

RECEIVED

By Docket Room at 8:20 am, Nov 27, 2019

K&L GATES

David Wochner
david.wochner@klgates.com

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

November 26, 2019

Ms. Amy R. Sweeney
Director, Division of Natural Gas Regulation
U.S. Department of Energy
Office of Fossil Energy
1000 Independence Avenue, SW
Washington, DC 20595

**Re: Rio Grande LNG, LLC – Updates to Pending Non-FTA Application
DOE/FE Docket No. 15-190-LNG**

Dear Ms. Sweeney:

Rio Grande LNG, LLC (“Rio Grande LNG”), hereby notifies the U.S. Department of Energy, Office of Fossil Energy (“DOE/FE”) of an update to the description of its ownership structure and requests that its pending application in FE Docket No. 15-190-LNG be amended in accordance with the information herein to ensure a complete and accurate record.

Background

On December 23, 2015, Rio Grande LNG filed with DOE/FE an application for authorization to export U.S.-sourced LNG to nations: (1) with which the United States currently has, or in the future enters into, a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG (“FTA”), and (2) with which the United States does not have in place a Free Trade Agreement requiring national treatment of trade in natural gas (“Non-FTA”).¹ Rio Grande LNG amended that application on June 7, 2016.²

On August 17, 2016, in DOE/FE Order No. 3869, DOE/FE granted Rio Grande LNG’s request for authorization to export liquefied natural gas (“LNG”) to any FTA nation.³ The portion of the Application requesting authorization to export LNG to Non-FTA nations is currently pending before DOE/FE.

¹ *Rio Grande LNG, LLC*, Application for Long-term, Multi-contract Authorization to Export Domestically Produced LNG to Free Trade Agreement & Non-Free Trade Agreement Countries, FE Docket No. 15-190-LNG (Dec. 23, 2015) (herein, “December 2015 Application”).

² *Rio Grande LNG, LLC*, Amendment of Application for Long-term, Multi-contract Authorization to Export Liquefied Natural Gas, FE Docket No. 15-190-LNG (June 7, 2016).

³ *Rio Grande LNG, LLC*, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Rio Grande LNG Terminal in Brownsville, Texas, to Free Trade Agreement Nations,

On August 23, 2017, Rio Grande LNG filed a request to amend its existing FTA export authorization in DOE/FE Order No. 3869 and its pending Non-FTA application in FE Docket No. 15-190-LNG, to reflect a change in the ownership interests of Rio Grande LNG.⁴ On October 25, 2017, DOE/FE responded to the August 2017 Letter noting that the change in control took effect immediately for the existing FTA authorization and finding that with regard to the pending Non-FTA application, Rio Grande LNG's filing was unopposed and the amendment took effect immediately.⁵

On November 22, 2019, the Federal Energy Regulatory Commission ("FERC") authorized Rio Grande LNG and its affiliate, Rio Bravo Pipeline Company, LLC, to construct and operate the Rio Grande LNG Terminal and the associated Rio Bravo Pipeline.⁶

In the instant filing, to ensure a complete and accurate record as DOE/FE reviews Rio Grande LNG's pending Non-FTA application, Rio Grande LNG provides the following updates to its application.

Updates to Ownership Structure

NextDecade LNG, LLC currently owns 100% of the equity of Rio Grande LNG. NextDecade Corporation ("NextDecade") continues to own 100% of NextDecade LNG, LLC. NextDecade's common stock ("Common Stock") remains listed on the Nasdaq Stock Market ("Nasdaq") under the symbol NEXT, although its series of warrants issued in connection with NextDecade, LLC's merger with Harmony Merger Corp., previously listed on Nasdaq under the symbol NEXTW, were delisted in February 2018, due to an insufficient number of round lot holders and are now quoted on The OTC Pink Market. A total of 12,081,895 such warrants remain outstanding and exercisable for shares of Common Stock.

Since the ownership structure updates provided in the October 3, 2018 Rio Grande LNG Semi-Annual Progress Report submitted to DOE/FE, NextDecade has completed the following financing transactions and equity issuances, which do not have a material effect on the ultimate ownership and control of Rio Grande LNG.

