

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PORT ARTHUR LNG PHASE II, LLC

)
)
) DOCKET NO. 20-23-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 4562

JULY 14, 2020

I. DESCRIPTION OF REQUEST

On February 28, 2020, Port Arthur LNG Phase II, LLC (PALNG Phase II) filed an application (Application)¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b.² PALNG Phase II submitted an amendment to the Application (Amendment) on March 3, 2020.³ PALNG Phase II requests long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) in a volume up to 13.5 million tonnes per annum (mtpa), which it states is equivalent to 698 billion standard cubic feet per year (Bcf/yr) of natural gas (1.91 Bcf per day).⁴ PALNG Phase II seeks authorization to export this LNG by vessel from Trains 3 and 4 (the Expansion Project) of the proposed Port Arthur LNG terminal (the Base Project), to be located in Jefferson County, Texas.⁵ PALNG Phase II's affiliate Port Arthur LNG, LLC (Port Arthur LNG) is currently developing the Base Project, which will consist of two liquefaction trains (Trains 1 and 2) that have already been approved for exports of LNG totaling 698 Bcf/yr of natural gas to both FTA and non-FTA countries.⁶

PALNG Phase II requests authorization to export this LNG to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy.⁷ This includes: (i) any country with which the United States currently has, or in

¹ Port Arthur LNG Phase II, LLC, Application for Long-Term, Multi-Contract Authorizations to Export Liquefied Natural Gas From the United States to Free Trade Agreement and Non-Free Trade Agreement Nations, FE Docket No. 20-23-LNG (Feb. 28, 2020) [hereinafter PALNG Phase II App.].

² The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redefinition Order No. 00-002.04G, issued on June 4, 2019.

³ Port Arthur LNG Phase II, LLC, Amendment to Application, FE Docket No. 20-23-LNG (Mar. 3, 2020) [hereinafter Amendment to App.].

⁴ PALNG Phase II App. at 3.

⁵ *Id.*

⁶ *See infra* § II (Procedural History).

⁷ PALNG Phase II App. at 3.

the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy (FTA countries);⁸ and (ii) any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).⁹ PALNG Phase II seeks these authorizations for a term ending “on the later of the date that is twenty years from the date of the commencement of the term or December 31, 2050.”¹⁰ PALNG Phase II also requests, as applicable, to continue exporting for a total of three years following the end of the export term (Make-Up Period), solely to export any Make-Up Volume that it was unable to export during the export term.¹¹

PALNG Phase II seeks to export this LNG on its own behalf and as agent for other entities that will hold title to the LNG at the time of export. PALNG Phase II requests that the authorization commence on the earlier of the date of first export or seven years from the date of the requested authorization.¹²

The portion of PALNG Phase II’s Application that seeks authorization to export domestically produced LNG to FTA countries is being reviewed pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), and approved in this Order. The portion of the Application that seeks

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

⁹ 15 U.S.C. § 717b(a).

¹⁰ PALNG Phase II App. at 4 n.3 (stating that this request “regarding the end date of its term is consistent with DOE/FE’s recent [proposed] policy statement regarding the terms of Non-FTA export authorizations.”) (citing U.S. Dep’t of Energy, Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050; Notice of Proposed Policy Statement and Request for Comments, 85 Fed. Reg. 7,672 (Feb. 11, 2020)). We note that DOE/FE has not yet issued a final policy statement on this proposal to extend the standard term of non-FTA authorizations, and thus the proceeding is on-going.

¹¹ *Id.* (quoting DOE/FE’s proposal that “the December 31, 2050 date would be the end of the authorization period for all non-FTA exports, inclusive of any ‘make-up’ export periods.” 85 Fed. Reg. at 7,679); *id.* at 4 n.4 (stating that “PALNG Phase II requests that the DOE/FE grant it the longest combined primary term and make-up period DOE/FE determines to be permissible under its applicable policies.”).

