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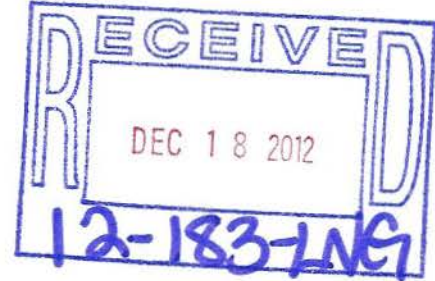
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December 18, 2012

Mr. John Anderson  
Office of Fuels Programs, Fossil Energy  
U.S. Department of Energy  
Docket Room 3F-056, FE-50  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585



Re: Magnolia LNG, LLC  
FE Docket No. 12 - 183 -LNG  
Application for Long-Term Multi-Contract Authorization to Export Liquefied Natural  
Gas to Free Trade Agreement Countries

Dear Mr. Anderson:

Magnolia LNG, LLC ("Magnolia LNG") hereby submits for filing with the U.S. Department of Energy, Office of Fossil Energy ("DOE/FE") an original and five (5) copies of its application seeking long-term, multi-contract authorization to export liquefied natural gas ("LNG") to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will have, a Free Trade Agreement.

As set forth in greater detail in the attached application, Magnolia LNG requests authorization to export up to the equivalent of approximately 0.54 billion cubic feet of natural gas per day (approximately 210 trillion Btu per annum), or approximately 4 million metric tons per annum of domestically produced LNG over a twenty-five (25) year period commencing on the earlier of the date of first export or ten (10) years from the date the requested authorization is granted. Magnolia LNG requests such export authorization on its own behalf and as agent for others.

Mr. John Anderson  
December 18, 2012  
Page 2

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Enclosed please find a check for the filing fee in the amount of \$50.00, as required by 10 C.F.R. § 590.207. In addition, pursuant to 10 C.F.R. § 590.202(c), an Opinion of Counsel letter is included at Appendix A, and pursuant to 10 C.F.R. § 590.103(b), a Verification statement is included at Appendix B.

Respectfully submitted,



David L. Wochner

*Counsel for Magnolia LNG, LLC*

**UNITED STATES OF AMERICA  
BEFORE THE DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

**In the Matter of** )  
 ) **FE Docket No. 12-\_\_\_\_-LNG**  
**MAGNOLIA LNG, LLC** )

**APPLICATION OF MAGNOLIA LNG, LLC FOR  
LONG-TERM AUTHORIZATION TO  
EXPORT LNG TO FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)<sup>1</sup> and Part 590 of the Department of Energy’s (“DOE”) regulations,<sup>2</sup> Magnolia LNG, LLC (“Magnolia LNG”) hereby submits this application (“Application”) with the DOE, Office of Fossil Energy (“DOE/FE”) 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 0.54 billion cubic feet of natural gas per day (“Bcf/day”) (or approximately 210 Trillion Btu per annum), which is approximately equivalent to 4 million metric tons per annum (“MTPA”) of domestically produced LNG. Magnolia LNG seeks this authorization for a period of twenty-five (25) years, commencing on the earlier of the date of first export or ten (10) years from the date the authorization requested in this Application is granted.

In this Application, Magnolia LNG seeks authorization to export domestically produced LNG from the terminal it intends to construct, own, and operate near Lake Charles, Louisiana (“Magnolia LNG Terminal”) to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will

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<sup>1</sup> 15 U.S.C. § 717b.

<sup>2</sup> 10 C.F.R. Part 590 (2012).

have, a Free Trade Agreement (“FTA”) requiring national treatment for trade in natural gas.<sup>3</sup> Magnolia LNG requests this authorization both on its own behalf and as agent for others.

In this Application, Magnolia LNG only seeks authorization from DOE/FE to export LNG to countries with which the United States has, or in the future will have, an FTA. This Application is for Phase I of the Magnolia LNG Terminal. In the event Magnolia LNG decides in the future to pursue Phase II of the project, which it anticipates will include LNG exports to FTA and/or non-FTA countries, it will file the required application and supporting materials with DOE/FE.

