEDITED CONSIDERATION**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² Magnolia LNG, LLC (“Magnolia”) hereby submits this application (“Application”) to DOE’s Office of Fossil Energy and Carbon Management (“FECM” or “FE”)³ for long-term, multi-contract authorization to export liquefied natural gas (“LNG”). Magnolia LNG seeks the authorization in this Application for up to the equivalent of approximately 1.23 billion cubic feet of natural gas per day (“Bcf/d”), which is approximately equivalent to 8.8 million tons per annum (“MTPA”) of domestically produced LNG. Authorization is sought for a period extending through December 31, 2050, commencing on the earlier of the date of first export or seven (7) years from the date of issuance of the authorization requested by this Application.

Magnolia LNG proposes to export LNG from the terminal it intends to construct, own, and operate near Lake Charles, Louisiana (“Magnolia LNG Project”) to any country with which the United States does not have a free trade agreement (“non-FTA”) requiring national treatment for trade in natural gas and LNG, which has or in the future develops the capacity to import

¹ 15 U.S.C. § 717b(a).

² 10 C.F.R. Part 590.

³ DOE/FECM was previously referred to as Office of Fossil Energy or DOE/FE. The prior acronym “DOE/FE” is used herein when referencing historical documents.

LNG via ocean-going carrier, and with which trade is not prohibited by U.S. law or policy.⁴

Magnolia LNG already has been authorized to export this same volume of LNG from the Magnolia LNG Project pursuant to orders wherein DOE/FECM held that the export of this amount of LNG is not inconsistent with the public interest under NGA Section 3;⁵ this application requests a new authorization of the same volumes in light of the expiration of the original authorization on November 30, 2023.⁶ Accordingly, Magnolia LNG respectfully requests that DOE/FECM issue the requested authorization on or before June 30, 2024.

In support of this Request, Magnolia respectfully states the following:

⁴ Magnolia LNG already has in effect through December 31, 2050, an authorization from DOE/FECM to export the equivalent volume of LNG from the Magnolia LNG Terminal to nations with which the United States has a free trade agreement (“FTA”) requiring national treatment for trade in natural gas. *Magnolia LNG, LLC*, DOE/FE Order No. 3245, FE Docket No. 12-183-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal in Lake Charles, Louisiana, to Free Trade Agreement Nations (Feb. 26, 2013); *Magnolia LNG, LLC*, DOE/FE Order No. 3406, FE Docket No. 13-131-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal in Lake Charles, Louisiana, to Free Trade Agreement Nations (Mar. 5, 2014).

⁵ *Magnolia LNG, LLC*, DOE/FE Order No. 3909, Docket No. 13-132-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal to be Constructed in Lake Charles, Louisiana, to Non-Free Trade Agreement Nations (Nov. 30, 2016) (“Order No. 3909 or “Non-FTA Authorization”) (authorizing the export of up to 8.0 MTPA of LNG to non-FTA nations); *Magnolia LNG, LLC*, DOE/FE Order No. 3909-C, Docket No. 13-132-LNG, Order Amending Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations (April 27, 2022) (“Order No. 3909-C”) (authorizing the export of an additional 0.8 MTPA of LNG to non-FTA nations, for a total non-FTA export capacity of 8.8 MTPA) (collectively, “Non-FTA Authorization”).

⁶ Contemporaneously with this Application, Magnolia LNG is filing a motion to withdraw its March 20, 2023 application, as amended on May 30, 2023, to extend the deadline to commence commercial operations until November 30, 2028.

I. Request for Expedited Consideration of Application

a. Description of the Applicant

Magnolia is a Delaware limited liability company with its principal place of business in Houston, Texas. Magnolia has been authorized by the Federal Energy Regulatory Commission (“FERC”) to site, construct, own and operate the Magnolia LNG Project.⁷ Magnolia is a 100% subsidiary of Magnolia LNG Holdings, LLC (“Magnolia Holdings”). Magnolia Holdings is wholly owned by Glenfarne Infrastructure Holdings, LLC, which is owned by Glenfarne Group, LLC (“Glenfarne”). Glenfarne is a New York-based developer, owner-operator, and industrial manager of energy and infrastructure assets across the Americas. Glenfarne Group’s current portfolio comprises several power and infrastructure subsectors, including backup power or grid stability, full spectrum renewables such as wind, hydropower and solar power, and natural gas infrastructure assets across North and South America.

Additionally, Glenfarne founded Glenfarne Energy Transition in 2022, to address the “here and now” global energy transition through complementary global LNG solutions, grid stability, renewables businesses and a hydrogen-fuels platform. Specifically, low-emissions U.S. LNG is one of the most sustainable, financially and logistically flexible fuels to help fill this need while countries bring modern power grids and other renewable infrastructure online.

b. Description of the Magnolia LNG Project

In this Application, Magnolia LNG seeks long-term authorization to export domestically produced LNG from the Magnolia LNG Project to be constructed pursuant to Section 3 of the

⁷ *Magnolia LNG, LLC*, 155 FERC ¶ 61,033, *order on reh’g*, 157 FERC ¶ 61,149 (2016), as amended by *Magnolia LNG LLC*, 171 FERC ¶ 61,231 (2020) (“FERC Amendment Order”).

NGA. The project facilities are anticipated to include four (4) LNG trains, two (2) LNG storage tanks each with capacity of approximately 160,000 m³, and vessel loading facilities. Each of the LNG trains will be capable of producing up to 2.2 MTPA of LNG, for a total capacity of 8.8 MTPA of LNG. Currently, the project facilities would permit natural gas to be received by pipeline at the Magnolia LNG Project, liquefy such natural gas, and load the LNG from the storage tanks onto an LNG carrier berthed alongside the Magnolia LNG Project. Magnolia LNG will construct, own, and operate the Magnolia LNG Project.

The Project is planned to be located on Industrial Canal South Shore PLC Tract 475, an approximately 115-acre parcel of land in Calcasieu Parish, south of Lake Charles, available through a long-term lease with the Lake Charles Harbor & Terminal District (the “Port”). The Industrial Canal is located off the main Calcasieu River Ship Channel. The Magnolia LNG Project will be located in an area zoned for heavy industrial use and will be consistent with other industrial facilities along the shoreline. The coordinates of the proposed project site are as follows: Latitude: 30° 06’ 20.30” N; Longitude: 93° 17’ 54.00” W.

Magnolia LNG has secured property in Port of Lake Charles to construct the Magnolia LNG Project through a lease agreement. Magnolia LNG signed an exclusive and binding Real Estate Lease Option Agreement (“Option Agreement”) with the Port for the Project site. In 2017, Magnolia LNG converted the Option Agreement to a lease with the Port, which includes a 30-year lease term, with Magnolia LNG having the right to extend the lease term, at its sole discretion, for four further periods of ten (10) years, or 70 years in total.⁸ Magnolia LNG expects to commence commercial operations on or before December 31, 2028.

⁸ The 30-year lease agreement is attached at Exhibit A, and provided under seal as proprietary business confidential information. The lease agreement is marked “Privileged and Confidential – Do Not Release.”

c. Expedited Request

Magnolia respectfully requests that this Application be processed in an expedited fashion due to the unique circumstances presented herein. DOE already authorized Magnolia to export the requested 8.8 MTPA of LNG to non-FTA nations, through the initial 8.0 MTPA authorization issued in 2016, and the 2022 Amendment Authorization, which authorized the export of an additional 0.8 MTPA of LNG.⁹ Pursuant to its authority under the NGA, DOE/FECM held that the export of this amount of LNG is not inconsistent with the public interest under NGA Section 3. Magnolia is not seeking to export any additional volumes of LNG from the Magnolia LNG Project above those that DOE/FECM already has authorized. With the exception of global events that are intensifying demand for U.S. LNG like the resurgence of economic activity after the end of the COVID pandemic, the invasion of Ukraine leading to European nations seeking alternative supplies of natural gas from friendly countries, the emerging conflict in the Middle East, as well as projected rising domestic production of natural gas in response,¹⁰ nothing has changed with respect to DOE/FECM's original analysis approving exports from the Magnolia LNG Project and therefore this application is not inconsistent with the public interest.

The Magnolia LNG Project has been diligently pursued since 2013, with in excess of \$100 million of development costs inclusive of early EPC phase engineering and purchase orders for critical long lead equipment being incurred to date. Magnolia has obtained all required federal, state, and local authorizations and permits related to the construction and operation of the liquefaction project facilities, and continues to work with the regulatory authorities to

⁹ Order No. 3909; Order No. 3909-C.

¹⁰ *See supra* Section V.g.

maintain the construction-ready profile for this facility. Glenfarne has worked responsively and diligently since acquiring Magnolia LNG in May of 2020, to advance the Project as part of its portfolio of businesses focused on the energy transition.

Despite Magnolia's efforts to place the Project into commercial service on the timeline that DOE/FE established in Order No. 3909, unforeseeable developments in the global LNG market have affected Magnolia's ability to enter into long-term LNG offtake contracts with international customers, which as DOE is aware are critical to securing project financing and achieving a positive final investment decision ("FID").

These widespread market impacts severely affected Magnolia's former parent company, which was liquidated only in May 2020. Glenfarne acquired Magnolia at that time, in the initial intense throes of the global COVID-19 pandemic. This purchase allowed Glenfarne to both acquire and utilize the U.S.-patented and highly energy efficient Optimized Single Mixed Refrigerant ("OSMR[®]") liquefaction process technology (described further below) and incorporate Magnolia's facilities into its LNG export platform as part of Glenfarne's overall global energy transition portfolio. Allowing Glenfarne, Magnolia LNG's parent company, the time to bring these energy efficient facilities into operation is critical and fully consistent with the public interest. This will allow Glenfarne to integrate Magnolia LNG into its energy transition portfolio and bridge the gap towards a cleaner energy system, and Magnolia to demonstrate the effectiveness of OSMR[®], an improved, lower emissions liquefaction process, enabling the adoption of this emissions-reducing technology across the domestic LNG industry. Obtaining this non-FTA authorization on an expedited basis will allow Glenfarne and Magnolia LNG to continue to accelerate the energy transition across their global assets.

Glenfarne, as an infrastructure and energy asset investor, developer, owner and operator with longstanding experience in the energy sector and a solid financial foundation, continues to actively develop the Magnolia LNG Project. Given Glenfarne's leadership and Magnolia's position as a competitive, low-cost LNG provider as a result of its direct access to consistently low-priced feed gas sourced from the significant natural gas resources along the Gulf Coast, specifically the Haynesville basin, coupled with utilization of efficient, lower emissions liquefaction technology and cost-effective modular construction methodologies, Magnolia is confident that it will execute commercial agreements sufficient to support a positive FID and complete construction within the seven-year requested timeframe.

