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UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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**MEXICO PACIFIC LIMITED LLC**

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**FE DOCKET NO. 18-70-LNG**

APPLICATION TO AMEND EXPORT TERM  
FOR EXISTING LONG-TERM AUTHORIZATION  
THROUGH DECEMBER 31, 2050

James F. Bowe, Jr.  
King & Spalding LLP  
1700 Pennsylvania Avenue, NW  
Washington, DC 20006  
Tel: +1 202 626-9601  
[jbowe@kslaw.com](mailto:jbowe@kslaw.com)

Brian Hintze  
SVP, Chief Legal Officer, General Counsel & Secretary  
Mexico Pacific Limited LLC  
700 Louisiana, Suite 2410  
Houston, TX 77002  
Tel: +1 713 425-6500  
[bhintze@mpllng.com](mailto:bhintze@mpllng.com)

Filed: January 24, 2022

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

**MEXICO PACIFIC LIMITED LLC ) FE DOCKET NO. 18-70-LNG**

**APPLICATION TO AMEND EXPORT TERM FOR EXISTING  
LONG-TERM AUTHORIZATION TO EXTEND THROUGH DECEMBER 31, 2050**

Pursuant to Section 3 of the Natural Gas Act (“NGA”),<sup>1</sup> Part 590 of the Department of Energy’s (“DOE”) regulations,<sup>2</sup> and DOE’s Final Policy Statement entitled “Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050,”<sup>3</sup> Mexico Pacific Limited LLC (“MPL”) requests that the DOE, Office of Fossil Energy and Carbon Management (“DOE/FE”) amend the orders issued in the above-referenced docket<sup>4</sup> which grant MPL authorization to engage in long-term exports of domestically produced natural gas from the U.S. to Mexico and onward, in the form of liquefied natural gas (“LNG”), to (i) any nation that currently has or in the future develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a free trade agreement (“FTA”) requiring the national treatment for trade in natural gas and LNG (“FTA Nations”) and (ii) any nation with which the United States does not now or in the future have an FTA requiring national treatment for trade in natural gas that has, or in the future develops, the capacity to import LNG and with which trade is not prohibited by U.S. law or policy (“Non-FTA Nations”). Through this amendment application, MPL seeks an extension to the currently authorized export term of each

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<sup>1</sup> 15 U.S.C. § 717b (2012).

<sup>2</sup> 10 C.F.R. Part 590 (2020).

<sup>3</sup> DOE/FE, Final Policy Statement Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, FE Docket Nos. 10-111-LNG, *et al.* (July 29, 2020), 85 Fed. Reg. 52,237 (Aug. 25, 2020) (“Term Extension Policy Statement”).

<sup>4</sup> The relevant orders are cited and described in Section I below.

of its existing LNG export authorizations through December 31, 2050, with an attendant increase in the total export volume over the life of these authorizations.

In support of this amendment application, MPL represents as follows:

### **Section I**

#### **1. FE Docket Number**

This amendment application relates to the authorizations granted to MPL in DOE/FE Docket No. 18-70-LNG.

#### **2. Authorization Holder**

The exact legal name of the authorization holder is Mexico Pacific Limited LLC. MPL is a limited liability company organized under the laws of Delaware. Membership interests in MPL are owned by Q-LNG Holdings, LLC, AVAIO MPL Special, LP, DKRW Energy Partners, LLC, Maxson LNG Ventures LLC; Bilby LNG LLC; Rilin Energy LLC; Gray Eastern LLC; Tortoise Essential Assets Income Term Fund; Tortoise Direct Opportunities Fund II, LP; Douglas D. Shanda; John R. Collett; Joseph Dougherty; Brian Hintze; Karla Miller; and Faith Parker. MPL's headquarters is located at 700 Louisiana, Suite 2410, Houston, Texas 77002. Its telephone number is +1 (713) 425-6500.

