



Department of Energy  
Washington, DC 20585

May 9, 2022

**Via Email**

James F. Bowe, Jr.  
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**RE: Notification Regarding Change in Control**  
Mexico Pacific Limited LLC  
Docket No. 18-70-LNG

Dear Mr. Bowe:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy and Carbon Management (FECM),<sup>1</sup> to the Notification Regarding Change in Control (Notification) filed on behalf of your client, Mexico Pacific Limited LLC (MPL), on October 27, 2021,<sup>2</sup> and Supplement filed on November 23, 2021.<sup>3</sup> In the Notification and Supplement, MPL provides notice of a change in its ownership, in light of DOE's Change in Control Procedures.<sup>4</sup>

**I. BACKGROUND**

MPL holds two long-term export authorizations issued by DOE under section 3 of the Natural Gas Act (NGA)<sup>5</sup> as follows:

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<sup>1</sup> The Office of Fossil Energy changed its name to the Office of Fossil Energy and Carbon Management on July 4, 2021.

<sup>2</sup> Mexico Pacific Limited LLC, Notification Regarding Change in Control, Docket No. 18-70-LNG (Oct. 27, 2021), <https://www.energy.gov/sites/default/files/2021-11/Mexico%20Pacific%20Limited%20LLC-%20CIC.pdf> [hereinafter Notification].

<sup>3</sup> Mexico Pacific Limited LLC, Supplement to Notification Regarding Change in Control, Docket No. 18-70-LNG (Nov. 23, 2021), [https://www.energy.gov/sites/default/files/2021-11/MPL%20CIC%2011\\_23\\_21.pdf](https://www.energy.gov/sites/default/files/2021-11/MPL%20CIC%2011_23_21.pdf) [hereinafter Supp.].

<sup>4</sup> 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) [hereinafter DOE Change in Control Procedures].

<sup>5</sup> 15 U.S.C. § 717b.

- (i) DOE/FE Order No. 4248,<sup>6</sup> authorizing MPL 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, by vessel from the proposed MPL Facility to any country with which the United States has entered into, or in the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries), in a total volume equivalent to 621 billion cubic feet per year (Bcf/yr) of natural gas, under NGA section 3(c);<sup>7</sup>
- (ii) DOE/FE Order No. 4312,<sup>8</sup> authorizing MPL to export U.S.-sourced natural gas by pipeline from the United States for liquefaction in Mexico and to re-export the natural gas in the form of liquefied natural gas (LNG) by vessel from the proposed MPL Facility to non-FTA countries, in a volume equivalent to 621 Bcf/yr of natural gas, under NGA section 3(a).<sup>9</sup>

The proposed MPL Facility will be located in the State of Sonora, Mexico. Under these authorizations, the FTA volume is not additive to the non-FTA volume.

On January 24, 2022, MPL filed an application asking DOE to amend both of these orders to extend the respective export term through December 31, 2050.<sup>10</sup> That application remains pending.

## **II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP**

MPL states that, by means of a transaction that closed effective as of September 30, 2021 (Transaction), its ownership has changed.<sup>11</sup> According to MPL, the purpose of this Transaction was to secure additional sources of new capital to fund the continued development of the MPL project.<sup>12</sup> Specifically, MPL states that Q-LNG Holdings, LLC, a Delaware limited liability company, has become the holder of more than 10% of the membership interest in MPL through its acquisition of 100% of the newly-created Series C ownership units.<sup>13</sup> The three

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<sup>6</sup> *Mexico Pacific Limited LLC*, DOE/FE Order No. 4248, Docket No. 18-70-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (Sept. 19, 2018).

<sup>7</sup> 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.

<sup>8</sup> *Mexico Pacific Limited LLC*, DOE/FE Order No. 4312, Docket No. 18-70-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export U.S.-Sourced Natural Gas by Pipeline to Mexico for Liquefaction and Re-Export in the Form of Liquefied Natural Gas to Non-Free Trade Agreement Countries (Dec. 14, 2018).