This Application requests authority to export LNG only to countries with which the United States has or in the future enters into an FTA requiring national treatment in gas. As such, this Application is subject to review pursuant to the standards established in the Energy Policy Act of 1992 (“EPAct 1992”). As amended by Section 201 of the EPAct 1992, Section 3(c) of the NGA requires that applications that seek authorization to export LNG to FTA countries be “deemed to be consistent with the public interest” and “granted without modification or delay.”<sup>4</sup>

In support of this Application, Magnolia LNG respectfully states the following:

#### **I. COMMUNICATIONS AND CORRESPONDENCE**

All communications and correspondence regarding this Application should be directed to the following persons:

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<sup>3</sup> The countries that have such FTAs with the United States include: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea and Singapore.

<sup>4</sup> 15 U.S.C. § 717b(c).

Fletcher Maurice Brand  
Manager  
Magnolia LNG LLC  
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West Perth, Western Australia, 6005  
Telephone: +61 8 9366 3700  
Facsimile: +61 8 9366 3799  
[mbrand@lnglimited.com.au](mailto:mbrand@lnglimited.com.au)

David L. Wochner  
Sandra E. Safro  
Sutherland Asbill & Brennan LLP  
700 Sixth Street, NW  
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Facsimile: (202) 637-3593  
[david.wochner@sutherland.com](mailto:david.wochner@sutherland.com)  
[sandra.safro@sutherland.com](mailto:sandra.safro@sutherland.com)

## **II. DESCRIPTION OF THE APPLICANT**

The exact legal name of the applicant is Magnolia LNG, LLC, a limited liability company organized under the laws of Delaware, and a wholly owned indirect subsidiary of Liquefied Natural Gas Limited (“LNG Limited”). Magnolia LNG’s principal place of business is Ground Floor, 5 Ord Street, West Perth, Perth Western Australia 6005. LNG Limited is a publicly listed Australian company with the objective of identifying and developing LNG projects in Australia and overseas. For example, LNG Limited is in the process of developing the Gladstone LNG Project at Fisherman’s Landing in the Port of Gladstone, Queensland, Australia. The Gladstone LNG Project will consist of two 1.9 MTPA liquefaction trains.

## **III. DESCRIPTION OF THE MAGNOLIA LNG TERMINAL**

In this Application, Magnolia LNG seeks long-term authorization to export domestically produced LNG from the Magnolia LNG Terminal to be constructed under authorization of Section 3 of the NGA (the “Project”). The Project facilities are anticipated to include two LNG trains, an LNG storage tank with capacity of approximately 200,000 m<sup>3</sup>, and vessel loading facilities. Each of the LNG trains will be capable of producing up to 2 MTPA of LNG, for a total capacity of 4 MTPA of LNG. Currently, the Project facilities would permit natural gas to be received by pipeline at the Magnolia LNG Terminal, liquefied, and loaded from the storage

tank onto an LNG carrier berthed alongside the Magnolia LNG Terminal. Magnolia LNG will construct, own, and operate the Magnolia LNG Terminal.

Magnolia LNG's indirect parent, LNG Limited, has initiated the process of securing property from the Port of Lake Charles to construct the Magnolia LNG Terminal. Specifically, LNG Limited has obtained from the Port of Lake Charles permission to perform site studies and the exclusive right to negotiate a lease for the site, and currently is involved in active negotiations with Port of Lake Charles representatives for a Lease Agreement. These rights are memorialized in a September 17, 2012 Letter Agreement with the Port of Lake Charles ("September 17 Letter Agreement") attached hereto as Appendix C and a December 11, 2012 Amendment to the Letter Agreement ("December 11 Amendment") attached hereto as Appendix D (collectively, "Port Agreements"). The Port Agreements grant LNG Limited the exclusive right to enter the premises to perform site studies and, subject to satisfactory findings, explain that it is the parties' intention to negotiate an agreement on an exclusive basis to lease the site for a period of no less than twenty-five (25) years ("Lease Agreement"). The September 17 Letter Agreement is fully assignable to Magnolia LNG, as evidenced by the December 11 Amendment and the December 14, 2012 Notice of Assignment from LNG Limited to Magnolia LNG, attached hereto as Appendix E. It is intended that Magnolia LNG will sign the Lease Agreement that results from these activities. Magnolia LNG will supplement this Application and provide DOE/FE with a copy of the Lease Agreement once it has been executed. The site is Industrial Canal South Shore PLC Tract 475, which is located on an industrial canal off the Calcasieu River Shipping Channel ("Channel").