Communications concerning this amendment application, including service of pleadings and notices, should be directed as follows:

James F. Bowe, Jr.  
King & Spalding LLP  
1700 Pennsylvania Avenue, NW  
Suite 200  
Washington, DC 20006  
Tel: +1 202 626-9601  
[jbowe@kslaw.com](mailto:jbowe@kslaw.com)

Brian Hintze  
SVP, Chief Legal Officer, General Counsel &  
Secretary  
Mexico Pacific Limited LLC  
700 Louisiana, Suite 2410  
Houston, TX 77002  
Tel: +1 713 425-6500  
[bhintze@mpllng.com](mailto:bhintze@mpllng.com)

### **3. Name and Location of Export Facility**

MPL's LNG export project remains under development. It will be located in the State of Sonora, Mexico, directly south of the Arizona-Mexico border. MPL plans to export U.S.-sourced natural gas by pipeline from the United States to Mexico for end use in Mexico and/or, after liquefaction in Mexico, to re-export this natural gas in the form of LNG by vessel to FTA Nations and to Non-FTA Nations.

### **4. Existing Long-Term DOE/FE Order Addressed in this Request**

MPL is currently authorized by DOE/FE Order Nos. 4248<sup>5</sup> and 4312<sup>6</sup> to export up to the equivalent of 621 Bcf of natural gas per year to FTA Nations and Non-FTA Nations.

### **5. Federal Energy Regulatory Commission Order Authorizing Siting and Operation of the MPL Project**

Because the MPL project would be located in the State of Sonora, Mexico, it will not be a "LNG terminal" as that term is defined in the Natural Gas Act,<sup>7</sup> and is therefore not subject to the jurisdiction of the Federal Energy Regulatory Commission.

### **6. Requested amendment to existing export term**

MPL asks that DOE/FE grant it an extension of the term of the export authorizations it currently holds to extend through December 31, 2050 (inclusive of any make-up period), with a corresponding increase in the total volume of natural gas MPL is authorized to export over the extended term. MPL requests that DOE/FE act on this request as promptly as possible.

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<sup>5</sup> *Mexico Pacific Limited LLC*, DOE/FE Order No. 4248, FE Docket No. 18-70-LNG (Sept. 19, 2018).

<sup>6</sup> *Mexico Pacific Limited LLC*, DOE/FE Order No. 4312, FE Docket No. 18-70-LNG (Dec. 14, 2018) ("Order No. 4312").

<sup>7</sup> Natural Gas Act of 1938, as amended, Section 2(11), 15 U.S.C. § 717a(11) (defining "LNG terminal" as including "all natural gas facilities located onshore or in State waters that are used to receive, unload, load, store, transport, gasify, liquefy, or process natural gas that is imported to the United States from a foreign country, exported to a foreign country from the United States, or transported in interstate commerce by waterborne vessel,...").

## Section II

### **1. Information Demonstrating that the Requested Term Extension is in the Public Interest**

The export authorization term extension requested here satisfies the standards DOE/FE applies in evaluating requests for authorization under Section 3 of the NGA. MPL's request to extend the term of its authorization to export natural gas to FTA Nations must be evaluated under Section 3(c) of the NGA, which provides that such exports are deemed to be in the public interest and must be granted without modification or delay.<sup>8</sup> This aspect of MPL's request may be granted without any further inquiry.

MPL's request for an extension of the term of its authorization to export natural gas to Non-FTA Nations must be evaluated under Section 3(a) of the NGA, which provides that DOE/FE is required to authorize natural gas exports to a foreign country unless it finds that such exports "will not be consistent with the public interest."<sup>9</sup> Section 3(a) therefore establishes a presumption that applications for authorization for exports of LNG to Non-FTA Nations should be approved.