As discussed above, given these unforeseen circumstances, in 2020 Magnolia sought and received an extension of time from FERC, until April 15, 2026, to construct and operate its project pursuant to its FERC Authorization.¹¹ Given the challenges Magnolia has faced, Magnolia is filing for a new DOE export authorization that will be evaluated under the NGA's long-recognized legal standard and current DOE/FECM policies with the most recent market information.

FERC's authorization of the construction of the liquefaction project facilities remains in full force and effect. The potential environmental impacts of the project have been extensively and fully examined as recently as 2020, by FERC as the lead agency for review under the National Environmental Policy Act ("NEPA"),¹² and thoroughly discussed in the Final

¹¹ *Magnolia LNG, LLC*, FERC Staff Letter Order "Re: Request for Extension of Time," issued Oct. 7, 2020 (accession no. 20201007-3041) ("FERC Extension of Time Order").

¹² 42 U.S.C. § 4321 *et seq.* (2023).

Supplemental Environmental Impact Statement (SEIS).¹³ DOE/FECM (as a cooperating agency) reviewed, affirmed and adopted the SEIS, issuing the non-FTA export authorization to Magnolia in the Amended Order.¹⁴ Magnolia confirms that the Project area has not experienced any significant changes since the preparation of the 2020 SEIS, and therefore the findings in the SEIS, adopted by DOE/FECM, remain valid and may be appropriately relied upon by DOE/FECM in considering this application.¹⁵ The volume of LNG for export requested by Magnolia is in-line with FERC's existing authorization for the Magnolia LNG Project.

As a result of these unique circumstances, any delay in receiving LNG export authorization on an expedited basis likely will result in the continued delay of the development of the Magnolia LNG project, as the global LNG market is looking for confirmation from the U.S. that it continues to support U.S. LNG exports. Moreover, as discussed above and in greater detail below, the Magnolia LNG Project is firmly within the public interest, as it is in an advanced stage of technical and commercial development, has already undergone rigorous environmental and economic review by FERC and DOE, will introduce an emissions-reducing liquefaction technology via its U.S.-patented OSMR[®], and will be constructed and operated in a manner to reduce impacts on environmental justice communities to the greatest extent possible. Glenfarne only recently acquired the Magnolia LNG Project in May 2020, during the height of the COVID-19 pandemic and on the heels of the bankruptcy of Magnolia's former parent company LNG Limited. As a result, DOE must issue a new non-FTA export authorization for Glenfarne, including a full seven-year period to commence commercial operations from the

¹³ *Magnolia LNG LLC*, "Final Supplemental Environmental Impact Statement," Docket No. CP19-19 (Jan. 24, 2020).

¹⁴ *Id.*

¹⁵ *Id.*

Magnolia LNG Project. Considering these factors, Magnolia respectfully requests expedited consideration of this application and issuance of authorization on or before June 30, 2024.

II. Background and Development of the Magnolia LNG Project

a. DOE Non-FTA Procedural History

DOE/FE issued Order No. 3909 to Magnolia in 2016, granting it authorization to export LNG to non-FTA nations.¹⁶ DOE/FE subsequently issued Order No. 3909-C in 2022, which increased the authorized volumes for export to non-FTA nations from the Magnolia LNG Project.¹⁷ On March 20, 2023, as amended on May 30, 2023, Magnolia filed a request with DOE/FECM seeking to extend the deadline to commence commercial operations from the Magnolia LNG Project until November 30, 2028. Pursuant to Section 590.204(c) of DOE/FECM regulations, concurrently with this Application, Magnolia submitted a notice to DOE/FECM withdrawing this request.

i. DOE/FE Order No. 3909, FE Docket No. 13-132-LNG

On November 30, 2016, DOE/FE issued Order No. 3909, which granted Magnolia long-term, multi-contract authorization to export up to 8.0 MTPA of LNG to non-FTA nations for a term of 20 years, starting no later than seven years from the date of the authorization (Order No. 3909).¹⁸ Accordingly, Order No. 3909 required Magnolia to commence service no later than November 30, 2023.¹⁹

¹⁶ Order No. 3909.

¹⁷ Order No. 3909-C.

¹⁸ *Id.* at Ordering Paras. A, B, D.

¹⁹ On March 20, 2023, Magnolia LNG filed an application to extend its current non-FTA authorization, and amended that filing on May 30, 2023 (“March Extension Application”). Contemporaneously with this Application, Magnolia LNG is filing with DOE a motion to withdraw the March Extension Application, as amended.

In issuing Order No. 3909, DOE/FE undertook a fulsome consideration of Magnolia’s proposal as well as the objections of two intervenor-protestors, Sierra Club and the American Public Gas Association (APGA). Ultimately, DOE/FE concluded that both Sierra Club and APGA “failed to overcome their statutory presumption that the proposed export authorization is consistent with the public interest”²⁰ and approved Magnolia’s application. Neither party appealed the agency’s determination.

ii. DOE/FE Order No. 3909-C, FE Docket No. 13-132-LNG

On December 31, 2018, Magnolia filed an application to amend Order No. 3909 to increase its authorized export volumes to non-FTA nations from 8.0 to 8.8 MTPA, to align its authorized export volumes with its maximum production capacity authorized by FERC.²¹ On April 27, 2022, DOE/FECM issued Order No. 3909-C approving the increased export volumes, explaining that it “has determined that it has not been shown that Magnolia LNG’s proposed increase in exports of LNG to non-FTA countries will be inconsistent with the public interest, as would be required to deny the Application under NGA Section 3(a).”²² In the approximately 18 months since DOE/FECM found that exports of LNG from the Magnolia LNG Project to non-FTA nations are not inconsistent with the public interest, there have been no material changes to

²⁰ *Id.*

²¹ *Magnolia LNG LLC*, Application for Amendment to Long-Term Authorizations to Export Liquefied Natural Gas to Non-Free Trade Agreement and Free Trade Agreement Nations, Docket Nos. 13-132-LNG, *et al.*, (Dec. 31, 2018) (“Amendment Application”). As Magnolia explained in its Amendment Application, although Magnolia’s October 15, 2013 NFTA Application sought approval to export approximately 1.08 Bcf/yr of LNG, further refinement demonstrated the gas equivalent of the export of 8.0 MTPA of LNG from the Magnolia LNG Project was 1.12 Bcf/year, not 1.08 Bcf. Magnolia clarified that with a 1.12 Bcf/year baseline, exporting a total of 8.8 MTPA from the Magnolia LNG Project was equivalent to 1.23 Bcf/year of natural gas.

²² Order No. 3909-C at 6.

the Magnolia LNG Project, the LNG industry, or the international LNG market that would negatively impact DOE/FECM's prior finding.

b. FERC Procedural History

Magnolia LNG filed its application with FERC in March 2013, pursuant to NGA Section 3, to site, construct, own and operate an LNG export terminal and related facilities. On April 15, 2016, after a robust three-year environmental and safety review, FERC issued its order authorizing the siting, construction, and operation of the Magnolia LNG Project ("FERC Authorization").²³ The FERC Authorization permitted Magnolia to construct the Magnolia LNG Project with a total authorized liquefaction capacity of 8.0 MTPA. On May 4, 2017, FERC Staff granted Magnolia's request to proceed with initial site preparation for the Magnolia LNG Project.²⁴

On June 18, 2020, FERC issued an order amending Magnolia's FERC Authorization ("FERC Amendment") to reflect an increase in the maximum authorized production capacity of the Magnolia LNG Project from 8.0 MTPA to 8.8 MTPA as a result of optimization of the liquefaction process. As part of its review, FERC performed a supplemental EIS for the project. On October 7, 2020, FERC Staff approved a five-year extension of the completion of construction deadline from April 15, 2021 to April 15, 2026, principally as a result of commercial delays caused by market disruptions and the COVID-19 pandemic.²⁵

²³ *Magnolia LNG, LLC*, 155 FERC ¶ 61,033 (2016), *reh'g denied*, 157 FERC ¶ 61,149 (2016) ("FERC Authorization").

²⁴ *See Magnolia LNG, LLC*, FERC Staff Letter Order "Re: Notice to Proceed with Initial Site Preparation," May 4, 2017 (accession no. 20170504-3041) ("FERC NTP Order").

²⁵ *See* FERC Extension of Time Order.

c. Actions Taken to Progress the Liquefaction Project

Magnolia, and since it acquired the Project, Glenfarne, have diligently pursued the development of the Project and have incurred in excess of \$250 million in development costs. Glenfarne currently employs approximately 800 people across its companies who are actively delivering energy transition solutions to people across multiple countries, with Magnolia LNG an important long-term piece of the energy transition challenge that Glenfarne is solving. In addition to their efforts at DOE/FECM and FERC to obtain the necessary authorizations, Magnolia and Glenfarne are undertaking a wide range of activities in furtherance of the Project, as outlined below.

Magnolia and Glenfarne have worked diligently to develop the Magnolia LNG Project and commence operations since receiving its FERC Authorization and Non-FTA Authorizations. The work completed includes the optimization of the facility design to increase production and export capacity without increasing environmental impacts; ensuring an adequate supply of feed gas to the facility; and working with FERC to physically develop the project site, including obtaining its notice to proceed with site preparation.²⁶ These activities have included:

- Investing millions of dollars in regulatory and permitting costs to develop the Facility;
- Investing approximately \$60 million in engineering, procurement and construction (“EPC”) to refine the Facility’s design;
- Obtaining and maintaining all necessary state and federal permits to construct and operate the facility, including the Letter of Recommendation from the U.S. Coast Guard, Clean Water Act Section 404 and Rivers and Harbors Act Section 10 permits from the U.S. Army Corps of Engineers, the Louisiana Coastal Use Permit, and Title V air permits from the Louisiana Department of Environmental Quality;
- Maintaining a purchase order with Siemens Energy for supply of the Feed Gas Booster Compressors (1 per train, 2 total) and motor drivers, Ammonia Refrigeration

²⁶ *Magnolia LNG, LLC*, Notice of Request of Magnolia LNG, LLC for Limited Extension to Start Date of Term of Authorization, 88 Fed. Reg. 23020 at 6 (Apr. 15, 2023).

