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November 29, 2022

Mrs. 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
FE-34 - Room 3E-056
1000 Independence Ave., SW
Washington, DC 20585

White & Case LLP
609 Main Street
Suite 2900
Houston, TX 77002
T +1 713 496 9700

whitecase.com

RE: Application of Naturgy Servicios, S.A. de C.V. for Long-Term Authorization to Export Natural Gas to Mexico (Public Version); Docket No. 22-153-NG

Dear Mrs. Sweeney:

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. Part 590, Naturgy Servicios, S.A. de C.V. (“Applicant”) hereby submits the enclosed Application for Long-Term Authorization to Export Natural Gas to Mexico (“Application”), including all appendices. Applicant is submitting this Application both electronically and in hardcopy. The hardcopy submission will include the Application and its appendices – including copies of confidential, un-redacted versions of the transportation service agreements (“TSAs”) pursuant to which Applicant’s natural gas volumes will be exported to Mexico submitted under seal – and a copy of receipt for the required payment of \$50.00.

Appendix C to the Application contains copies of the TSAs. The public version of Appendix C provides brief summaries of the TSAs. However, due to the sensitive commercial information contained within the TSAs, Applicant is submitting the TSAs on a confidential basis, under seal, pursuant to 10 C.F.R. §§ 590.202(e) and 1004.11. The TSAs contain commercially sensitive information, including terms and pricing resulting from arm’s length negotiations, and are therefore not publicly available. The TSAs should be afforded confidential treatment and exempted from public disclosure because they (1) have been held in confidence by the counterparties thereto, (2) are of a type customarily held in confidence, (3) are being transmitted to DOE in confidence, (4) are not publicly available, and (5) if disclosed, may cause substantial harm to the competitive positions of the parties to the TSAs, including potentially impeding future negotiations for similar transactions. *See* 10 C.F.R. § 1004.11(f).

Please do not hesitate to contact the undersigned with any questions you may have regarding this submittal.

Respectfully submitted,

/s/ Rodrigo Dominguez-Sotomayor

Rodrigo Dominguez-Sotomayor

Carlos A. Moran

Ronald J. Colwell

White & Case LLP

609 Main Street

Suite 2900

Houston, TX 77002

(832) 786-6144

rj.colwell@whitecase.com

Attorneys for Naturgy Servicios, S.A. de C.V.

Enclosures

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT**

Naturgy Servicios, S.A. de C.V.

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Docket No. 22-153-NG

**APPLICATION OF NATURGY SERVICIOS, S.A. DE C.V.
FOR LONG-TERM AUTHORIZATION TO EXPORT
NATURAL GAS TO MEXICO FROM THE UNITED STATES**

Communications regarding this application should be directed to:

Ronald J. Colwell
White & Case LLP
609 Main Street
Suite 2900
Houston, TX 77002
(832) 786-6144
rj.colwell@whitecase.com

Nora Hilda Soto Salas
Naturgy Servicios, S.A. de C.V.
Marina Nacional 60, Piso 6
Col. Tacuba, Miguel Hidalgo
Mexico City, 11410, Mexico
(+52) 55-3777-4391
gdmxtrading@naturgy.com

“without modification or delay.”⁵ Applicant therefore requests that DOE/FECM issue an order no later than October 1, 2023 granting the authorization requested in the Application without modification or delay.

In support of this Application, Applicant respectfully states as follows:

I.
DESCRIPTION OF APPLICANT

The exact legal name of Applicant is Naturgy Servicios, S.A. de C.V. Applicant is organized under the laws of Mexico as a *sociedad anónima de capital variable*.⁶ Applicant is engaged in natural gas and electricity distribution, electricity generation and marketing, and natural gas infrastructure, supply, and marketing. Applicant has its principal place of business at Marina Nacional 60, Piso 6, Col. Tacuba, Miguel Hidalgo, Mexico City, 11410, Mexico.