The record developed in DOE/FE Docket No. 18-70-LNG establishes that exports from the U.S. to Mexico for re-export to Non-FTA Nations via MPL's project will be consistent with the public interest. MPL incorporates by this reference the record developed in that docket, which includes several DOE-commissioned studies on the economic effects of U.S. LNG exports generally supporting the conclusion that the United States will experience net economic benefits

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<sup>8</sup> 15 U.S.C. § 717b(c).

<sup>9</sup> 15 U.S.C. § 717b(a). That section states, in relevant part: "After six months from June 21, 1938, no person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the Commission authorizing it to do so. The Commission shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest." *Id.*

from the export of domestically produced LNG.<sup>10</sup> Following its review of the record in DOE/FE Docket No. 18-70-LNG, DOE/FE found no basis on which to conclude that MPL’s proposed exports would be inconsistent with the public interest.<sup>11</sup> That finding remains valid today. Given the relatively small quantity of natural gas MPL has been authorized to export as compared to the enormous natural gas resource base available in the U.S.,<sup>12</sup> the validity of DOE’s conclusion that MPL’s application for authorization to export to Non-FTA Nations should be granted as not being inconsistent with the public interest is in no way diminished by the prospective extension of the term of MPL’s export authorization through December 31, 2050.<sup>13</sup>

Other recently published official analyses provide additional support for the proposition that extension of MPL’s existing export authorizations would be consistent with the public interest. Among these are the Term Extension Policy Statement, AEO 2020, and the National Energy Technology Laboratory’s “Life Cycle Greenhouse Gas Perspective On Exporting Liquefied Natural Gas From The United States: 2019 Update,” which calculates the life cycle

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<sup>10</sup> See generally Order No. 4312 at 4-6, citing 2012 LNG Export Study, 77 Fed. Reg. 73,627 (Dec. 11, 2012), available at [http://energy.gov/sites/prod/files/2013/04/f0/fr\\_notice\\_two\\_part\\_study.pdf](http://energy.gov/sites/prod/files/2013/04/f0/fr_notice_two_part_study.pdf) (Notice of Availability of the LNG Export Study); U.S. Dep’t of Energy, Office of Fossil Energy, Request for an Update of EIA’s January 2012 Study of Liquefied Natural Gas Export Scenarios, available at <http://energy.gov/fe/downloads/request-update-eia-s-january-2012-study-liquefied-natural-gas-export-scenarios> (May 29, 2014) (memorandum from FE to EIA); Center for Energy Studies at Rice University Baker Institute and Oxford Economics, *The Macroeconomic Impact of Increasing U.S. LNG Exports* (Oct. 29, 2015), available at [http://energy.gov/sites/prod/files/2015/12/f27/20151113\\_macro\\_impact\\_of\\_lng\\_exports\\_0.pdf](http://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf); NERA Economic Consulting, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports* (June 7, 2018), available at <https://www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%202018.pdf> (the “2018 LNG Export Study”).

<sup>11</sup> Order No. 4312 at 48.

<sup>12</sup> See, e.g., 2018 Export Study; see also U.S. Dep’t of Energy, Study on Macroeconomic Outcomes of LNG Exports; Notice of Availability of the 2018 LNG Export Study and Request for Comments, 83 Fed. Reg. 27,314 (June 12, 2018); U.S. Dep’t of Energy, Study on Macroeconomic Outcomes of LNG Exports; Response to Comments Received on Study, 83 Fed. Reg. 67,251 (Dec. 28, 2018).