<sup>9</sup> 15 U.S.C. § 717b(a).

<sup>10</sup> *Mexico Pacific Limited LLC*, Application to Amend Export Term for Existing Long-Term Authorization Through December 31, 2050, Docket No. 18-70-LNG (Jan. 24, 2022).

<sup>11</sup> Notification at 2; *see also* Supp. at 2.

<sup>12</sup> Notification at 2.

<sup>13</sup> Supp. at 2 (stating that, as a result of the Transaction, all Series B Units solely owned by ACAP Sonora Energy LLC have been retired).

largest equity owners of MPL in terms of total ownership are now Q-LNG Holdings, LLC (38.2%), AVAIO MPL Special, LP (24.3%), and DKRW Energy Partners, LLC (8.0%).<sup>14</sup>

MPL states that Q-LNG Holdings, LLC and AVAIO MPL Special, LP are the only entities whose ownership in MPL exceeds 10%.<sup>15</sup> Other entities and individuals who previously owned interests in MPL continue to do so, albeit in percentages that have changed slightly.<sup>16</sup> MPL further states that, effective as of September 30, 2021, members of MPL have entered into an amended and restated limited liability agreement reflecting the new MPL ownership structure.<sup>17</sup> MPL states that it will continue to be the holder of the FTA and non-FTA authorizations described above.<sup>18</sup>

### **III. DISCUSSION AND CONCLUSIONS**

DOE construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity 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.<sup>19</sup> A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity.<sup>20</sup>

#### **A. FTA Export Authorization (DOE/FE Order No. 4248)**

DOE's Change in Control Procedures provide that, upon receipt of a statement of change in control relating to existing FTA export authorizations, DOE will give immediate effect to the change in control and will take no further action.<sup>21</sup> Accordingly, the change in control described above has taken effect insofar as it relates to MPL's FTA authorization, DOE/FE Order No. 4248.

#### **B. Non-FTA Export Authorization (DOE/FE Order No. 4312)**

DOE's Change in Control Procedures state that, with respect to existing non-FTA authorizations, DOE will give effect to the change in control and will publish a notice of the change in the *Federal Register*.<sup>22</sup> If no interested person protests the change in control and DOE takes no action on its own motion, the amendment to the existing non-FTA authorization will be deemed granted 30 days after publication in the *Federal Register*.<sup>23</sup>

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<sup>14</sup> MPL provides tables showing these changes in ownership structure. See Supp. Exhibit A (revised 10/01/2021) ("Ownership of Mexico Pacific Limited LLC") [hereinafter Supp. Exhibit A].

<sup>15</sup> Supp. at 2.

<sup>16</sup> *Id.*; see also Supp. Exhibit A (chart showing ownership as of Sept. 30, 2021).

<sup>17</sup> Notification at 2.

<sup>18</sup> See *id.* at 3.

<sup>19</sup> See DOE Change in Control Procedures, 79 Fed. Reg. at 65,542.

<sup>20</sup> See *id.*

<sup>21</sup> See *Id.*

<sup>22</sup> See *id.*

<sup>23</sup> *Id.*

Consistent with these procedures, DOE published a notice of MPL's change in control in the *Federal Register* on December 20, 2021 (Notice).<sup>24</sup> DOE invited protests, motions to intervene, and written comments to be filed no later than January 4, 2022.<sup>25</sup> DOE received no filings in response to the Notice. Because more than 30 days have passed since the Notice was published in the *Federal Register*, the amendment to MPL's non-FTA authorization, DOE/FE Order No. 4312, has been deemed granted. No further action is required.

Sincerely,

Amy R. Sweeney  
Director, Office of Regulation, Analysis, and Engagement  
Office of Resource Sustainability

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<sup>24</sup> U.S. Dep't of Energy, Notice of Change in Control; Mexico Pacific Limited LLC, 86 Fed. Reg. 71,887 (Dec. 20, 2021).

<sup>25</sup> *Id.*