#### IV. AUTHORIZATION REQUESTED

Magnolia LNG requests authorization to export up to the equivalent of approximately 0.54 Bcf/day of natural gas (or approximately 210 Trillion Btu per annum), which is approximately equivalent to 4 MTPA of domestically produced LNG, over a twenty-five (25) year period commencing on the earlier of the date of first export or ten (10) years from the date the requested authorization is granted. As further described in Section III above, Magnolia LNG is in the process of developing plans to construct onshore facilities in Lake Charles, Louisiana to enable LNG to be loaded from storage tanks onto vessels that will be berthed alongside the Magnolia LNG Terminal.

Magnolia LNG requests such export authorization on its own behalf and as 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 DOE/FE Order No. 2986,<sup>5</sup> Magnolia LNG will register with DOE/FE each LNG title holder for whom Magnolia LNG seeks to export LNG. In such registration, Magnolia LNG will provide DOE/FE with a written statement by the title holder acknowledging and agreeing 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 will also file with DOE/FE under seal any relevant long-term commercial agreements it enters into with the LNG title holders 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 proceed to incur the substantial cost of developing the liquefaction and export project. The terms and conditions related to the use of the Magnolia LNG Terminal

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<sup>5</sup> *Freeport LNG Development, L.P.*, DOE/FE Order No. 2986 (2011).

facilities will be set forth in agreements with Project customers. Magnolia LNG anticipates that these agreements will be for terms of up to twenty-five (25) years in duration and will run concurrently with Magnolia LNG's export authorization. Magnolia LNG has not yet entered into such agreements because long-term export authorization is required to finalize agreements with prospective customers.

DOE/FE's regulations require applicants to submit information regarding the terms of the transaction, including long-term supply agreements and long-term export agreements.<sup>6</sup> In prior orders, DOE/FE 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.<sup>7</sup> In such instances, DOE/FE has permitted applicants to submit such information if and when the contracts are executed, which DOE/FE has found conforms to the requirement in its regulations that such information be submitted "when practicable."<sup>8</sup> Magnolia LNG requests that DOE/FE make the same finding in this proceeding and commits that it will file such information with DOE/FE when practicable in compliance with DOE's pronouncement in *Sabine Pass*.

## V. EXPORT SOURCES

Magnolia LNG seeks authorization to export natural gas available from the United States natural gas pipeline supply and transmission system. The Magnolia LNG Terminal will be situated within approximately three miles of four major interstate/intrastate natural gas pipelines owned by Trunkline Gas Company, Kinder Morgan Louisiana Pipeline, Gulf South Pipeline Company, LP, and Chevron Pipe Line Company. Through these pipelines, Magnolia LNG will

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<sup>6</sup> 10 C.F.R. § 590.202(b)(4).

<sup>7</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010).

<sup>8</sup> *Id.*



be able to indirectly access the national natural gas pipeline grid, providing its potential customers with a variety of stable and economical supply options.

Magnolia LNG anticipates that the sources of natural gas will include Texas, Louisiana, and Mississippi producing regions, including recent shale gas discoveries in the Haynesville, Eagle Ford, Barnett, and Floyd-Neal/Conasauga shale plays. These four shale plays represent a vast supply of natural gas, with a combined area of 21,210 square miles and contain an estimated 143 trillion cubic feet of recoverable gas.<sup>9</sup> The size of traditional and emerging natural gas supply sources in close proximity to the Magnolia LNG Terminal will provide Magnolia LNG's potential customers with diverse and reliable alternative gas supply options.