<sup>13</sup> See generally Term Extension Policy Statement, 85 Fed. Reg. at 52,243, citing the U.S. Energy Information Administration’s *Annual Energy Outlook 2020* (Jan. 29, 2020), available at <https://www.eia.gov/outlooks/aeo/pdf/aeo2020.pdf> (“AEO 2020”) for the proposition that natural gas supply, demand and price projected for 2050 are projected to be supportive of LNG exports through 2050.

greenhouse gas emissions from imported natural gas and coal-fired power production in Europe and Asia (the “NETL GHG Update”) and DOE’s response to comments on the NETL GHG Update.<sup>14</sup> As DOE/FE has observed, the 2018 LNG Export Study establishes that “the United States will experience net economic benefits from the export of domestically produced LNG through the 30-year study period, i.e., from 2020 through 2050.”<sup>15</sup> Moreover, as DOE/FE has found in reviewing the NETL GHG Update, there is “no reason to conclude that U.S. LNG exports will increase global GHG emissions in a material or predictable way,” and accordingly that analysis ““supports the proposition that exports of LNG from the lower-48 states will not be inconsistent with the public interest.””<sup>16</sup>

DOE/FE has identified a number of benefits that should result from extension of the terms of authorizations to export LNG to Non-FTA Nations through 2050. After reviewing comments identifying such benefits in the Term Extension Policy Statement, DOE/FE concluded that a policy favoring extension of LNG export authorizations through 2050 “will provide important commercial benefits to existing and future authorization holders in the lower-48 states, while enhancing long-term regulatory certainty for both authorization holders and foreign buyers of U.S. LNG.”<sup>17</sup> It further noted that “the 2018 LNG Export Study, as well as DOE’s four prior LNG export studies, consistently have projected positive economic benefits from increased levels of U.S. LNG exports, as measured by GDP.”<sup>18</sup> These well-supported findings regarding the benefits of extending the term of existing authorizations to export LNG to Non-FTA Nations

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<sup>14</sup> National Energy Technology Laboratory, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update* (Sept. 12, 2019), available at <https://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf>; DOE, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update – Response to Comments*, 85 Fed. Reg. 72 (Jan. 2, 2020).

<sup>15</sup> Term Extension Policy Statement, 85 Fed. Reg. at 52,240.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 52,241.

<sup>18</sup> *Id.*

are applicable to the proposed extension of MPL's existing export authorization. Accordingly, DOE/FE has ample basis on which to find and conclude that the extension of MPL's existing authorization to export LNG to Non-FTA Nations to a term concluding on December 31, 2050 is consistent with the public interest.

## **2. Compliance with the National Environmental Policy Act of 1969**

In Order No. 4312, DOE noted that MPL's LNG export facility will be located in Mexico and thus its construction is beyond the scope of DOE's environmental review responsibilities under the National Environmental Policy Act of 1969 ("NEPA").<sup>19</sup> DOE accordingly concluded that its authorization of exports to and through the MPL facility falls within the scope of the categorical exclusion of certain DOE actions from environmental review under NEPA set forth in DOE regulations.<sup>20</sup> Consequently, no environmental conditions were attached to the authorization granted in Order No. 4312.

The qualification of the MPL project for Categorical Exclusion B5.7 is not affected by the extension of the term of the export authorization MPL has been granted. MPL submits that because this term extension request requires no new construction or modification of the facilities MPL has been authorized to construct, the categorical exclusion for actions related to minor operational changes described in DOE's regulations is applicable, and no environmental review of this request is required.

**WHEREFORE**, MPL respectfully requests that, as contemplated by the Term Extension Policy Statement, DOE/FE grant this request for an extension to the export term specified in

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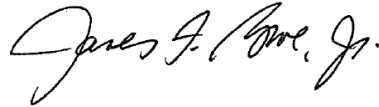
<sup>19</sup> Order No. 4312 at 30.

<sup>20</sup> *Id.* (citing 10 C.F.R. Part 1021, Subpart D, Appendix B, Item B5.7). Proposed actions covered by a categorical exclusion do not require further analysis and documentation in an Environmental Assessment or an Environmental Impact Statement when there are no extraordinary circumstances indicating further environmental review is warranted. 10 C.F.R. §§ 1021.400 and 1021.410.



DOE/FE Order Nos. 4248 and 4312 through December 31, 2050 (inclusive of any make-up period), with corresponding increase in the total export volume of natural gas MPL is authorized to export over the extended term. MPL respectfully requests that the DOE/FE issue this authorization as promptly as possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James F. Bowe, Jr.", written in a cursive style.