II.
COMMUNICATIONS AND CORRESPONDENCE

All communications and correspondence regarding this Application, including all service of pleadings and notice, should be addressed to the following persons:

Ronald J. Colwell
White & Case LLP
609 Main Street
Suite 2900
Houston, TX 77002
(832) 786-6144
rj.colwell@whitecase.com

Nora Hilda Soto Salas
Naturgy Servicios, S.A. de C.V.
Marina Nacional 60, Piso 6
Col. Tacuba, Miguel Hidalgo
Mexico City, 11410, Mexico
(+52) 55-3777-4391
gdmxtrading@naturgy.com

⁵ 15 U.S.C. § 717b(c) (“For purposes of this section . . . the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such [] exportation shall be granted without modification or delay.”).

⁶ A *sociedad anónima de capital variable* is similar in corporate form to a privately held stock corporation.

III. PROJECT DESCRIPTION

Applicant requests long-term authorization to export up to 91.25 Bcf per year of natural gas to Mexico via pipeline. Applicant plans to export such natural gas to Mexico for commercialization and local distribution.

Applicant has entered into 12-year transportation service agreements (“TSA”) with Impulsora Pipeline, LLC (“Impulsora”) and Midstream de México, S. de R.L. de C.V. (“MDM”) for firm capacity on the Nueva Era pipeline system.⁷ Each of these TSAs has a service commencement date of June 1, 2022. Under these TSAs, Applicant has the right to transport up to 30,330 million British thermal units (“MMBtu”) per day of natural gas from production areas in Texas and across the U.S.-Mexico border to measurement stations near Monterrey, Nuevo León, Mexico. Such volumes will cross the U.S.-Mexico border at a single point of export located along the international border between the United States in Webb County, Texas and Mexico in the vicinity of Colombia, State of Nuevo León (the “Border Crossing”).

In accordance with DOE’s regulations,⁸ Applicant is filing confidential versions of the Impulsora and MDM TSAs under seal due to the sensitive commercial terms contained in those agreements. Brief summaries of these TSAs are provided in the public version of Appendix C to this Application.

⁷ Impulsora operates the portion of the Nueva Era pipeline system that extends from the Howard Energy Webb County Hub in Webb County, Texas to the Border Crossing (“Impulsora System”). MDM operates the portion of the Nueva Era pipeline system that extends from the Border Crossing to measurement stations near Monterrey, Nuevo León, Mexico (“MDM System”). The Impulsora System is an intrastate pipeline regulated by the Railroad Commission of Texas. The MDM System is regulated by the Energy Regulatory Commission of Mexico (Comisión Reguladora de Energía).

⁸ 10 C.F.R. §§ 590.202(e) and 1004.11.

IV. SOURCE OF SUPPLY

Applicant will source the natural gas that it intends to export to Mexico pursuant to the requested authorization from production areas in Texas. Applicant plans on exporting natural gas to Mexico throughout the duration of the 11-year term of the authorization requested herein, by negotiating and entering into one or more supply agreements of various durations with natural gas producers in the Eagle-Ford and other production areas in Texas for a significant part of the natural gas that Applicant intends to export to Mexico pursuant to the requested authorization. Consistent with other export authorization applicants,⁹ Applicant may also supply a substantial part of such exports through short-term agreements and spot market purchases. Maintaining this flexibility to acquire natural gas supplies from multiple producers on different terms will allow Applicant to access a diversity of natural gas supplies on favorable economic terms.

Applicant has not entered into any long-term natural gas supply arrangements with producers or marketers as of the date of this Application. Applicant will file with DOE/FECM, under seal, all executed long-term supply agreements associated with the export of natural gas under the requested authorization within 30 days of execution thereof, in each case in accordance with DOE's regulations.¹⁰

⁹ See, e.g., *Freeport LNG Expansion, LP*, Docket No. 10-161-LNG, DOE/FECM Order No. 3282 at 11 (May 17, 2013) (noting that while “some of the proposed export supply may be secured through long-term contracts, [the applicant] expects to draw volumes of natural gas for itself and for its LTA customers from the spot market”); *Sabine Pass Liquefaction, LLC*, Docket No. 13-42-LNG, DOE/FECM Order No. 3307 at 5 (July 12, 2013) (observing that the applicant could either source its supply from the spot market or under long-term arrangements).