## **VI. STANDARD OF REVIEW**

Pursuant to Section 3(c) of the NGA, applications for authorization to export natural gas, including LNG, to nations with which the United States has in effect an FTA requiring national treatment for trade in natural gas are deemed to be in the public interest and must be granted “without modification or delay.”<sup>10</sup> This Application clearly falls within the scope of Section 3(c) and therefore should be considered and approved in accordance with this standard.

Moreover, although DOE expressly does not consider factors affecting the public interest for exports to countries with which the United States has an FTA in effect, nonetheless the experience of Magnolia LNG's parent company, LNG Limited, in developing a similar project in Australia demonstrates that this application is a “meaningful (i.e., not frivolous) effort to undertake natural gas export ... activities,”<sup>11</sup> and thus is necessarily in the public interest.

## **VII. REVIEW OF ENVIRONMENTAL IMPACTS**

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<sup>9</sup> U.S. Energy Information Administration, *Review of Emerging Resources: U.S. Shale Gas and Shale Oil Plays* (2011).

<sup>10</sup> 15 U.S.C. § 717b(c).

<sup>11</sup> *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3041 at 8-9 (Dec. 7, 2011).

Following the issuance of the long-term authorization sought in this Application, Magnolia LNG will initiate the pre-filing process at FERC for the proposed Project facilities. Initiation of the pre-filing process at FERC will be the first step in a detailed and comprehensive environmental review of the proposed Project facilities by FERC under the National Environmental Policy Act (“NEPA”). Magnolia LNG anticipates that, consistent with NEPA’s requirements, FERC will act as the lead agency for environmental review, with the DOE acting as a cooperating agency. Therefore, Magnolia LNG respectfully requests that the DOE/FE issue a conditional order approving this Application, conditioned upon FERC’s satisfactory completion of the environmental review.

In addition to the authorization from DOE/FE sought in this Application and the authorizations from FERC, Magnolia LNG will seek the necessary permits from and consultations with other federal, state, and local agencies. The federal permits and consultations Magnolia LNG will seek in connection with the Project include a Water Suitability Assessment from the U.S. Coast Guard, the Clean Water Act Section 404 Permit from the U.S. Army Corps of Engineers, and a consultation with the U.S. Fish and Wildlife Service, as appropriate. The state permits and consultations Magnolia LNG will seek in connection with the Project include a Section 401 Water Quality Certificate from the Louisiana Department of Environmental Quality, an Air Quality Permit by the Louisiana Department of Environmental Quality, a Coastal Use Permit from the Louisiana Department of Natural Resources, and consultations with the Louisiana Department of Wildlife and Fisheries and the Louisiana Department of Culture, Recreation, and Tourism, as appropriate.

## VIII. APPENDICES

The following appendices are included with this Application:

Appendix A	Opinion of Counsel
Appendix B	Verification
Appendix C	September 17, 2012 Letter Agreement with Port of Lake Charles
Appendix D	December 11, 2012 Amendment to Letter Agreement
Appendix E	December 14, 2012 Notice of Assignment from LNG Limited to Magnolia LNG

## IX. CONCLUSION

For the reasons set forth above, Magnolia LNG respectfully requests that the DOE issue an order granting Magnolia LNG authorization to export for a twenty-five (25) year period on its own behalf and as agent for others, up to approximately 0.54 Bcf/d of domestic natural gas (or approximately 210 Trillion Btu per annum), which is approximately equivalent to 4 MTPA of domestically produced LNG, to any country with which the United States has, or in the future may have, an FTA requiring national treatment for trade in natural gas.