¹² *Id.* at 4.

authorization to export domestically produced LNG to non-FTA countries will be reviewed pursuant to NGA section 3(a), 15 U.S.C. § 717b(a) and addressed in a separate order.¹³

In granting the FTA portion of the Application, we find that the authorized export volume for the Expansion Project (698 Bcf/yr of natural gas) is additive to the volumes of LNG from the Base Project (Trains 1 and 2) previously authorized by DOE/FE for Port Arthur LNG, as discussed below. Accordingly, the grant of this Order will bring the total authorized FTA export volume from Trains 1-4 of the Port Arthur LNG terminal (*i.e.*, the Base Project and the Expansion Project) to 1,396.0 Bcf/yr of natural gas.

II. BACKGROUND

Applicant. PALNG Phase II is a Delaware limited liability company with its principal place of business in Houston, Texas. PALNG Phase II states that it is a wholly-owned, indirect subsidiary of Sempra Energy, a California corporation with its principal place of business in San Diego, California.¹⁴

Procedural History. Although PALNG Phase II does not hold any other authorizations from DOE/FE at this time, its affiliate Port Arthur LNG holds two long-term export authorizations from DOE/FE to export LNG from the proposed Port Arthur LNG terminal as follows:

- DOE/FE Order No. 3698-A, authorizing Port Arthur LNG to export 698 Bcf/yr to FTA countries for a term of 25 years;¹⁵ and

¹³ See U.S. Dep't of Energy, Port Arthur LNG Phase II, LLC; Application for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations, 85 Fed. Reg. 17,568 (Mar. 30, 2020).

¹⁴ PALNG Phase II App. at 5-6.

¹⁵ *Port Arthur LNG, LLC*, DOE/FE Order No. 3698, FE Docket No. 15-53-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Port Arthur LNG Project in Port Arthur, Texas to Free Trade Agreement Nations (Aug. 20, 2015), *as amended by* DOE/FE Order No. 3698-A, FE Docket Nos. 15-53-LNG and 18-162-LNG, Order Amending Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from Proposed Port Arthur LNG Project in Port Arthur, Texas to Free Trade Agreement Nations (Nov. 20, 2018).

- DOE/FE Order No. 4372, authorizing Port Arthur LNG to export 698 Bcf per year to non-FTA countries for a term of 20 years.¹⁶

Under the terms of these authorizations, Port Arthur LNG's FTA and non-FTA volumes are not additive to one another.¹⁷ Port Arthur LNG is thus authorized to export LNG from the Base Project (Trains 1 and 2) to FTA and non-FTA countries in a total volume equivalent to 698 Bcf/yr of natural gas, pursuant to these long-term authorizations.¹⁸

On April 18, 2019, the Federal Energy Regulatory Commission (FERC) issued an order authorizing Port Arthur LNG to site, construct, and operate the proposed Port Arthur LNG terminal (Trains 1 and 2) in a production capacity of 13.5 mtpa of LNG, equivalent to approximately 698 Bcf/yr of natural gas.¹⁹

PALNG Phase II states that, on February 19, 2020, PALNG Phase II and its affiliate PALNG Common Facilities Company, LLC (PALNG Common Facilities) filed an application with FERC in Docket No. CP20-55-000 requesting authorization to site, construct, and operate the Expansion Project (Trains 3 and 4) with a liquefaction capacity of 13.5 mtpa of LNG.²⁰ PALNG Phase II states that, if FERC approves the application for the Expansion Project, the LNG production capacity at the Port Arthur LNG terminal would total 27 mtpa from Trains 1-4.²¹

Proposed Expansion Project. PALNG Phase II states that the Expansion Project will be located on a project site within a 2,842-acre parcel of land owned in fee by PALNG Common

¹⁶ *Port Arthur LNG, LLC*, DOE/FE Order No. 4372, FE Docket No. 15-96-LNG, Opinion and Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations (May 2, 2019).

¹⁷ *Id.* at 71.

¹⁸ *Id.*; *see also* PALNG Phase II App. at 4-5 n.5.

¹⁹ *Port Arthur LNG, LLC, et al.*, Order Granting Authorizations Under Sections 3 and 7 of the Natural Gas Act, 167 FERC ¶ 61,052 (Apr. 18, 2019); *see also* PALNG Phase II App. at 6.