Compressors (2 per train, 4 total) and steam turbine drivers, and Mixed Refrigerant Compressors (2 per train, 4 total) and gas turbine drivers, all for Trains 1 and 2;

- Maintaining a purchase order with Chart Industries for the supply of the Cold Boxes (2 per train, 4 total) and brazed aluminum heat exchangers for Trains 1 and 2;
- Initiated a new EPC contractor selection process to select a new EPC contractor to build the Project using the current design after Magnolia’s prior EPC contractor, KBR, abruptly and completely exited the lump sum turnkey LNG EPC industry in the summer of 2020, disrupting multiple years of work.²⁷ The new EPC selection process commenced in late 2022, by reaching out to thirteen (13) EPC contractors, and is currently down to two shortlisted EPC contractor parties, each a well-known and respected major EPC contractor.
- Continuing to make payments to the Port of Lake Charles to secure the land lease for the project site;
- Developing processes by which Magnolia’s parent, Glenfarne Energy Transition, can capture the Facility’s carbon dioxide emissions and either (i) permanently sequester the carbon dioxide in an underground reservoir and/or (ii) utilize the Facility’s carbon dioxide emissions to produce clean-fuels;
- Exploring infrastructure synergies between the Facility and an adjacent blue hydrogen/ammonia project development;²⁸ and
- Marketing Magnolia’s—and its sister project, Texas LNG’s—LNG to offtakers around the globe, with a particular focus on our European allies.

Specifically to the advancement of EPC-related activities, Glenfarne and Magnolia LNG have taken substantial measures and spent a significant amount of private capital. The early EPC phase of the project has advanced the project design beyond front-end engineering design (“FEED”) and brought the project solidly into the EPC phase, with EPC engineering reaching 30% completion (well beyond what would typically be required for a positive FID), EPC 30% three-dimensional model review completed, hazard and operability study (“HAZOPS”) review completed, plot plan frozen, and the piping and implementation design “Management of

²⁷ Rigzone, “KBR to Exit Most Energy, LNG Projects” (June 24, 2020), *available at* https://www.rigzone.com/news/kbr_to_exit_most_lng_energy_projects-24-jun-2020-162519-article/.

²⁸ Businesswire, “Glenfarne Energy Transition Launches Hydrogen Fuels Initiative” (Apr. 12, 2023), *available at* <https://www.businesswire.com/news/home/20230412005539/en/Glenfarne-Energy-Transition-Launches-Hydrogen-Fuels-Initiative> (“Hydrogen Fuels Initiative”).

Change” implemented following HAZOPS. This enables the project to obtain highly competitive pricing as the equipment, bulk material quantities (pipe, valves, instrumentation, electrical, steel, concrete, piles) and associated construction costs can be established. In addition, a highly detailed project delivery schedule with over 6,900 line items has been established, providing a detailed pathway to commissioning and operations.

Notably, it is common for design developments during the FEED phase to generate updates and refinements to the design of the facility beyond what is included in the FERC FEED submittal, as the FEED/EPC contractor incorporates vendor information and additional design developments and positions the project for binding lump sum EPC execution. Magnolia has subsequently taken every single design update developed to date and obtained FERC approval of each item. This puts the project in the position of having the current final design exactly aligned with the FERC approved design, positioning the project for rapid and efficient advancement through EPC into commissioning and operations. These efforts collectively illustrate that the approval of exports from the Magnolia LNG Project, at such an advanced stage of development, is not inconsistent with the public interest.

d. Reduced Greenhouse Gas Emissions: Magnolia’s Efficient Liquefaction Design, OSMR[®], and Glenfarne’s Clean Energy Initiatives

Since purchasing Magnolia in May 2020, Glenfarne has worked aggressively to integrate Magnolia within its larger energy transition portfolio. Glenfarne has been focused on the energy transition since its inception, and LNG exports from the United States provide an important part of the company’s existing portfolio of energy assets designed to address the “here and now” global energy transition through complementary global LNG, grid stability, and renewables businesses. Glenfarne currently has under the ownership and operation of affiliate and subsidiary companies:

- 333 megawatts (“MW”) of renewable energy across 29 renewable assets, with substantive additional opportunities in the development phase;
- 1.8 GW in operational grid stability assets across 14 grid stability plants, with substantive additional growth opportunities planned;
- 12.8 MTPA (between the 8.8 MTPA Magnolia Facility, and the 4.0 MTPA Texas LNG export facility) in LNG export capacity;
- over 4,500 miles of gas gathering pipeline assets, with over 200 million cubic feet per day of gas processing capacity; and
- the Hydrogen Fuels Initiative, which will allow Glenfarne to offer offtakers green or blue hydrogen-based fuels and feedstocks from its LNG platform.

Indeed, as recently as November 16, 2023, Glenfarne’s subsidiary, EnfraGen, LLC, a developer, owner and operator of specialized sustainable and renewable power and grid stability assets in Latin America, announced the successful completion of the acquisition of six assets in Panama and Costa Rica, with a combined capacity of 188 MW of renewable energy, from Celsia S.A., a Colombian electricity company focused on renewable energies and energy efficiency. The renewable energy assets include the:

- Dos Mares Hydro Complex, which includes three run-of-river downstream hydropower plants in Panama totaling 119.0 MW of installed capacity;
- Prudencia and Divisa, two solar PV plants in Panama totaling 19.7 MW of installed capacity; and
- Guanacaste Wind Farm (“PEG”), a wind installation located in Costa Rica totaling 49.5 MW of installed capacity.²⁹

Glenfarne currently employs approximately 800 people across its companies who are actively delivering energy transition solutions to people across multiple countries, and the Magnolia Facility is an important long-term piece of the energy transition challenge that Glenfarne is solving.

²⁹ “Partners Group and Glenfarne Energy Transition Joint Venture EnfraGen Completes Acquisition of Six Renewable Operating Assets in Panama and Costa Rica and Bank Refinancing” (Nov. 16, 2023) *available at* <https://glenfarnegroup.com/partners-group-and-glenfarne-energy-transition-joint-venture-enfragen-completes-acquisition-of-six-renewable-operating-assets-in-panama-and-costa-rica-and-bank-refinancing/>.

Responsibly sourced and environmentally sensible U.S. LNG from facilities such as Magnolia LNG and Texas LNG are at the forefront of Glenfarne’s mission to lead the energy transition. Magnolia is the sole owner of the U.S.-patented OSMR® liquefaction process, which will allow Magnolia to produce LNG for offtakers with significantly reduced greenhouse gas (“GHG”) emissions compared to traditional liquefaction processes, while also increasing the efficiency of Magnolia’s facility.³⁰ OSMR® process liquefaction technology represents the next generation of LNG liquefaction facilities, delivering LNG to market with a substantial reduction in the commodity’s environmental footprint, including the GHG emissions profile. As indicated in the extensive information provided to FERC during its NGA Section 3 review of the project, Magnolia is able to produce and load LNG on ships with up to 30 percent lower specific CO₂ emissions (tons of CO₂ per tons of LNG) than the most recent LNG trains commissioned and in service in the U.S. Gulf Coast.

Magnolia’s highly compact design also enables a substantially reduced physical footprint, including reduced temporary construction and laydown areas due to the high percentage of modularization, further reducing environmental impacts. It is critical that Magnolia reach the market as the initial demonstration of this evolution of new application of liquefaction technology for use on future plants, noting the technical elements that underpin the OSMR® liquefaction process are all well-proven individually through decades of use in industrial applications, including ammonia refrigeration and combined-cycle gas turbine operation. The patented liquefaction process arrangement itself has been proven commercially for over 15 years,

³⁰ *Magnolia LNG, et al.*, Final Environmental Impact Statement, at 3-34 - 3-35, FERC Docket No. CP14-347-000 (Nov. 13, 2015).

since 2007, through the Maitland LNG fuels facility located in Karratha, Australia, which reliably produces LNG for truck transport to four small regional power plants.

As Magnolia's facility will be the first to utilize Magnolia's OSMR[®] liquefaction process on such a scale and demonstrate its effectiveness to other LNG developers, Glenfarne and Magnolia will then be able to offer this U.S.-patented technology to other developers for use in their facilities, enabling widespread and significant air emissions reductions across the industry. Such reduction in emissions will enhance European demand for U.S. LNG, thereby helping to facilitate the U.S. commitment to our European allies.³¹ Magnolia's LNG export project particularly satisfies the objectives of the United States to offer LNG to global allies with reduced carbon intensity, as Magnolia's proprietary OSMR[®] liquefaction process utilizes highly efficient anhydrous ammonia as the heat transfer coolant, whereas typical LNG liquefaction processes utilize less efficient propane, a GHG, as the coolant. This unique liquefaction process is also precisely in-line with one of the express objectives of DOE/FECM's April 2023 Policy Statement, which is to remove barriers to entrants to the U.S. export market "that seek to utilize

³¹ See "FACT SHEET: United States and European Commission Announce Task Force to Reduce Europe's Dependence on Russian Fossil Fuels," noting two of its primary objectives as: "*The United States will work with international partners and strive to ensure additional LNG volumes for the EU market of at least 15 bcm in 2022, with expected increases going forward.*"

The United States and the European Commission *will undertake efforts to reduce the greenhouse gas intensity of all new LNG infrastructure and associated pipelines, including through using clean energy to power onsite operations, reducing methane leakage, and building clean and renewable hydrogen-ready infrastructure.*" <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/fact-sheet-united-states-and-european-commission-announce-task-force-to-reduce-europes-dependence-on-russian-fossil-fuels/> (issued Mar. 25, 2022) (emphasis added).

newer technology and to adopt better environmental practices.”³² Notably, in addition to its improved operational energy efficiency, the ammonia refrigerant itself has a greenhouse gas potential of zero and an ozone depletion potential of zero.

Further, as part of Glenfarne’s Hydrogen Fuels Initiative, Magnolia is (i) developing a blue hydrogen/ammonia project in close proximity to the Facility and analyzing methods to synergize infrastructure, and (ii) exploring methods by which carbon dioxide emissions from the Facility can be either utilized to produce clean-fuels in support of increased market demand for lower-carbon intensity fuels and feedstocks, or permanently sequestered underground. This too fully aligns with the U.S. goal of building out a clean energy value chain, as evidenced in the recently enacted Infrastructure Investment and Jobs Act³³ and the Inflation Reduction Act,³⁴ which DOE/FECM’s sister department, the Hydrogen and Fuel Cell Technologies Office, is robustly advancing,³⁵ including through a series of funding opportunity announcements.³⁶

³² Dep’t of Energy Policy Statement, “Policy Statement on Export Commencement Deadlines in Authorizations to Export Natural Gas to Non-Free Trade Countries,” at 16(issued April 21, 2023).