Dated: December 18, 2012

Respectfully submitted,



David L. Wochner  
Sandra E. Safro  
Sutherland Asbill & Brennan LLP  
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Washington, D.C. 20001  
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*Counsel for Magnolia LNG, LLC*

**APPENDIX A  
OPINION OF COUNSEL**

**(See attached)**

SUTHERLAND

SUTHERLAND ASBILL & BRENNAN LLP

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**CHAD E. MILLS**

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December 18, 2012

Mr. John Anderson  
Office of Fuels Programs, Fossil Energy  
U.S. Department of Energy  
Docket Room 3F-056, FE-50  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Re: Magnolia LNG, LLC  
FE Docket No. 12 - \_\_\_\_\_-LNG  
Application for Long-Term Multi-Contract Authorization to Export Liquefied Natural  
Gas to Free Trade Agreement Countries

Dear Mr. Anderson:

This opinion is furnished to you pursuant to Section 590.202(c) of the Department of Energy's Regulations, 10 C.F.R. § 590.202(c) and in connection with the application of Magnolia LNG, LLC for long-term multi-contract authorization to export liquefied natural gas to Free Trade Agreement nations. I am counsel for Magnolia LNG, LLC, a limited liability company organized under the laws of the State of Delaware. I have reviewed and relied upon the limited liability company formation documents of Magnolia LNG, LLC and information provided to me by Magnolia LNG, LLC. Based on the foregoing, and for the purposes of the application to the Office of Fossil Energy, I am of the opinion that the proposed exports as described in the application are within the limited liability company powers of Magnolia LNG, LLC.

Respectfully submitted,



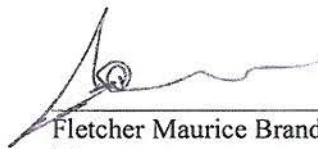
Chad E. Mills, Partner

*Counsel for Magnolia LNG, LLC*



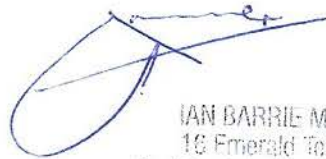
**APPENDIX B  
VERIFICATION**

Fletcher Maurice Brand, being first duly sworn on his oath deposes and says: that he is Manager of Magnolia LNG, LLC; that he is duly authorized to make this Verification; that he has read the foregoing application and is familiar with the contents therein; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file this application with the United States Department of Energy.



Fletcher Maurice Brand  
Manager  
Magnolia LNG, LLC

Sworn to and subscribed before me this 18<sup>th</sup> day of December, 2012.



IAN BARRIE MURIE  
10 Emerald Terrace  
West Perth Western Australia  
General Public Notary







**APPENDIX C**  
**September 17, 2012 Letter Agreement with the Port of Lake Charles**

**(See attached)**



September 17, 2012

Liquefied Natural Gas Limited  
5 Ord Street, West Perth  
Perth 6005 Western Australia

RE: Authorization for Field Study and Survey -  
PLC Tract – 475 s, Lake Charles, LA

Gentlemen:

The Lake Charles Harbor & Terminal District (hereinafter referred to as "Grantor") understands that Liquefied Natural Gas Limited (hereinafter referred to as "LNG Ltd") is requesting consent to access the above-referenced property (as outlined area of Exhibit "1", attached hereto, and hereinafter referred to as the "Site") for the purpose of investigating the Site to determine the suitability of locating a liquefied natural gas production and export facility.

LNG Ltd is presently, at its cost, in the process of studying the best location for the proposed facility. To complete this study and determine the area of least impact, LNG Ltd has requested the consent of the Grantor to enter the Site for the purposes of conducting various studies and surveys which may include, but are not limited to, soil analysis surveys, engineering design surveys, archaeological surveys, legal surveys, and environmental assessment surveys (hereinafter referred to as "Operations").

The terms and conditions of this letter agreement are limited to the investigation of the Site to determine the suitability of locating a liquefied natural gas production and export facility, as described in the first paragraph, and shall not apply to any other future transactions between the parties hereto.

Upon completion of the Operations, and upon Grantor's written request, LNG Ltd shall provide Grantor at no cost copies of all written reports or data relating to the Operations.

Information provided by LNG Ltd to Grantor and marked as "Confidential" will be recognized as proprietary to LNG Ltd. Grantor shall not divulge such information to third parties, except to the extent required by applicable law, and shall take all reasonable steps to ensure that Grantor's employees and agents will not divulge such information to any person other than representatives of LNG Ltd. Grantor shall protect all such information in its custody or control to the same extent Grantor protects its own such proprietary information.