¹⁰ See, e.g., 10 C.F.R. §§ 590.202(e) and 1004.11.

V.
REQUESTED AUTHORIZATION

Applicant requests long-term authorization to export up to 91.25 Bcf per year of natural gas to Mexico via pipeline for an 11-year term¹¹ commencing on June 1, 2023, on its own behalf and as agent for affiliates of Applicant¹² who hold title to the natural gas at the time of export. Applicant will fully comply with all applicable DOE/FECM requirements for both exporters and their agents, including but not limited to registering with DOE/FECM each natural gas title holder that Applicant seeks to export natural gas as agent and providing DOE/FECM a written statement by the title holder that acknowledges and agrees to (1) comply with all requirements in Applicant's long-term export authorization and (2) include those requirements in any subsequent purchase or sale agreement entered into by the title holder.¹³

Applicant currently has a blanket authorization to export up to 182.5 Bcf of natural gas to Mexico via pipeline pursuant to DOE/FECM Order No. 4904 for a two-year term that began on November 2, 2022. Upon issuance of the long-term authorization requested herein, Applicant intends to seek vacatur of such blanket authorization, such vacatur to become effective the same date that the long-term authorization requested herein becomes effective. Applicant further states that, to the best of its knowledge, the same or related matter is not being considered by any other part of DOE, including the Federal Energy Regulatory Commission, or any other Federal agency or department.

¹¹ While a long-term authorization need not be limited by the terms of the associated long-term commercial agreements, the term requested here is fully consistent with the terms of Applicant's TSAs with Impulsora and MDM (discussed above). *See SB Power Solutions Inc.*, Docket No. 12-50-LNG, DOE/FECM Order No. 3105 (Jun. 15, 2012) (granting 25-year authorization without coextensive long-term arrangements).

¹² Such affiliates would include any entity, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Applicant.

¹³ *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FECM Order No. 2913 (Feb. 10, 2011) (establishing the criteria for exports for agents subsequently adopted in a number of orders); *Gulf Coast LNG Export LLC*, DOE/FECM Order No. 3163 at 7-8 (Oct. 16, 2012) (reiterating agency policy).

VI.
PUBLIC INTEREST STANDARD

The authorization requested in the Application is consistent with the public interest. Section 3(a) of the NGA states that DOE/FECM shall authorize the export of natural gas unless DOE/FECM “finds that the proposed exportation . . . will not be consistent with the public interest.”¹⁴ Under Section 3(c) of the NGA, “the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such [] exportation shall be granted without modification or delay.”¹⁵ Because Applicant requests authorization for the export of natural gas from the United States to Mexico, a nation with which an FTA requiring national treatment for trade in natural gas is in effect, such authorization meets the criterion of NGA Section 3(c) and is therefore consistent with the public interest. As such, Applicant requests DOE/FECM to grant this Application without modification or delay, consistent with Section 3(c) of the NGA.

VII.
ENVIRONMENTAL IMPACT

The authorization requested in the Application is not expected to have any environmental impacts. The natural gas to be exported pursuant to such authorization will be transported over existing pipeline facilities within the United States, across the U.S.-Mexico border, and within Mexico. No new facilities or major facility modifications or additions will be required in order for Applicant to export such natural gas to Mexico from the United States. Consequently, granting this Application will not constitute a federal action significantly affecting the quality of

¹⁴ 15 U.S.C. § 717b(a).

¹⁵ *Id.* at § 717b(c).

the human environment within the meaning of the National Environmental Policy Act.¹⁶
Therefore, an environmental impact statement or environmental assessment is not required.

VIII.
APPENDICES

The following appendices are submitted as part of this Application:

Appendix A: Verification

Appendix B: Opinion of Counsel

Appendix C: Confidential Versions of Impulsora and MDM TSAs
Filed under seal pursuant to 10 C.F.R. §§ 590.202(e) and 1004.11

¹⁶ 42 U.S.C. § 4321, *et seq.* See also Categorical Exclusion B5.7, 10 C.F.R. Part 1021, Subpart D, Appendix B (providing a categorical exclusion for any “[a]pprovals or disapprovals of new authorizations or amendments of existing authorizations to export natural gas under section 3 of the Natural Gas Act and any associated transportation of natural gas by marine vessel.”).