²⁰ PALNG Phase II App. at 6-7, 10 n.21.

²¹ *Id.* at 10 n.21.

Facilities.²² PALNG Phase II states that the project site is located near the City of Port Arthur, in Jefferson County, Texas.²³ PALNG Phase II states that it intends to lease or purchase the project site from PALNG Common Facilities.²⁴ According to PALNG Phase II, the Expansion Project “will be located entirely within the LNG export terminal (the ‘Base Project’) proposed by [Port Arthur LNG].”²⁵ PALNG Phase II notes that the Expansion Project is proposed at the site of the Port Arthur LNG terminal previously permitted by FERC.²⁶ PALNG Phase II states that the Expansion Project will be located on approximately 900 acres of this project site.²⁷

PALNG Phase II states that the Expansion Project will consist of two liquefaction trains, each capable of producing 6.73 mtpa of LNG, or approximately 13.5 mtpa in the aggregate.²⁸ Each train will consist of a feed gas pre-treatment unit, a heavy hydrocarbon removal unit, and a natural gas liquefaction unit. PALNG Phase II asserts that the Expansion Project will not include any new marine facilities or LNG storage tank, as LNG produced from Trains 3 and 4 will be stored and exported using storage tanks and marine facilities approved as part of the Base Project.²⁹

Source of Natural Gas. PALNG Phase II states that it will have access to natural gas produced in the United States and transported on the U.S. natural gas supply and pipeline system. For this reason, PALNG Phase II states that the Expansion Project will have access to major

²² Amendment to App. (stating that PALNG Common Facilities is a wholly-owned, indirect subsidiary of Sempra Energy). PALNG Phase II amended the name of the entity referenced in the Application (at 5-6) to PALNG Common Facilities.

²³ PALNG Phase II App. at 10.

²⁴ *Id.* at 6; Amendment to App.

²⁵ PALNG Phase II App. at 4.

²⁶ *See supra* note 19; *see also* PALNG Phase II App. at 6.

²⁷ PALNG Phase II App. at 10.

²⁸ *Id.*

²⁹ *Id.* (stating that the Expansion Project likewise will not require a change in the size or quantity of LNG ships currently authorized for the Base Project).

natural gas supply basins in the United States.³⁰ PALNG further states that natural gas will be delivered to the Expansion Project by pipeline facilities to be owned and operated by its affiliate Port Arthur Pipeline, LLC. Accordingly, PALNG Phase II states that it has not proposed new pipeline construction in connection with its application filed with FERC for the Expansion Project.³¹

Business Model. PALNG Phase II requests this authorization on its own behalf and as agent for other entities who will hold title to the LNG at the time of export.³² PALNG Phase II states that, to date, it has not yet entered into long-term natural gas supply or export contracts for the requested exports. According to PALNG Phase II, it anticipates that it will sell LNG to customers on a Free On Board (FOB) basis at the terminal under LNG sales and purchase agreements, but it is in discussions with customers regarding other proposed structures (such as liquefaction tolling agreements).³³ PALNG Phase II further states that it will file all long-term, binding contracts associated with the export of LNG from the Expansion Project, once executed, in accordance with established policy and precedent, and will comply with all DOE/FE requirements for exporters and agents, including registration requirements.³⁴

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without

³⁰ *Id.* at 11-13.

³¹ *Id.* at 11 n.23.

³² *Id.* at 4, 8-9.

³³ PALNG Phase II App. at 15.

³⁴ *Id.* at 9, 15.

modification or delay. The FTA portion of PALNG Phase II's Application falls within section 3(c), as amended, and therefore, DOE/FE grants the requested FTA authorization without modification or delay.³⁵

(2) In light of DOE's statutory obligation to grant this Application without modification or delay, there is no need for DOE/FE to review other arguments asserted by PALNG Phase II in support of the Application. The instant grant of authority should not be read to indicate DOE/FE's views on those arguments or on PALNG Phase II's request for non-FTA export authorization.