Grantor hereby grants permission to LNG Ltd, and its contractors, agents, and employees (hereinafter referred to as "LNG Ltd Parties"), to enter upon the Site to conduct the Operations in accordance with this letter agreement.



**Lake Charles  
Harbor  
& Terminal  
District**

Post Office Box 3753  
Lake Charles, LA 70602  
Phone 337-439-3661  
Facsimile 337-493-3523



The permission granted by this letter agreement shall commence on the date of execution of the letter agreement (hereinafter referred to as the "Commencement Date") and shall automatically terminate 180 days from the Commencement Date or such earlier termination date as provided for in this letter agreement (hereinafter referred to as the "Term"), unless extended by mutual written agreement between LNG Ltd and Grantor.

The permission granted in this letter agreement is issued to and for the exclusive use of LNG Ltd and is otherwise not assignable or transferable in whole or in part, without the prior written consent of the Grantor.

If at any time LNG Ltd determines not to proceed with its proposed liquefied natural gas production and export facility or that the Site is not required or appropriate for such facility, LNG Ltd will promptly notify the Grantor in writing of LNG Ltd's determination, and this letter agreement will automatically terminate within 5 days of the date such notice is received by the Grantor at the above address.

Subject to satisfactory findings from LNG Ltd's studies and surveys, the Grantor and LNG Ltd agree it is their intention during the Term to negotiate in good faith, and on an exclusive basis, an agreement for LNG Ltd to lease the Site from the Grantor for a period of no less than 25 years. Any resulting lease negotiated with LNG Ltd shall be subject to the approval of the Board of Commissioners of the Lake Charles Harbor and Terminal District, which approval shall be in the sole exclusive discretion of such Board of Commissioners. As at the date of this letter agreement, Grantor represents to LNG Ltd that no third party, other than pre-existing pipeline or other similar easements and rights of ways, has any rights over the Site and the Grantor is unencumbered to negotiate the proposed lease agreement with LNG Ltd for the Site as contemplated in this letter agreement.

The permission granted in this letter agreement is limited to LNG Ltd's access of the Site by light vehicles and foot traffic.

If the surface of the Site is disturbed by the Operations, LNG Ltd shall take commercially reasonable actions to restore the surface to its original contour and soil condition. LNG Ltd shall fully compensate Grantor for any and all unreasonable surface damages resulting from the Operations conducted. Unreasonable surface damages are those damages which are of such a nature as to not normally be associated with soil analysis, engineering design, legal, or environmental assessment surveys. The right to cut brush or trees of no merchantable value for sight lines where required is considered incidental to the Operations and LNG Ltd shall not be required to compensate Grantor for such activities.

Except to the extent that any damages (including any liability, losses or expenses)

are caused by the negligence, willful misconduct, or intentional acts of Grantor or any third party, which is not an LNG Ltd Party, accessing the Site, LNG Ltd, shall hold harmless, defend, and indemnify Grantor from any and all liability, losses and expenses incurred by Grantor directly arising from any and all Operations under this letter agreement (the "Indemnified Claims").

As to the Indemnified Claims, LNG Ltd, shall pay and discharge any costs and expenses or damages that may be sustained by Grantor, and/or which may accrue by virtue of claims of third parties resulting during and after the Operations, and, as to the Indemnified Claims, LNG Ltd shall protect and hold Grantor harmless from the same. LNG Ltd shall reimburse fully Grantor for all costs and expenses of every kind and character paid or incurred by Grantor in the defense of any and all suits and claims on account of all such losses or damages arising from the Indemnified Claims. Notwithstanding the foregoing, LNG Ltd shall in no event be required to indemnify or hold harmless Grantor from any claim or action that relates to matters, conditions or events that existed or occurred on the Site prior to the Commencement Date, or that are unrelated to the Operations conducted by LNG Ltd, or any future liabilities arising therefrom. LNG Ltd is specifically not liable for any past environmental damages, defects, or hazardous conditions that existed or occurred on the Site prior to the Commencement Date, though such environmental damages or defects may be encountered by LNG Ltd in the course of its Operations.