³³ Infrastructure Investment and Jobs Act, Pub. Law 117-58 (Nov. 15, 2021) at §40311 *et seq.*

³⁴ Inflation Reduction Act, 136 Stat. 1936, Pub. Law 117-169 (Aug. 16, 2022) at §13204.

³⁵ See U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, H2@Scale Program, (“H2@Scale is a U.S. Department of Energy (DOE) initiative that brings together stakeholders to advance affordable hydrogen production, transport, storage, and utilization to enable decarbonization and revenue opportunities across multiple sectors.”), available at <https://www.energy.gov/eere/fuelcells/h2scale#:~:text=H2%40Scale%20is%20a%20U.S.,revenue%20opportunities%20across%20multiple%20sectors>. Magnolia’s deployment of lower carbon-intensity ammonia from green or blue hydrogen will accomplish two goals: creating an additional demand sink for hydrogen in the Gulf region and result in the production of lower carbon LNG.

³⁶ See “Hydrogen and Fuel Cell Technologies Office Funding Opportunities,” available at <https://www.energy.gov/eere/fuelcells/hydrogen-and-fuel-cell-technologies-office-funding-opportunities>.

DOE should not take any action that would negatively impact efforts to achieve these important energy transition policy goals. Granting a new authorization to Magnolia for the export of LNG to non-FTA countries is appropriate and will advance these critical objectives.

Prior to purchasing Magnolia in May 2020, Glenfarne purchased the Texas LNG project from its prior owner in March 2019, and although Magnolia and Texas LNG are separately docketed and approved projects for the purposes of FERC and DOE, these two projects operate in tandem with the Hydrogen Fuels Initiative within Glenfarne's portfolio, and together form Glenfarne's LNG export platform. As DOE is aware, it takes time to advance LNG infrastructure, and Glenfarne has been working diligently to do so since its recent acquisition of both projects. Glenfarne is incorporating these complex facilities into Glenfarne's overall energy transition portfolio, and executing on a particular cadence to its development, construction, and commencement of operations of these facilities, including the allocation of Glenfarne's development resources in the most efficient way given each project's unique development timeline.

Glenfarne's LNG export platform is essential to Glenfarne's overall portfolio and mission to lead the energy transition, and the Magnolia LNG export project is a critical component of this platform. By taking advantage of Glenfarne's LNG export platform across two LNG export facilities in Louisiana and South Texas, offtakers will have the ability to diversify their sources of lower carbon-intensity LNG supply by contracting with Glenfarne for offtake from Magnolia and Texas LNG, while also having the option, through Glenfarne's Hydrogen Fuels Initiative, to access supplies of green and blue hydrogen-based fuels and feedstocks, which will be vital for countries and offtakers to meet their net-zero ambitions.

The emissions reductions capabilities of the Magnolia LNG Project and Glenfarne's larger portfolio provide evidence of Magnolia's commitment to reducing emissions, leading the green energy transition, and ensuring that Magnolia LNG is affirmatively in the public interest. For all the reasons listed above, DOE/FECM should grant the requested authorization.

e. Community Engagement and Environmental Justice

Glenfarne and Magnolia LNG share the priorities of community engagement and environmental justice championed by DOE and other federal agencies. Investing in the domestic workforce, engaging with labor organizations, partnering with community groups, advancing diversity, equity, inclusion, and accessibility, and ensuring environmental and economic benefits flow from a project's federal support to disadvantaged communities are all critical imperatives for making the energy transition a success. Glenfarne and Magnolia LNG recognize that the Magnolia LNG Project's ability to mitigate greenhouse gas emissions and other environmental impacts while simultaneously providing affordable, reliable, secure, clean energy solutions is only one piece of the puzzle. Ensuring the Magnolia LNG Project is developed, constructed, and operated over its full lifecycle in such a way that it fairly and equitably serves its workforce and the surrounding community is just as important. Proactively assisting workers with pathways to career advancement and earning stakeholder buy-in will lead to stronger project plans, increased transparency, more effective operations, and a heightened level of trust.

Magnolia LNG has been an integral part of and an active community partner to the local Lake Charles, Louisiana region since it opened its office there in 2014. Magnolia is deeply involved in engaging with and contributing to local organizations that support the local region.

Since 2014, through its Community Involvement Committee, Magnolia LNG has made over 75 grants to non-profit organizations in the Lake Charles community. These grants included organizations that support low-income and environmental justice communities such as Big Brothers Big Sisters, the Second Harvest Food Bank, targeting at-risk and special needs scouting with traditional Scouting and Stem Scouting through the Boy Scouts of America, and funding scholarships and programs for at risk students at McNeese State University and SOWELA Technical Community College.

Magnolia takes community engagement seriously, participating in numerous groups dedicated to engaging with and seeking the input of the regional community. This includes participating in local monthly meetings for the Local Emergency Planning Committee (LEPC), attending harbor safety meetings, engaging with neighbors at Turning Basin meetings, and working as the President of the Rotary Club of Lake Charles. Magnolia likewise works to improve the industry through its participation in the Propeller Club, which additionally provides educational programs to develop our next generation of leaders. Further, Magnolia regularly attends Chamber of Commerce of Southwest Louisiana/The Alliance meetings and engages with the community at police jury and port meetings. Magnolia is continuing to build on this foundation of community stewardship and engagement. In the Magnolia Houston home office region, Magnolia has been active in Christmas toy drives, middle school STEM programs through Junior Achievement, and volunteering at the Houston Food Bank.

In addition to Magnolia's consistent community engagement in and around the Lake Charles area since the project's inception over a decade ago, Glenfarne is committed to building even stronger ties with the local community as part of ongoing efforts to ensure that the energy transition is just and equitable. This includes committing to continued engagement with

environmental justice communities throughout the life of the project so that they are provided with timely access to information and have opportunities to provide feedback, identify potential concerns, and collaborate with Magnolia on potential mitigation efforts.

These are not just words—Glenfarne has a committed history of meaningful and long-term community engagement where it operates, particularly with its assets in Latin America, and Glenfarne intends to continue this “Boots on the Ground,” locally-driven community engagement model for Magnolia. For example, in one environmental justice community in Chile, Glenfarne transformed a dangerous land site into a sport court for the commune’s children. In Barranquilla, Colombia, where Glenfarne owns and operates the 610 MW Prime Termoflores plant, Glenfarne has refurbished parks in low income areas and is partnering with a local university to fund scholarships and training for those in need. In Panama, where Glenfarne now is one of the largest renewable power generators in the country through its hydro and solar assets, Glenfarne has focused its efforts on contributions to and engagement with the local communities located near its facilities. Recent examples of Glenfarne’s community efforts in Panama include donations to local health centers to assist with pandemic and post-pandemic efforts and infrastructure improvements to local schools to ensure low-income children have a proper and safe place to learn. In Chile, Glenfarne’s grid stability plants allow for renewable energy sources to grow. For each megawatt of grid stability, a megawatt of renewable power can be added to the grid. Also in Chile, Glenfarne is transforming dirtier fuel oil plants to cleaner fuel sources to help green the grid.

Glenfarne also has a deep relationship with GivePower, a 501(c) non-profit organization that develops clean water and energy systems in communities around the world. GivePower has installed 2,650 solar power installations in villages across 17 different countries and in

underdeveloped areas of the United States. Glenfarne brought together a consortium of international banks and law firms to further participate in its initiative with GivePower. Each year, Glenfarne employees donate their time and effort to physically build clean energy and water projects in some of the most remote villages in Colombia.³⁷

Since 2020, Glenfarne has donated nearly \$1.5 million and thousands of volunteer hours to develop long-term and stable relationships by promoting continuous dialogue with stakeholders, fostering local development, and promoting healthy living and local cultures. These efforts have directly benefitted nearly 37,000 people and indirectly benefitted close to 250,000 people. This is part of the company's core ethos, and Magnolia will continue to execute on this mission through its engagement with the local Lake Charles communities, facilitating meaningful engagement to ensure that traditionally disadvantaged and overburdened communities benefit from the larger energy transition locally and nationally. The Magnolia LNG Project is an integral part of this mission and reflects Glenfarne's foundational commitment to environmental justice in the transition to a greener energy system, which it executes on in every location where it operates.

Glenfarne and Magnolia LNG are fully committed to continuing to build-out their programs of community engagement and environmental justice to further strengthen their workforce relationships, community partnerships, contributions to diversity, equity, inclusion, accessibility, and assurance that economic and environmental benefits associated with federal

³⁷ "Partners Group and Glenfarne Group Announce EnfraGen Partnership with GivePower to Fund Clean Energy and Clean Water Projects in Colombia," (July 21, 2021) *available at* <https://givepower.org/partners-group-and-glenfarne-group-announce-enfragen-partnership-with-givepower-to-fund-clean-energy-and-clean-water-projects-in-colombia/>.

government support of the Magnolia LNG Project flow to disadvantaged communities.

Glenfarne and Magnolia LNG will pursue specific, actionable, and measurable plans that will continue to position the Magnolia LNG Project and Glenfarne's other projects as leaders in guaranteeing the energy transition reaches its maximum potential.

III. Existing DOE/FECM Export Authorizations

Magnolia already holds authorizations issued by DOE/FECM to export 8.8 MTPA from the Magnolia Project to FTA and non-FTA Countries.³⁸ DOE's existing authorizations match the FERC-approved capacity of the Magnolia Project, and is the same amount that Magnolia is requesting in this Application. Contemporaneously with this application, Magnolia LNG is filing a motion to withdraw its request for extension filed on March 20, 2023, and amended on May 30, 2023. Magnolia is not seeking to export any additional volumes of LNG than what was already granted on a non-additive basis in the Amended Order.³⁹ As such, the total exports authorized from the Magnolia Project will not increase if DOE/FECM grants Magnolia's requested authorization set out in this Application.

IV. 10 C.F.R. § 590.202(a)

a. Legal Name of the Applicant

The exact legal name of the applicant is Magnolia LNG, LLC, a Delaware limited liability company with its principal place of business in Houston, Texas. Magnolia is a 100% subsidiary of Magnolia LNG Holdings, LLC ("Magnolia Holdings"). Magnolia Holdings is wholly-owned by Glenfarne Infrastructure Holdings, LLC, which is owned by Glenfarne Group,

³⁸ See *supra* n. 4, 5.

³⁹ Order 3909-C.