(3) The countries with which the United States has a FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) PALNG Phase II requests authorization to export LNG on its own behalf and as agent for other entities who hold title to the LNG at the time of export.³⁶ DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,³⁷ which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent.³⁸ DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*,

³⁵ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

³⁶ PALNG Phase II App. at 4.

³⁷ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

³⁸ *Id.* at 7.

which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export.³⁹ We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE has reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.⁴⁰ In that order, DOE/FE determined that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG title-holder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.⁴¹

To ensure that the public interest is served, the authorization granted herein shall require that, where PALNG Phase II proposes to export LNG as agent for other entities who hold title to the LNG, PALNG Phase II must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

(5) Section 590.202(b) of DOE's regulations requires applicants to supply transaction-specific factual information "to the extent practicable."⁴² Additionally, DOE regulations at 10 C.F.R. § 590.202(e) allow confidential treatment of the information supplied in support of, or opposition to, an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.

³⁹ *Id.* (citing *The Dow Chemical Co.*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010)).

⁴⁰ *Cameron LNG, LLC*, DOE/FE Order No. 3680, FE Docket No. 15-36-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Free Trade Agreement Nations (July 10, 2015).

⁴¹ *Id.* at 8-9.

⁴² 10 C.F.R. § 590.202(b).

(6) DOE/FE will require that PALNG Phase II file or cause to be filed with DOE/FE any relevant long-term commercial agreements or contracts pursuant to which PALNG Phase II exports LNG as agent for a Registrant once those agreements or contracts have been executed. DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of 10 C.F.R. § 590.202(b). By way of example and without limitation, a “relevant long-term commercial agreement” would include an agreement with a minimum term of two years.

(7) DOE/FE also will require PALNG Phase II to file any long-term contracts PALNG Phase II enters into providing for the long-term export of LNG on its own behalf from the Expansion Project. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of 10 C.F.R. § 590.202(b).

(8) In addition, DOE/FE finds that section 590.202(c) of DOE/FE’s regulations⁴³ requires that PALNG Phase II file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas to the Expansion Project, whether signed by PALNG Phase II or the Registrant, within 30 days of their execution.

(9) DOE/FE recognizes that some information in PALNG Phase II’s or a Registrant’s long-term commercial agreements associated with the export of LNG, and/or long-term contracts associated with the long-term supply of natural gas to the Expansion Project, may be commercially sensitive. DOE/FE therefore will provide PALNG Phase II the option to file or cause to be filed either unredacted contracts, or in the alternative (A) PALNG Phase II may file,

⁴³ *Id.* § 590.202(c).

or cause to be filed, long-term contracts under seal, but it also will file either: (i) a copy of each long-term contract with commercially sensitive information redacted, or (ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destination, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted or non-disclosed information should be exempted from public disclosure.⁴⁴

To ensure that DOE/FE destination and reporting requirements included in this Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of LNG exported pursuant to this Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Port Arthur LNG Phase II, LLC (PALNG Phase II) is authorized to export domestically produced LNG by vessel from the proposed Expansion Project, to be built at the proposed Port Arthur LNG terminal (or Base Project) to be located in Jefferson County, Texas. The volume authorized in this Order is equivalent to 698 Bcf/yr of natural gas. This volume is additive to the volumes authorized for export from the Base Project by Port Arthur LNG, LLC to FTA countries in DOE/FE Order No. 3698-A (FE Docket No. 15-53-LNG) and to non-FTA countries in DOE/FE Order No. 4372 (FE Docket No. 15-96-LNG).

This export term will begin on the earlier of the date of first commercial export or seven years from the date this authorization is issued. The export term will end on the later of the date that is 20 years from the date of the commencement of the export term or December 31, 2050.

⁴⁴ Id. § 590.202(e) (allowing confidential treatment of information in accordance with 10 C.F.R. § 1004.11).