Except to the extent that any loss, injury or damages are caused by the negligence, willful misconduct, or intentional acts of Grantor, neither Grantor nor its respective managers, employees, or agents shall be liable to LNG Ltd or LNG Ltd Parties for any loss, injury or damage whatsoever suffered or incurred by LNG Ltd or LNG Ltd Parties while on the Site or any other of Grantor's property.

Grantor is unaware of any dangerous or hazardous conditions related to the Site, and therefore no representation is made by Grantor with respect to conditions existing on the Site. LNG Ltd accepts the Site in the condition the property is now in. Except to the extent that any injury, death, loss, or damages are caused by the negligence, willful misconduct, or intentional acts of Grantor, LNG Ltd hereby releases Grantor and its respective shareholders, employees, and agents from, for, and against any liability, injury, death, loss, or damage caused by or resulting from the condition of the Site.

Prior to commencing any operations under this letter agreement, LNG Ltd shall deliver a certificate of insurance naming Grantor as an additional named insured covering workmen's compensation, comprehensive general liability, including products, completed operation and contractual liability, and comprehensive





automobile liability with not less than \$5,000,000 combined single limit or equivalent coverage. This coverage shall be maintained throughout the Term, and this coverage shall not be materially changed or canceled without at least 60 days' prior written notice to Grantor.

Grantor reserves the right to fully use and enjoy the Site but, in exercising such right will reasonably take into consideration the Operations being undertaken by LNG Ltd or any LNG Ltd Party under this letter agreement, so as not to, other than in an emergency, unduly interfere with such Operations. Grantor retains the right of ingress and egress to and from the Site at all times before, during and after the Term. LNG Ltd will not hold Grantor liable for work slowdowns or stoppages caused by Grantor. Neither LNG Ltd nor LNG Ltd Parties, in exercise of rights herein granted, shall cut off or prevent normal ingress and egress by Grantor or others claiming under Grantor to otherwise use the Site for its customary purposes.

Neither LNG Ltd nor any LNG Ltd Party shall bring any firearms or fishing equipment onto the Site or any other property of the Grantor, nor will they do any fishing or hunting of ducks, geese, deer, or other game thereon during Term.

LNG Ltd hereby accepts responsibility for, and guarantees that, all LNG Ltd Parties are aware of the details of this letter agreement and are bound to abide by all its terms.

LNG Ltd shall notify Grantor in writing at least three (3) business days prior to conducting any operations or entry onto the Site. Grantor will advise LNG Ltd of appropriate route or ingress and egress and of any special conditions relating thereto. If for any reason, other than expressly provided herein, operations should cease for more than five (5) working days, LNG Ltd shall send Grantor a written notice to resume operations. Existing canals and waterways may be used at LNG Ltd's own risk. LNG Ltd shall provide Grantor a local telephone number and address during the entire period of operations whereby Grantor may contact LNG Ltd on any problems.

In case any one or more of the provisions contained in this letter agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this letter agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

This letter agreement may be executed in one or more separate counterparts, which together shall constitute one and the same agreement. An electronic signature or copy thereof, including by fax, scan or .pdf file, received by a party shall be considered equivalent to an original signature for all purposes.

Liquefied Natural Gas Limited  
September 17, 2012  
Page 5

Grantor designates Dan Loughney (337-493-3513), as its representative to receive notice of LNG Ltd's intention to enter the Site. LNG Ltd shall cooperate with Grantor, in locating the appropriate route across the Site.