LLC (“Glenfarne”). Glenfarne is a New York-based developer, owner-operator, and industrial manager of energy and infrastructure assets throughout the world.

b. Communications and Correspondence

Correspondence and communications regarding this Request should be addressed to the following and those designated with an (*) should be designated as the agent for service for Magnolia LNG:⁴⁰

Adam Prestidge
Senior Vice President
Head of Legal and Corporate Affairs
9950 Woodloch Forest Drive
Suite 1500
The Woodlands, TX 77380
Telephone: (646) 630-0262
legalnoticesgaslng@glenfarnecompanies.com

David L. Wochner*
Matthew H. Leggett*
Timothy J. Furdyna*
K&L Gates LLP
1601 K Street NW
Washington, DC 20006
Telephone: (202) 778-9014
david.wochner@klgates.com
matt.leggett@klgates.com
tim.furdyna@klgates.com
Counsel for Magnolia LNG, LLC

c. Statement of Action Sought From DOE/FECM

Magnolia hereby respectfully requests that DOE/FECM grant a new long-term multi-contract authorization for the export of 8.8 MTPA of LNG by vessel from the Magnolia LNG Project to non-FTA countries, on behalf of its own and as an agent for others. To ensure all exports are permitted and lawful under United States laws and policies, Magnolia LNG will comply with all DOE requirements for an exporter or agent. As set forth in prior DOE/FECM orders authorizing LNG exports, Magnolia LNG will register with DOE/FECM each LNG titleholder for whom Magnolia LNG seeks to export LNG. In such registrations, Magnolia LNG will provide DOE/FECM with a written statement by the titleholder acknowledging and agreeing

⁴⁰ Magnolia respectfully requests a waiver of Section 590.202(a) of DOE/FECM regulations, 10 C.F.R. § 590.202(a) (2023), to the extent necessary to include more than two persons on the official service list.

to (i) comply with all requirements in Magnolia LNG's long-term export authorization and (ii) include those requirements in any subsequent purchase or sale agreement entered into for the exported LNG by that title holder. Magnolia LNG also will file with DOE/FECM under seal any relevant long-term commercial agreements it enters into with the LNG titleholders on whose behalf the exports will be performed.

The long-term, multi-contract authorization sought in this Application is necessary to permit Magnolia LNG to incur the substantial cost of developing the liquefaction and export project. The terms and conditions related to the use of the Magnolia LNG Project facilities will be set forth in agreements with project customers. Magnolia LNG anticipates that these agreements will be for terms of up to twenty (20) years in duration and will run concurrently with Magnolia LNG's export authorization. Glenfarne is engaged in commercial negotiations with several potential terminal customers.

As noted above, Magnolia already holds authorizations issued by DOE/FECM for 8.8 MTPA.⁴¹ Magnolia is not seeking to export any additional volumes of LNG from the Magnolia LNG Project. There have been no material changes to the scope of the Project, its proposed facilities, or commercial prospects. Glenfarne, as the new owner of the Magnolia LNG Project, needs time to strategically advance the Magnolia LNG project and move it toward the commencement of export operations because it just acquired the project a little over three years ago out of the bankruptcy proceedings of Magnolia LNG's original parent entity. At the time Glenfarne acquired Magnolia LNG, with a little more than 40 months remaining in the Non-FTA Authorization to commence commercial operations, DOE reviewed requests to extend the

⁴¹ Order No. 3909; Order No. 3909-C.

commencement deadline differently than the agency now is doing under its Policy Statement. Glenfarne relied on the consistency of DOE's prior practice for granting extensions when it made its investment in the Magnolia LNG project. Therefore, Glenfarne deserves a full seven-year period in which it can develop the Magnolia LNG Project and commence commercial operations. As no additional volumes are requested, the total exports authorized from the Magnolia LNG Project will not increase if DOE/FECM grants Magnolia's requested authorization set out in this Application.

Magnolia requests that its export authority commence on the date of the first export following the start of commercial operation of the Magnolia Project through December 31, 2050. Magnolia's request is consistent with DOE/FECM's Final Policy Statement regarding Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, which established December 31, 2050 as the standard export term for long-term non-FTA authorizations.⁴² The 2018 LNG Export Study further supports this term through its conclusion that the United States will continue to experience net benefits from the export of U.S. LNG throughout the entire term period of the 30-year study.⁴³

DOE concluded that LNG exports will not meaningfully increase global greenhouse gas emissions in a material or predictable way and that exports from the lower-48 states will not be inconsistent with the public interest.⁴⁴ A term running through December 31, 2050 is better

⁴² DOE/FE, Final Policy Statement Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, FE Docket No. 10-111-LNG, et al. (issued Jul. 29, 2020), 85 Fed. Reg. 52237 (issued Aug. 25, 2020).

⁴³ *Id.*, 85 Fed. Reg. 52237, 52240.

⁴⁴ U.S. Dep't of Energy, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update—Response to Comments*, 85 Fed. Reg. 72, 86 (issued Jan. 2, 2020), cited in Final Policy Statement Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, 85 Fed. Reg. 52237, 52240.

aligned with the full operational life of the Magnolia LNG Project and will facilitate the execution of long-term commercial contracts that are a necessary component of competition within the industry. The certainty arising from this term also will signal regulatory support for the project. Most importantly, granting the requested term is in-line with DOE/FECM's own conclusion that, "future long-term non-FTA export authorizations, if granted, *will have a* standard export term lasting through December 31, 2050, unless a shorter term is requested by the applicant"⁴⁵ Consistent with the terms of recent DOE/FECM orders granting authorizations to export to non-FTA countries, Magnolia respectfully requests an export term to December 31, 2050.⁴⁶

d. Justification and Standard For Action Sought From DOE/FECM

Under Section 3 of the NGA, as amended, an application for authorization to export natural gas, including LNG, to any nation with which there is not in effect a treaty requiring national treatment for trade in natural gas, *shall be granted* "unless, after opportunity for hearing, [DOE/FECM] finds that the proposed exportation . . . will not be consistent with the public interest."⁴⁷ This statutory language has long been interpreted to create a presumption in favor of

⁴⁵ Final Policy Statement Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, 85 Fed. Reg. 52237, 52247 (emphasis added).

⁴⁶ See, e.g., *Freeport LNG Expansion, L.P. et al.*, DOE/FECM Order No. 4961 (issued Mar. 3, 2023) ("*Freeport* Order No. 4961") at 81; *Cheniere Marketing, LLC, et al.*, DOE/FECM Order No. 4799 (issued Mar. 16, 2022) at 67; *Sabine Pass Liquefaction, LLC*, DOE/FECM Order No. 4800 (issued Mar. 16, 2022) at 68; *Gulf LNG Liquefaction Co., LLC*, DOE/FE Order No. 3104-A et al. (issued Jan. 12, 2021) at 9; *Dominion Energy Cove Point LNG, LP*, DOE/FE Order No. 3019-B et al. (issued Oct. 21, 2020) at 10.

⁴⁷ 15 U.S.C. § 717b(a).

LNG exports.⁴⁸ Opponents bear the burden of overcoming this rebuttable presumption through affirmatively demonstrating that the proposal is inconsistent with the public interest.⁴⁹

DOE/FECM recently affirmed that its “longstanding practice is to conduct an informal adjudication of each non-FTA export application ... and to grant the application unless DOE finds that the proposed exportation will not be consistent with the public interest.”⁵⁰

Under this statutory framework, DOE/FECM found that both Magnolia’s original LNG export proposal and the subsequent amendment to the export volume were not inconsistent with the public interest.⁵¹ This Application does not modify the public interest analysis in either Order No. 3909 or Order No. 3909-C. Given that DOE determined the original authorizations were not inconsistent with the public interest and no changes are being proposed to the volume of LNG exported, to the facilities or to the project site, and demand for U.S. LNG continues to

⁴⁸ *Sierra Club v. United States Dep’t of Energy*, 867 F.3d 189, 203 (D.C. Cir. 2017) (“We have construed this as containing a “general presumption favoring [export] authorization”) (citing *W. Va. Pub. Servs. Comm’n v. U.S. Dep’t of Energy*, 681 F.2d 847, 856 (D.C. Cir. 1982);) *see also Panhandle Producers and Royalty Owners Ass’n v. Econ. Regulatory Admin.*, 822 F.2d 1105, 1111 (D.C. Cir. 1987) (explaining that due to the general presumption favoring import and export authorization, “an affirmative showing of inconsistency with the public interest” must be made in order to deny such an application.)

⁴⁹ *Sabine Pass*, DOE/FE Docket No. 10-111-LNG, Order Denying Rehearing at 5; *see also Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 (issued Apr. 2, 1999) at 13 (“Section 3 creates a statutory presumption in favor of approval of an export application, and the Department must grant the requested export [application] unless it determines the presumption is overcome by evidence in the record of the proceeding that the proposed export will not be consistent with the public interest.”); *Sierra Club*, 867 F.3d at 203 (“there must be ‘an affirmative showing of inconsistency with the public interest’ to deny the application” [under NGA Section 3(a.)], quoting *Panhandle Producers and Royalty Owners Assoc.*, 822 F.2d at 1111.

⁵⁰ *Sierra Club et al.*, Order Denying Petition for Rulemaking of Exports of Liquefied Natural Gas (issued Jul. 18, 2023) at 10.

⁵¹ Order No. 3909 at 157; Order No. 3909-C at 60.

expand, granting this new Application likewise would satisfy the same standard. Further, the substantial benefits of the project demonstrate that granting the requested authorization is affirmatively in the public interest.

The record developed by DOE/FECM in Magnolia's prior proceedings coupled with the clear evidence in this Application demonstrates that the benefits of LNG exports from Magnolia LNG are widely recognized and squarely within the public interest. In fact, DOE/FECM has commissioned several studies that demonstrate that such LNG exports are in the public interest.⁵² As noted herein, Magnolia already holds authorizations from DOE/FECM to export LNG from the Magnolia LNG Project in the requested amounts of 8.8 MTPA to non-FTA countries, and DOE/FECM concluded in granting these authorizations that such exports would be consistent with the public interest.⁵³

Further, Magnolia has diligently pursued the project, incurring significant development costs and taking steps to advance the project that indicate the ongoing commitment to this critically important project. The unique facts in this case support the conclusion that the proposed export of LNG from the Magnolia LNG Project is not inconsistent with the public interest, and in fact is affirmatively in the public interest.

⁵² Effect of Increased Levels of Liquefied Natural Gas on U.S. Energy Markets, conducted by the U.S. Energy Information Administration upon DOE's request ("2014 EIA LNG Export Study"); The Macroeconomic Impact of Increasing U.S. LNG Exports, conducted jointly by the Center for Energy Studies at Rice University's Baker Institute for Public Policy and Oxford Economics on behalf of DOE ("2015 LNG Export Study"); Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports, conducted by NERA Economic Consulting on behalf of DOE ("2018 LNG Export Study").