- *Series B Convertible Preferred Stock Issuances:* In May 2019, NextDecade sold an aggregate of \$20.945 million of shares of Series B Convertible Preferred Stock ("Series B Preferred Stock") to funds managed by York Capital Management Global Advisors, LLC ("York"), funds managed by Valinor Management, L.P. ("Valinor"), funds managed by Bardin Hill Investment Partners LP (formerly Halcyon Capital Management LP) ("Bardin Hill"), and HGC NEXT INV, LLC ("HGC"), along with warrants representing the right to acquire approximately 0.30% of the fully diluted shares of outstanding Common Stock on the exercise date.
- *EPC Contract Issuance:* In October 2019, NextDecade issued to an affiliate of Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") \$15 million of shares of Common Stock in payment of amounts invoiced by Bechtel pursuant to the Fixed Price Turnkey Agreement for the Engineering,

DOE/FE Order No. 3869 (Aug. 17, 2016). By this filing, Rio Grande LNG further requests that, to the extent required, DOE/FE accept these amendments as applicable to its existing FTA authorization in DOE/FE Order No. 3869.

⁴ *Rio Grande LNG, LLC*, Statement of Change in Ownership and Notice of Amendment to Pending NFTA Export Application, FE Docket No. 15-190-LNG (Aug. 23, 2017) (herein, "August 2017 Letter").

⁵ *Rio Grance LNG, LLC*, Response to CIC Request for Change in Ownership and Notice of Amendment, FE Docket No. 15-190-LNG (Oct. 25, 2017).

⁶ *Rio Grande LNG, LLC et al.*, 169 FERC ¶ 61,131 (2019).

Procurement and Construction of Trains 1 and 2 of the Rio Grande Natural Gas Liquefaction Facility, dated as of May 24 2019, by and between Rio Grande LNG and Bechtel, providing for the construction of liquefaction trains, storage tanks and marine berths at the Terminal.

- *Mubadala Investment*: In October 2019, NextDecade sold \$50 million of shares of Common Stock to an affiliate of Mubadala Investment Company PJSC (“Mubadala”), a sovereign wealth fund of the United Arab Emirates. NextDecade also agreed to issue additional shares of Common Stock on each of January 1, 2021 and July 1, 2021 if (i) NextDecade’s board of directors have not affirmatively voted or consented to undertake construction of the Terminal by such dates, and (ii) Mubadala has not disposed of or transferred any of the shares of Common Stock sold to it by NextDecade in October 2019.

As of November 26, 2019, based on information available to NextDecade,

- York owns approximately 47.9% of outstanding Common Stock;
- Valinor owns approximately 16.2% of outstanding Common Stock;
- Bardin Hill owns approximately 7.9% of outstanding Common Stock;
- Mubadala owns approximately 8.3% of outstanding Common Stock;
- Bechtel owns approximately 1.8% of outstanding Common Stock; and
- NextDecade’s executive officers and directors collectively own approximately 1.8% of outstanding Common Stock.

Outstanding Series A Convertible Preferred Stock (“Series A Preferred Stock”), representing an aggregate 5.7% of voting power, is owned 69.9% by HGC, 20.0% by York, 6.8% by Valinor, and 3.3% by Bardin Hill.

Outstanding Series B Preferred Stock, representing an aggregate 5.5% of voting power, is owned 60.0% by BlackRock, 14.6% by HGC, 9.6% by York, 9.6% by Valinor, and 6.3% by Bardin Hill.

Based on the number of shares of Common Stock, Series A Preferred Stock, and Series B Preferred Stock owned as of November 26, 2019, as described above,

- York holds approximately 43.9% of the voting power in NextDecade;
- Valinor holds approximately 15.2% of the voting power in NextDecade;
- Bardin Hill holds approximately 7.5% of the voting power in NextDecade;
- HGC holds approximately 5.2% of the voting power in NextDecade;
- BlackRock holds approximately 3.2% of the voting power in NextDecade;
- Mubadala holds approximately 7.3% of the voting power in NextDecade;
- Bechtel holds approximately 1.5% of the voting power in NextDecade; and
- NextDecade’s executive officers and directors collectively hold approximately 2.0% of the voting power in NextDecade.

Rio Grande LNG remains the holder of the authorization to export to FTA nations and the applicant in the pending portion of the Application for exports to Non-FTA nations.

If you have any questions regarding this filing, please contact me at (202) 778-9014 or at david.wochner@klgates.com.

Best regards,

A handwritten signature in black ink that reads "David Wochner". The signature is written in a cursive style with a large, stylized "D" and "W".

David Wochner
Counsel for Rio Grande LNG, LLC