James F. Bowe, Jr.

*Attorney for Mexico Pacific Limited LLC*

James F. Bowe, Jr.  
King & Spalding LLP  
1700 Pennsylvania Avenue, NW, Suite 200  
Washington, DC 20006

Dated: January 24, 2022

**Appendix A**  
**Legal Opinion of Counsel for MPL**

# KING & SPALDING

King & Spalding LLP  
1700 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006-4706  
Tel: +1 202 737-0500  
Fax: +1 202 626-3737  
www.kslaw.com

James F. Bowe, Jr.  
Partner  
Direct Dial: +1 202 626-9601  
Direct Fax: +1 202 626-3737  
jbowe@kslaw.com

January 24, 2022

Ms. Amy Sweeney  
Director, Office of Regulation, Analysis, and  
Engagement, Office of Resource Sustainability  
Office of Fossil Energy and Carbon Management  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

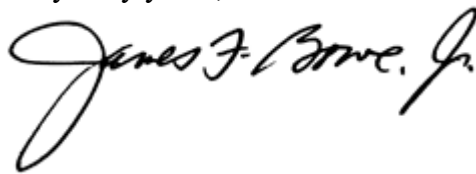
**Re: *Mexico Pacific Limited LLC*, Docket No. 18-70-LNG –  
Application to Amend Export Term for Existing Long-Term Authorizations  
to Export Liquefied Natural Gas to Both FTA and Non-FTA Countries  
through December 31, 2050**

Dear Ms. Sweeney:

This opinion is provided pursuant to Section 590.202(c) of the Department of Energy Regulations, 10 C.F.R. § 590.202(c), in support of the Application of Mexico Pacific Limited LLC (“MPL”) to Amend Export Term for Existing Long-Term Export Authorizations Through December 31, 2050.

I am counsel to MPL, a limited liability company organized under the laws of the State of Delaware. I have reviewed and relied upon the corporate documents of MPL, and it is my opinion that the proposed exports described in the Application are within the limited liability company powers of MPL.

Very truly yours,



James F. Bowe, Jr.  
*Counsel to Mexico Pacific Limited LLC*

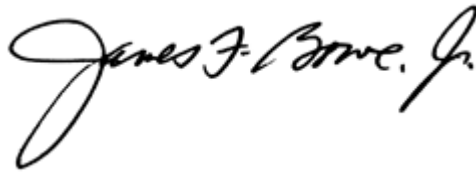
**Appendix B**  
**Verification**

## **VERIFICATION**

I, James F. Bowe, Jr., being first duly sworn, state that I am a duly authorized representative of Mexico Pacific Limited LLC; I have read the above Application and I am familiar with its contents; and the matters set forth in the Application 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 that the foregoing is true and correct.

Executed in Chevy Chase, Maryland on January 24, 2022.


A handwritten signature in black ink, reading "James F. Bowe, Jr.", enclosed in a thin black rectangular border.

James F. Bowe, Jr.  
King & Spalding LLP  
1700 Pennsylvania Avenue, NW, Suite 200  
Washington, DC 20006  
Tel: +1 202 626-9601  
[jbowe@kslaw.com](mailto:jbowe@kslaw.com)

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list in this proceeding.

Dated this 24<sup>th</sup> day of January, 2022.

A handwritten signature in black ink, reading "James F. Bowe, Jr.", enclosed in a thin black rectangular border.

James F. Bowe, Jr.  
*Attorney for Mexico Pacific Limited LLC*

James F. Bowe, Jr.  
King & Spalding LLP  
1700 Pennsylvania Avenue, NW, Suite 200  
Washington, DC 20006  
Tel: +1 202 626-9601  
[jbowe@kslaw.com](mailto:jbowe@kslaw.com)