⁵³ See Order No. 3909 at 9, 134; Order No. 3909-C at 49, 65.

V. **10 C.F.R. § 590.202(b)**

a. **The Scope of the Project, Including the Volumes of Natural Gas Involved, the Dates of Commencement and Completion of the Proposed Export, and the Facilities to be Utilized or Constructed**

Magnolia's Application does not request additional volume beyond the volumes previously authorized by DOE/FECM for export from the Magnolia LNG Project. These authorizations total 8.8 MTPA, which is the FERC-approved capacity of the Magnolia LNG Project. Magnolia is requesting the exact same volume in this Application. As such, the total exports authorized from the Magnolia LNG Project will not increase if DOE/FECM grants Magnolia's requested authorization set out in this Application, nor will the amount of U.S. natural gas export volumes increase. Magnolia LNG expects to commence commercial operations by December 31, 2028.

There have been no material changes to the scope of the Magnolia LNG Project, its proposed facilities, or commercial aspects. The only change is the need for additional time for Magnolia to commence export operations and hence the need for the 7-year condition to start as of the date of the new requested authorization. FERC has authorized construction of the project facilities at the Magnolia LNG Project pursuant to the FERC Authorization Order Amendment, which remains in full force and effect.⁵⁴

b. **The Source and Security of the Natural Gas Supply to be Exported, Including Contract Volumes and a Description of the Gas Reserves Supporting the Project during the Term of the Requested Authorization**

As set out in its current authorizations, Magnolia seeks authorization here to export natural gas available in the United States natural gas pipeline system. Magnolia LNG seeks authorization to export natural gas available from the United States' natural gas pipeline supply

⁵⁴ FERC Amendment Order at P. 1.

and transmission system. The Magnolia LNG Project is well-situated in a very liquid point of the U.S. natural gas market, including in close proximity to many interstate and intrastate natural gas pipelines, which will provide more than adequate volumes of feed gas for the liquefaction units. In 2014, Magnolia LNG executed a binding precedent agreement with Kinder Morgan Louisiana Pipeline, an interstate natural gas transportation pipeline regulated by FERC which runs immediately under the project site, to provide feed gas supplies. Magnolia LNG is strategically located near plentiful supplies of natural gas, and can select from multiple qualified interstate and intrastate pipelines to transport gas to the Magnolia LNG Project, giving its LNG offtakers gas supply optionality. With the growth of production in the nearby Haynesville shale play, the third largest shale gas-producing basin in the United States,⁵⁵ Magnolia LNG will have more than adequate supplies to draw from and will have little impact on domestic natural gas prices. Through KMLP and potentially other pipelines, Magnolia LNG will be able to directly access multiple other interstate natural gas pipelines and storage facilities, thus providing a variety of stable and economical gas supply options.

c. Identification of All the Participants in the Transaction, Including the Parent Company, If Any, and Identification of Any Corporate or Other Affiliations Among the Participants

Magnolia is a Delaware limited liability company with its principal place of business in Houston, Texas. Magnolia is a 100% subsidiary of Magnolia LNG Holdings, LLC (“Magnolia Holdings”). Magnolia Holdings is wholly-owned by Glenfarne Infrastructure Holdings, LLC, which is owned by Glenfarne Group, LLC (“Glenfarne”).

⁵⁵ See U.S. Energy Info. Admin..., “Haynesville natural gas production reached a record high in late 2021,” (Apr. 13, 2022) *available at* <https://www.eia.gov/todayinenergy/detail.php?id=52018>.

d. The Terms of the Transaction

DOE/FECM's regulations require applicants to submit information regarding the terms of the transactions, including long-term supply agreements and long-term export agreements.⁵⁶ In prior orders, DOE/FECM has found that applicants need not submit this information with their applications if such transaction specific information is not available because neither the supply contracts nor the long-term export contracts have been executed.⁵⁷ In such instances, DOE/FECM has permitted applicants to submit such information when contracts are executed, which DOE/FECM has found conforms to the requirement in its regulations that such information be submitted "when practicable."⁵⁸ Magnolia LNG requests that DOE/FECM make the same finding in this proceeding and commits that it will file such information with DOE/FECM within 30 days of execution in compliance with DOE's precedent and procedures.

e. Public Interest

Under the NGA, the burden clearly rests on the party that is challenging the issuance of the export or import license to demonstrate that the proposed exports or imports are not consistent with the public interest. DOE/FECM's recent LNG Export Study supports the conclusion that the authorization requested in this Application is not inconsistent with the public interest. DOE/FECM already concluded that exports from the Magnolia LNG Project are not inconsistent with the public interest.⁵⁹ The information contained in this Application further supports the assertion that granting authorization to the Magnolia LNG Project would still be

⁵⁶ 10 C.F.R. § 590.202(b)(4).

⁵⁷ See, e.g., *Dominion Cove Point LNG, LP*, DOE/FE Order No. 3331, at 152-53 (2013); and *Lake Charles Exports, LLC*, DOE/FE Order No. 3324, at 136 (2013).

⁵⁸ *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010).

⁵⁹ Order No. 3909 at 167.

within the public interest when analyzed under current DOE policies and using recent market information.

LNG exports from the proposed Magnolia LNG Project in Lake Charles, Louisiana will create jobs,⁶⁰ develop industry, foster continued production of domestic conventional and unconventional natural gas supplies, promote international trade and improve the U.S. balance of trade, and promote strong relationships with strategic international allies. As a result, DOE should grant the requested authorization.

f. The Lack of a National or Regional Need for the Gas to be Exported

DOE's comprehensive analysis of the latest market information includes the impact of existing authorization holders that have commenced exports, those that have not yet commenced exports, and potential new entrants to the LNG export market.⁶¹ DOE also considers the total approved non-FTA export volume as compared to the actual export volume.⁶² Filing this new Application allows DOE/FECM to analyze the project using current market data and information on the natural gas markets. For instance, the U.S. Energy Information Administration's ("EIA") recent 2023 Annual Energy Outlook ("AEO 2023") includes projections through the year 2050.⁶³

To determine whether an application is not inconsistent with the public interest, DOE/FECM analyzes a number of factors, evaluating the domestic need for natural gas by comparing the total volume of natural gas reserves and recoverable resources available to be

⁶⁰ See *supra* Section V.i.

⁶¹ See *Freeport* Order No. 4961 at 70-71.

⁶² See *id.* at 70-71, 76.

⁶³ See, e.g., U.S. Energy Info. Admin., Annual Energy Outlook 2023 ("AEO 2023") (Mar. 16, 2023), available at https://www.eia.gov/outlooks/aeo/pdf/AEO2023_Narrative.pdf.

produced during the proposed export period to the total gas demand during the export period.⁶⁴

In its Order No. 3909-C DOE/FECM concluded that the Magnolia LNG application to export 8.8 MTPA was not inconsistent with the public interest.⁶⁵ In the approximately 18 months since DOE approved exports of LNG from the Magnolia LNG Facility to non-FTA nations, there have been no significant changes to U.S. natural gas supply and demand that would negatively impact this finding.

Recent DOE studies and EIA data together illustrate that U.S. LNG exports are not inconsistent with the public interest because the current U.S. natural gas production efforts are more than sufficient to meet both domestic needs and supply LNG for export.⁶⁶ For instance, EIA's AEO 2023 forecasts that domestic consumption of natural gas is anticipated to remain "relatively stable—ending recent growth in most cases."⁶⁷ The most recent AEO 2023 data continues to support the conclusion that the United States will continue to experience net benefits from the issuance of LNG exports. While increased LNG exports are expected through the year 2050, the 2023 Reference Case shows moderately higher natural gas production from the lower-48 and significantly lower domestic U.S. consumption, which is more favorable than the AEO 2017 Reference that formed the basis for the 2018 LNG Export Study.⁶⁸ The increased LNG

⁶⁴ See *Phillips Alaska Natural Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473 at 29, 40, 46.

⁶⁵ Order No. 3909-C at 60, 76.

⁶⁶ U.S. Energy Info. Admin, AEO 2023 at 6 (Mar. 16, 2023) (finding that "continued growth in U.S. production, [] combined with relatively little growth in domestic consumption, allows the United States to remain a net exporter of... natural gas through 2050 in all AEO2023 cases," available at <https://www.eia.gov/outlooks/aeo/>).

⁶⁷ *Id.*

⁶⁸ See *id.* at table 59 (Lower 48 Natural Gas Production and supply Prices by Supply Region) & 61 (Natural Gas Consumption by End-Use Sector and Census Division) (Reference Case Projections Tables), available at https://www.eia.gov/outlooks/aeo/tables_ref.php; compare *Freeport* Order No. 4961, at 63-64, table. 1.

exports expected in 2050 are offset by the fact that the total amount of LNG exports is anticipated to fall below the difference between production and total consumption, meaning that there will be sufficient natural gas supply to support both domestic consumption and the anticipated volume of LNG exports.⁶⁹

In the Order No. 3909-C, DOE likewise concluded that the 2018 Export Study provides substantial support for non-FTA applications within the export volumes ranging from 0.1 to 52.8 Bcf/d of natural gas, and that such exports would not be inconsistent with the public interest.⁷⁰ DOE also concluded that the assumptions underlying the 2018 Study apply to current and future natural gas supply, demand, and prices.⁷¹ Further, DOE/FECM's recent non-FTA export approval for Freeport LNG relied on the 2018 Export Study and reaffirmed that based on the 2022 Annual Energy Outlook projections, the study remained fundamentally sound.⁷² DOE should determine that the export of domestic LNG, as proposed by Magnolia in this Application, is not inconsistent with the public interest because U.S. natural gas supply currently exceeds—and will continue to exceed in the future—demand.⁷³

Recently, EIA found in its AEO 2023 that:

In the Reference case, U.S. natural gas production increases by 15% from 2022 to 2050, and consumption decreases by 6% from its peak in 2022. Across all cases, domestic production outpaces domestic consumption; production increases across all side cases except in the Low Oil and Gas Supply case and Low Oil Price case.⁷⁴

⁶⁹ See, U.S. Energy Info. Admin, AEO 2023 at 27.

⁷⁰ Order No. 3909-C at 15, 48, 53.

⁷¹ *Id.* at 4844-45.

⁷² *Freeport* Order No. 4961 at 55-56.

⁷³ See, e.g., U.S. Energy Info. Admin, AEO 2023.

⁷⁴ *Id.* at 27.