PALNG Phase II is authorized to export this LNG on its own behalf and as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

PALNG Phase II may continue exporting for a total of three years following the end of the export term, solely to export any Make-Up Volume that it was unable to export during the original export period. The three-year Make-Up Period allowing the export of Make-Up Volumes does not affect or modify the maximum volume of LNG authorized for export in this Order. Insofar as PALNG Phase II may seek to export additional volumes not previously authorized for export, it will be required to obtain appropriate authorization from DOE/FE.⁴⁵

B. This LNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG via ocean-going vessels. FTA countries are currently identified by DOE/FE at:

<https://www.energy.gov/fe/services/natural-gas-regulation/how-obtain-authorization-import-and-export-natural-gas-and-lng>

C. PALNG Phase II shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States

⁴⁵ DOE/FE is granting this Make-Up Period as requested by PALNG Phase II, pursuant to NGA section 3(c), 15 U.S.C. § 717b(c). Accordingly, this Make-Up Period is neither affected nor limited by DOE/FE's current proposal to extend the standard term of non-FTA authorizations, referenced *supra* notes 10 & 11.

Department of the Treasury and FERC. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. (i) PALNG Phase II shall file, or cause others to file, with the Office of Regulation, Analysis, and Engagement a non-redacted copy of all executed long-term contracts associated with the long-term export of LNG from the Expansion Project as agent for other entities. The non-redacted copies must be filed within 30 days of their execution and may be filed under seal, as described above.

(ii) PALNG Phase II shall file, or cause others to file, with the Office of Regulation, Analysis, and Engagement a non-redacted copy of all executed long-term contracts associated with the long-term supply of natural gas to the Expansion Project. The non-redacted copies must be filed within 30 days of their execution and may be filed under seal, as described above.

E. PALNG Phase II is permitted to use its authorization to export LNG as agent for other LNG title-holders, after registering those entities with DOE/FE. Registration materials shall include an agreement by the Registrant to supply PALNG Phase II with all information necessary to permit PALNG Phase II to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be directed; and (4) within 30 days of execution, a copy of any long-term contracts not previously filed with DOE/FE, described in Ordering Paragraph D of this Order.

Any change in the registration materials—including changes in company name, contact information, length of the long-term contract, termination of the long-term contract, or other relevant modification—shall be filed with DOE/FE within 30 days of such change(s).

F. PALNG Phase II, or others for whom PALNG Phase II acts as agent, shall include the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 4562, issued July 14, 2020, in FE Docket No. 20-23-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Port Arthur LNG Phase II, LLC that identifies the country (or countries) into which the LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Port Arthur LNG Phase II, LLC is made aware of all such actual destination countries.

G. Within two weeks after the first export of domestically produced LNG occurs from the Expansion Project, PALNG Phase II shall provide written notification of the date of first export to DOE/FE.

H. PALNG Phase II shall file with the Office of Regulation, Analysis, and Engagement, on a semi-annual basis, written reports describing the status of the proposed Expansion Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the status of the Expansion Project, the date the Expansion Project is expected to commence first exports of LNG, and the status of any associated long-term supply and export contracts.

I. With respect to any change in control of the authorization holder, PALNG Phase II must comply with DOE/FE Procedures for Change in Control Affecting Applications and Authorizations to Import or Export Natural Gas.⁴⁶ For purposes of this Ordering Paragraph, a “change in control” shall include any change, directly or indirectly, of the power to direct the management or policies of PALNG Phase II, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.⁴⁷

J. Monthly Reports: With respect to the exports authorized by this Order, PALNG Phase II shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report on Form FE-746R indicating whether exports of LNG have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the U.S. export terminal; (3) the name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) into which the LNG was actually delivered; (6) the name of the supplier/seller; (7) the volume in thousand cubic feet (Mcf); (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10)

⁴⁶ See U.S. Dep’t of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541 (Nov. 5, 2014).

⁴⁷ *Id.* at 65,542.

the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

K. All monthly report filings on Form FE-746R shall be made to the U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation, Analysis, and Engagement, according to the methods of submission listed on the Form FE-746R reporting instructions available at <https://www.energy.gov/fe/services/natural-gas-regulation>.

Issued in Washington, D.C., on July 14, 2020.

Shawn Bennett
Deputy Assistant Secretary for Oil and Natural Gas
Office of Fossil Energy