Sincerely,  
Lake Charles Harbor & Terminal District

By: William J. Rase III  
William J. Rase, III  
Executive Director



Agreed to this 17<sup>th</sup> day of September 2012

LIQUEFIED NATURAL GAS LIMITED

By: [Signature]  
Name: FLETCHER MARSHALL BRAND  
Title: MANAGING DIRECTOR



Exhibit #1



**APPENDIX D**  
**December 11, 2012 Amendment to the Letter Agreement**

**(See attached)**



December 11, 2012

Liquefied Natural Gas Limited  
5 Ord Street, West Perth  
Perth 6005 Western Australia

RE: RE: Letter Agreement dated September 17, 2012



**Lake Charles  
Harbor  
& Terminal  
District**

Post Office Box 3753  
Lake Charles, LA 70602  
Phone 337-439-3661  
Facsimile 337-493-3523

Ladies and Gentlemen:

Upon execution by both parties hereto, this letter agreement amends and supplements the letter agreement, dated September 17, 2012 (the "Original Letter Agreement"), by and between the Lake Charles Harbor & Terminal District ("Grantor"), and Liquefied Natural Gas Limited ("LNG Ltd"). Grantor and LNG Ltd are each referred to in this letter agreement as a "Party" and collectively as the "Parties." Capitalized terms used but not separately defined in this letter agreement have the meanings given to them in the Original Letter Agreement.

The Parties hereby agree to the following with respect to the Original Letter Agreement:

1. Grantor consents to the assignment or transfer of all or a portion of LNG Ltd.'s interest in the Original Letter Agreement to Magnolia LNG, LLC (which is an indirect wholly-owned subsidiary of LNG Ltd.) or to any other affiliate of LNG Ltd., which assignment or transfer shall be effective upon written notice to Grantor and Grantor's receipt of a written confirmation from the assignee agreeing to be bound by the Original Letter Agreement.
2. In consideration of the expenditure of time, effort and expense to be undertaken by LNG Ltd. and its affiliates in evaluating the Site pursuant to the Original Letter Agreement, Grantor agrees that, during the Term of the Original Letter Agreement and any extension thereof, it shall not lease or enter into a contract to lease the Site to any person or entity other than LNG Ltd. or its affiliates.

This letter agreement may be executed in counterparts and by facsimile or electronic copy, each of which shall constitute an original and with the same effect as if the Parties had signed the same copy of it and all of which taken together shall constitute one and the same instrument.

Sincerely,



William J. Rase, III  
Executive Director

12-13-12



MKD/se

**THE ABOVE IS HEREBY  
ACKNOWLEDGED AND AGREED TO:**

**Liquefied Natural Gas Limited**

By:  \_\_\_\_\_

Name:

Title: DAVID MICHAEL GARDNER

Date: COMPANY SECRETARY

14<sup>th</sup> DECEMBER 2012

**APPENDIX E**  
**December 14, 2012 Notice of Assignment from LNG Limited to Magnolia LNG, LLC**

**(See attached)**



14 December 2012



Liquefied Natural Gas Ltd  
5 Ord Street, West Perth  
Perth 6005 Western Australia  
Tel: (618) 9366 3700  
Fax: (618) 9366 3799  
Email: lng@lnglimited.com.au  
Website: www.lnglimited.com.au  
ABN: 19 101 676 779

Lake Charles Harbor & Terminal District  
Attn: William J. Rase, III  
P.O. Box 3753  
Lake Charles, LA 70602

**RE: Notice of Assignment of Letter Agreement**

Dear Mr. Rase:

Liquefied Natural Gas Limited ("LNG Ltd") and the Lake Charles Harbor & Terminal District ("Lake Charles") are parties to that certain letter agreement dated September 17, 2012, which letter agreement was amended by that certain separate letter agreement dated December 11, 2012 (such original letter agreement as amended, the "Agreement"). Pursuant to the Agreement, LNG Ltd hereby gives notice to Lake Charles that LNG Ltd hereby assigns all of its rights and delegates all of its obligations under the Agreement to Magnolia LNG LLC.

Very truly yours,  
Liquefied Natural Gas Limited

By:   
Name: David Michael Gardner  
Title: Company Secretary

Magnolia LNG LLC hereby accepts the assignment and delegation described above and agrees to be bound by the Agreement in all respects.

Magnolia LNG LLC  
By:   
Name: David Michael Gardner  
Title: Company Secretary