As demonstrated within this Application and recognized by DOE/FECM, there exists sufficient recoverable natural gas resources in the United States to meet both the domestic demand for natural gas and the proposed exports to non-FTA countries. EIA's recent study on the effects of U.S. LNG export volumes on both domestic gas prices and domestic consumption found that, "[d]espite the different natural gas prices produced in the cases we examined, our projected natural gas consumption in the United States changes relatively little between the cases" and that "[d]ecreases in natural gas consumption in the end-use sectors is largely offset by increases in natural gas consumption associated with natural gas production, transport and liquefaction."⁷⁵ Data from EIA supports the conclusion that LNG exports, including the LNG exports Magnolia LNG proposes in this Application, will have only a modest impact on U.S. domestic natural gas demand. Consequently, granting Magnolia LNG's Application will not detrimentally impact the domestic supply of natural gas, and therefore will not unduly impact the domestic price of natural gas.

Though the domestic need for the natural gas proposed to be exported is "the only explicit criterion that must be considered in determining the public interest,"⁷⁶ DOE/FECM's range of factors used in reviewing an application for export authorization includes: "(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's policy of promoting market competition, and (iv) any other factors bearing on the public interest as determined by DOE, such as international and environmental

⁷⁵ EIA, U.S. Energy Info. Admin. *AEO2023 Issues in Focus: Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market*, at 11 (May 23, 2023).

⁷⁶ *Phillips Alaska Natural Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473 at 14.

impacts.”⁷⁷ The Magnolia LNG Project is aligned with this criteria. In fact, DOE/FECM already made such a determination in granting DOE/FECM Order No. 3903-C in 2020, which confirmed that the most recent data supports the conclusion that “authorizing Magnolia LNG’s requested increase in exports will advance the public interest for reasons that are distinct from and additional to the economic benefits identified in the 2018 LNG Export Study and DOE’s prior macroeconomic studies.”⁷⁸ Magnolia’s proposed exports will have a positive impact on the public interest, as demonstrated by these prior DOE/FECM findings and the more recent studies developed by DOE and conclusions from the recently released EIA AEO 2023 report.

Assuming that DOE/FECM proceeds along its current path and continues to process applications in accordance with its established order of precedence and grants multiple additional LNG export licenses, it does not alter the empirically based conclusion regarding the adequacy of natural gas supply as compared to domestic demand. The export of the volumes of LNG proposed herein will not impact this conclusion, whether considered independently or on a cumulative basis. In fact, the export volumes requested in this Application are identical to the volumes DOE already has authorized for Magnolia LNG. With the expiration of the existing authorization on November 30, 2023, the proposed export volumes in this Application will simply stand in the place of the already-authorized volumes. The incremental impact of Magnolia LNG’s proposal is no different than the incremental impact of any other proposed LNG export terminal and no party has submitted any empirical evidence that would support a determination regarding the incremental impact of one LNG project versus another.

⁷⁷ *Freeport* Order No. 4961 at 27-28.

⁷⁸ Order No. 3909-C at 53.

g. Impact on U.S. Natural Gas Demand Market Prices

With respect to the impact of exports on natural gas prices, DOE's 1984 Policy Guidelines make clear that it is not the policy of the federal government to determine domestic energy prices by approving or disapproving import and export applications.⁷⁹ DOE's policy is that markets, and not the government, should allocate resources, determine supply and demand, and set prices. As DOE has explained, "the 2018 [LNG Export] Study shows that U.S. natural gas prices will not rise to the same levels as global natural gas prices as a result of increased LNG exports."⁸⁰ DOE added that "[t]his result is consistent with the 2015 Study's analysis of the linkages between U.S. and global natural gas prices, as [DOE] previously discussed."⁸¹ The 2015 LNG Export Study, which analyzed the macroeconomic impact of LNG exports in the range of 12-20 Bcf/day, also supports Magnolia's requested authorization. The 2015 LNG Export Study concludes that increasing U.S. exports from 12 Bcf/day to 20 Bcf/day would increase United States gross domestic product by \$7.3 billion to \$20.5 billion annually from 2026 to 2040.⁸² Given that the U.S. currently exports approximately 11.4 Bcf/day of LNG, approval of Magnolia's request to export approximately 1.23 Bcf/day of LNG would not cause

⁷⁹ Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6684, 6685 (issued Feb. 22, 1984) ("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] will 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.") ("1984 Policy Guidelines"). While the 1984 Policy Guidelines deal specifically with imports, DOE/FE has found that the principles are applicable to exports, *Phillips Alaska Natural Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473 at 14.

⁸⁰ 2018 Study Response to Comments, 83 Fed. Reg. at 67,268 (citing 2018 LNG Export Study at 55).

⁸¹ *Id.*

⁸² See 2015 LNG Export Study at 17.

an exceedance of this 20 Bcf/day threshold.⁸³ DOE has further supported the conclusions of the 2015 and 2018 studies in the recent order authorizing LNG exports for Freeport LNG, finding these studies to be “fundamentally sound” and supportive of the proposition that additional export authorizations are not inconsistent with the public interest.⁸⁴

EIA’s recently released *Issues in Focus: Effects of Liquefied Natural Gas on the U.S. Natural Gas Market* further supports the conclusion that any price impacts will likely be minimal. The EIA “found that [while] LNG export volumes affected the resulting annual average U.S. natural gas price ... [t]he resulting variation in natural gas prices in these three cases, however, was narrower than recent in history and our AEO2023, despite a wide variety of U.S. LNG export volumes.”⁸⁵ Further, although EIA projected that “through 2050 additional U.S. LNG exports would increase the natural gas spot price at the Henry Hub,” it expressly found that such exports would *not increase prices “beyond recent history or the highest AEO2023 case.”*⁸⁶ The 2018 Export study likewise concludes that increasing U.S. LNG exports leads only to small increases in U.S. natural gas prices, which are historically resilient and steady, improves the U.S. balance of trade and GDP, and a large share of the increased LNG exports is supported by the increase in domestic natural gas production.⁸⁷

DOE/FECM’s recent studies analyzing price changes attributable to current events also supports the conclusion that the Magnolia LNG Project is in the public interest. For instance,

⁸³ DOE/FECM, LNG Monthly: October 2023 at 1 (explaining that in August 2023, the U.S. exported 353.0 Bcf of LNG, equivalent to approximately 11.4 Bcf per day).

⁸⁴ *Freeport* Order No. 4961 at 57.

⁸⁵ See U.S. Energy Info. Admin, *AEO2023 Issues in Focus: Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market* at 3 (May 32, 2023), https://www.eia.gov/outlooks/aeo/IIF_LNG/pdf/LNG_Issue_in_Focus.pdf.

⁸⁶ *Id.* at 12-13 (emphasis added).

⁸⁷ See 2018 DOE Study Response to Comments, 83 Fed. Reg. at 67273.

DOE/FECM recently analyzed recent price impacts of energy prices in light of the coronavirus pandemic and Russia's invasion of Ukraine, specifically taking note "of EIA's most recent forecast on short-term market conditions set forth in its *Short-Term Energy Outlook* (STEO), issued on February 7, 2023."⁸⁸ According to DOE/FECM, "[t]he STEO projects that the total domestic production of natural gas in the United States is expected to rise from an average of 98.1 Bcf/d in 2022 to 100.3 Bcf/d in 2023, surpassing pre-Covid-19 pandemic production levels."⁸⁹ Therefore, granting Magnolia's Application for export to non-FTA countries will not materially impair the rising domestic supply of natural gas, and therefore will have a minimal impact on domestic natural gas prices.

As for the concern over price changes, there are many factors that go into gas prices, and U.S. historical data supports the idea that spikes in natural gas prices are short-term. Studies exploring the increased prices from 2019-2021 indicate that short-term increases in demand or reductions in supply can cause large changes in natural gas prices, especially in wintertime.⁹⁰ In contrast, LNG contracts and supply are long-term, providing predictability and allowing natural gas production to respond accordingly to keep prices aligned. The price changes are largely the short-term demand shocks that outpace the available supply at that time which takes longer to adjust. Magnolia LNG's proposed exports, which represent only approximately 1% to 1.5% of domestic natural gas production, will have a minimal and manageable impact on U.S. natural gas demand and market prices.

⁸⁸ *Freeport* Order No. 4961 at 57.

⁸⁹ *Id.*

⁹⁰ See U.S. Energy Info. Admin, Natural gas explained: Factors affecting natural gas prices, available at <https://www.eia.gov/energyexplained/natural-gas/factors-affecting-natural-gas-prices.php>.

h. Domestic Energy Security and International Impacts

Magnolia's requested non-FTA export volume is miniscule in comparison to the projected supply and projected domestic demand. Consequently, the authorization requested in this Application will have a minimal effect, if any, on domestic energy security. Rather, granting Magnolia LNG the authorization requested in this Application will be a small part of promoting a more robust global market for natural gas and will bolster energy security across the globe.

The Russian invasion of Ukraine and other global events from the last few years emphasizes the important role that U.S. LNG exports can have on maintaining energy security around the world. DOE/FECM's Amended Order granting Magnolia with additional capacity for LNG exports specifically highlighted the impact of the Russian invasion of Ukraine by explaining that:

in light of the recent Russian invasion of Ukraine, there are renewed concerns about energy security for Europe and Central Asia, particularly given the relative share of Russian natural gas supplies into those regions. By authorizing additional exports to non-FTA countries, including to U.S. allies in Europe and elsewhere, this Order will enable Magnolia LNG to help mitigate energy security concerns once it begins exporting U.S. LNG. More generally, to the extent U.S. exports diversify global LNG supplies and increase the volumes of LNG available globally, these additional exports will improve energy security for many U.S. allies and trading partners.⁹¹

DOE/FECM reiterated similar concerns in the recently released Freeport authorization, mentioning that:

[f]or example, in light of last year's Russian invasion of Ukraine, there are renewed concerns about energy security for Europe and Central Asia, particularly given the relative share of Russian natural gas supplies into those regions until recently. By authorizing additional exports to non-FTA countries, including to U.S. allies, this Order will enable FLEX to help mitigate any acute and immediate energy security concerns.⁹²

⁹¹ Order No. 3909-C at 53.

⁹² *Freeport* Order No. 4961 at 64-65.

Further, DOE Secretary Jennifer Granholm recently discussed the importance of LNG for the energy transition in Europe, explaining that European countries, “really do want to use the cleanest form of energy possible that they can get and they have been very grateful to the United States. They feel like our LNG is cleaner and they feel like we are a trusted partner and they can count on us.”⁹³ DOE has consistently recognized the benefits of LNG, recently explaining that, “to the extent U.S. exports diversify global LNG supplies and increase the volumes of LNG available globally, these exports will improve energy security for many U.S. allies and trading partners.”⁹⁴ Natural gas exports support the replacement of diesel and heavy fuel oil with significantly lower carbon-intensity natural gas in the generation of electricity abroad. Authorizing the LNG exports requested in this Application will support these important national policies. DOE/FECM also recently published an article noting:

[a]s the top global natural gas producer and exporter, America’s exports of [LNG] play a vital role in supporting global energy security. Following Russia’s brutal invasion of Ukraine, the United States has become the primary supplier of LNG to Europe, demonstrating the flexibility and reliability of American LNG in global markets. Across the U.S. government, and here at [DOE], we are committed to doing everything we can to support the energy security and sustainability of our international allies and partners, while working to reduce emissions across LNG supply chains.⁹⁵

Granting authorizations such as this Application helps to provide energy security across the globe and furthers the energy transition.

⁹³ Jennifer Granholm, Secretary, U.S. Dep’t of Energy, *U.S. Secretary of Energy Jennifer M. Granholm Speaks at 2023 CERAWEEK Luncheon & Keynote Address*, C-SPAN (Mar. 8, 2023), available at <https://www.cspan.org/video/?526539-1/energy-secretary-granholm-speaks-ceraweek-conference>.

⁹⁴ *Freeport* Order No. 4961 at 65.

⁹⁵ U.S. Dep’t of Energy, Office of Fossil Energy and Carbon Mgmt., *Office of Fossil Energy and Carbon Management Issues Full Suite of Action on LNG Exports and Methane Emissions Mitigation* (Apr. 21, 2023), available at <https://www.energy.gov/fecm/articles/office-fossil-energy-and-carbon-management-issues-fullsuite-action-lng-exports-and>.

i. Economic Benefits

The Magnolia LNG Project will stimulate the local, regional, and national economies through the direct and indirect creation of new jobs, increased economic activity, and tax revenues. Magnolia LNG will use U.S. companies to supply much of the equipment and materials needed for the project. Construction of the first two LNG trains will lead to the direct creation of over 1,000 construction jobs. In addition, at full capacity of four liquefaction trains the Magnolia LNG Project will lead to the creation of 180 total permanent direct jobs, of which 150 are direct hire, and an additional 175 indirect jobs. In addition, construction of the Magnolia LNG Project will require an average construction workforce of approximately 355 workers per day, and at peak times require over 500 construction workers per day. The overall capital investment for the first two trains will be approximately \$4.5 billion and approximately \$8.5 billion for the entire four trains. As described above, Magnolia LNG is and will continue to be an active part of the local community—creating jobs, spurring economic development and working with local business and governing bodies to efficiently export LNG. At a national level, authorizing the requested LNG exports in this Application will also promote the U.S. goal of creating a strong clean energy economy.

For these reasons, Magnolia LNG respectfully submits that the authorization requested in this Application is not inconsistent with the public interest, and moreover, would have net benefits to the national, Louisiana, and local economies.

j. Environmental Impacts

In accordance with the NGA and Energy Policy Act of 2005,⁹⁶ FERC (as the lead agency for review under NEPA) already has fully reviewed any potential environmental impacts associated with construction of the Magnolia LNG liquefaction and export facilities. Under DOE's regulations adopted from the Council on Environmental Quality, "DOE shall cooperate with the other agencies in developing environmental information" and may adopt the findings of FERC's environmental review to the extent that the Commission satisfactorily addresses comments and suggestions raised by DOE during the process.⁹⁷ This is precisely the approach that DOE/FECM took when it adopted FERC's Supplemental Environmental Impact Statement for the Magnolia LNG Project by granting Magnolia's requested Amendment to increase the volume of LNG exported from 8.0 MTPA to 8.8 MTPA.⁹⁸ DOE/FECM recently confirmed that it will review FERC's environmental review document for a project and "supplement FERC's environmental reviews with DOE's environmental studies, as well as the Marine Transport Technical Support Document (Technical Support Document) prepared by DOE to consider the potential effects associated with transporting natural gas, including LNG, on marine vessels."⁹⁹

Potential environmental impacts were fully studied by FERC as the lead agency for NEPA review and set out in the supplemental SEIS, which DOE/FECM affirmed and adopted in issuing the Amendment to Magnolia's existing non-FTA export authorization.¹⁰⁰

The FERC authorization applicable to the project is for the full design production capacity of the facilities, which matches the export quantity requested herein. A complete NEPA

⁹⁶ 15 U.S.C. §§ 717b(e),; 717n(b)(1).

⁹⁷ 10 C.F.R. § 1021.342 (2023).

⁹⁸ FERC Amendment Order at P. 19, 22.

⁹⁹ *Freeport* Order No. 4961 at 8.

¹⁰⁰ See FERC Amendment Order at P. 18-19.

review for the full export amount requested already has been completed with DOE/FECM as a cooperating agency. On June 18, 2020, FERC approved Magnolia's proposed amendment to increase the volume of LNG export, finding that the Project's environmental impacts, if constructed and operated as described, would be acceptable considering the public benefits that will be provided by the project.¹⁰¹ Magnolia confirms that the Magnolia LNG Project area has not experienced any significant changes and the environmental findings underlying the FEIS remain valid. As no new construction is proposed here, the final SEIS adopted by DOE/FECM is still valid and in full effect and can be fully relied upon.

In addition, the United States Court of Appeals for the District of Columbia Circuit affirmed DOE's prior conclusions that (1) any potential increase in upstream gas production indirectly induced by exports is not reasonably foreseeable; and (2) modelling the impact of exports on net global emissions in LNG-importing nations would be "too speculative to inform the public interest determination."¹⁰² The gas to be exported from the Magnolia LNG Project will be sourced from the existing United States interstate pipeline grid and any potential increased production is not reasonably foreseeable. Finally, DOE's own studies on the life cycle greenhouse gas emissions resulting from LNG exports concluded that the use of U.S. LNG exports for power production in European and Asian markets will not increase global GHG emissions from a life cycle perspective, when compared to regional coal extraction and consumption for power production. On this basis, DOE found that the studies support the proposition that exports of LNG from the lower-48 states will not be inconsistent with the public interest.¹⁰³

¹⁰¹ *Id.* at P. 20.

¹⁰² *Sierra Club*, 867 F.3d at 199.

¹⁰³ *Freeport* Order No. 4961 at 21.

VI. Appendices

The following appendices are included with this application:

| | |
|------------|---|
| Appendix A | Magnolia LNG Lease Agreement – Filed Under Seal |
| Appendix B | Notarized Verification Statement |
| Appendix C | Opinion of Counsel |

VII. Conclusion

For the foregoing reasons, Magnolia respectfully requests that DOE/FECM issue an order granting Magnolia long-term authorization to export 1.23 Bcf/d or 8.8 MTPA of domestic LNG to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy for a term ending December 31, 2050. As demonstrated herein, the authorization requested is not inconsistent with the public interest and, accordingly, should be granted pursuant to Section 3 of the Natural Gas Act. Approval of this Application will have no impact on, or otherwise modify Magnolia's existing FTA Authorization.

Magnolia LNG LLC already is authorized to export this same amount of LNG pursuant to orders wherein DOE/FECM held that export of this amount of LNG from the Magnolia LNG Project is not inconsistent with the public interest under NGA Section 3.¹⁰⁴ Accordingly, and in light of the extensive record developed by DOE/FECM noted above, Magnolia respectfully requests that DOE/FECM issue the requested authorization on or before June 30, 2024.

¹⁰⁴ Order No. 3909; Order No. 3909-C.

Adam Prestidge
Senior Vice President
Head of Legal and Corporate Affairs
9950 Woodloch Forest Drive
Suite 1500
The Woodlands, TX 77380
Telephone: (646) 630-0262
legalnoticesgaslng@glenfarnecompanies.com

Respectfully submitted,

/s/ David L. Wochner
David L. Wochner*
Matthew H. Leggett*
Timothy J. Furdyna*
K&L Gates LLP
1601 K Street NW
Washington, DC 20006
Telephone: (202) 778-9014
david.wochner@klgates.com
matt.leggett@klgates.com
tim.furdyna@klgates.com

Counsel for Magnolia LNG, LLC

November 29, 2023

APPENDIX A
Magnolia LNG Lease Agreement
Filed Under Seal

APPENDIX B

VERIFICATION

**UNITED STATES OF AMERICA
BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT**

| | | |
|--------------------------|---|---------------------------------|
| In the Matter of |) | |
| |) | |
| Magnolia LNG, LLC |) | FE Docket No. 23-XXX-LNG |

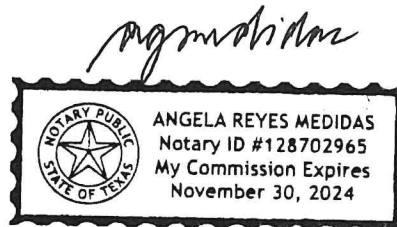
VERIFICATION

I, Adam Prestidge, declare that I am Senior Vice President – Head of Legal and Corporate Affairs for Magnolia LNG, LLC and am duly authorized to make this Verification; that I have read the foregoing instrument and that the facts therein stated are true and correct to the best of my knowledge, information, and belief.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in The Woodlands, Texas on November 29, 2023.

/s/ Adam Prestidge
Adam Prestidge
Senior Vice President
Head of Legal and Corporate Affairs
Magnolia LNG, LLC



APPENDIX C
OPINION OF COUNSEL

David Wochner
david.wochner@klgates.com

T +1 202 778 9014
F +1 202 778 9100

November 29, 2023

Ms. Amy Sweeney
Office of Fossil Energy and Carbon Management
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Magnolia LNG, LLC
FE Docket No. 23-____-LNG
Application for Long-Term, Multi-Contract Authorization to Export Liquefied
Natural Gas to Non-Free Trade Agreement Nations

Dear Ms. Sweeney:

This opinion of counsel is submitted pursuant to Section 590.202(c) of the regulations of the United States Department of Energy, 10 C.F.R. § 590.202(c), in connection with the request of Magnolia LNG, LLC ("Magnolia") for a long-term, multi-contract authorization to export liquefied natural gas to non-free trade agreement nations ("NFTA Application"). I am counsel for Magnolia. I have reviewed and relied upon the organizational documents of Magnolia, and it is my opinion that the export of liquefied natural gas as described in Magnolia's NFTA Application, to which this Opinion of Counsel is attached as Appendix C, is within the company powers of Magnolia.

Any questions regarding this correspondence or the application, including the appendices thereto, may be directed to me at (202) 778-9014 or at david.wochner@klgates.com.

Best regards,



David L. Wochner
Counsel for Magnolia LNG, LLC