IX.
CONCLUSION

WHEREFORE, for the foregoing reasons, Applicant respectfully requests that DOE/FECM grant, without modification or delay, Applicant's request for authorization to export up to 91.25 Bcf per year of natural gas to Mexico via pipeline for an 11-year term commencing on June 1, 2023.

Respectfully submitted,

Nora Hilda Soto Salas
Naturgy Servicios, S.A. de C.V.
Marina Nacional 60, Piso 6
Col. Tacuba, Miguel Hidalgo
Mexico City, 11410, Mexico
(+52) 55-3777-4391
gdmxtrading@naturgy.com

/s/ Rodrigo Dominguez-Sotomayor
Rodrigo Dominguez-Sotomayor
Carlos A. Moran
Ronald J. Colwell
White & Case LLP
609 Main Street
Suite 2900
Houston, TX 77002
(832) 786-6144
rj.colwell@whitecase.com

Attorneys for Naturgy Servicios, S.A. de C.V.

Dated: November 29, 2022


Appendix A

Verification

Verification

State of TEXAS)
) ss.
County of HARRIS)

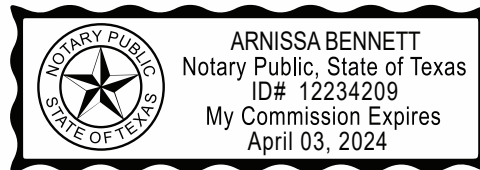
I, NORA H. SOTO, being first duly sworn, hereby affirm that: as Natural Gas Manager of Naturgy Servicios, S.A. de C.V., I am authorized to execute this verification on behalf of Naturgy Servicios, S.A. de C.V.; I have read the foregoing Application and am familiar with the contents thereof; and that all allegations of fact therein contained are true and correct to the best of my knowledge, information, and belief.



je **Nora H. Soto**
Natural Gas Manager

Subscribed and sworn to before me
This 28 day of november, 2022

Notary Public
My Commission Expires:



April 3, 2024

Appendix B

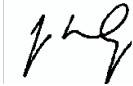
Opinion of Counsel

Opinion of Counsel

This opinion is submitted pursuant to Section 590.202(c) of the Department of Energy administrative procedures. The undersigned is counsel to Naturgy Servicios, S.A. de C.V.

I have reviewed the corporate documents and it is my opinion that the proposed import/export of natural gas is/are within the company's corporate powers.

Respectfully submitted,



Juan Manuel Otoy Rojas
Counsel

Appendix C

*Public Summaries of Impulsora and MDM TSAs –
Confidential Information Removed
Pursuant to 10 C.F.R. §§ 590.202(e) and 1004.11*

APPENDIX C

Public Summaries of Impulsora and MDM TSAs

1. **Impulsora Section 311 TSA**

Parties: Impulsora Pipeline, LLC and Naturgy Servicios, S.A. de C.V.

Execution Date: May 1, 2021

Service: Firm Transportation

Service Commencement Date: June 1, 2022

Term: 12 years from the Service Commencement Date

Receipt Point(s): Howard Energy Webb County Hub

Delivery Point(s): Interconnection with MDM at the Border Crossing

Volumes: 30,330 MMBtu per day (the maximum daily quantity of reserved service under the Impulsora Section 311 and Intrastate TSAs is applied in the aggregate between those TSAs and does not represent separate 30,330 MMBtu per day reservations for each TSA)

2. **Impulsora Intrastate TSA**

Parties: Impulsora Pipeline, LLC and Naturgy Servicios, S.A. de C.V.

Execution Date: May 1, 2021

Service: Firm Transportation

Service Commencement Date: June 1, 2022

Term: 12 years from the Service Commencement Date

Receipt Point(s): Howard Energy Webb County Hub

Delivery Point(s): Interconnection with MDM at the Border Crossing

Volumes: 30,330 MMBtu per day (the maximum daily quantity of reserved service under the Impulsora Section 311 and Intrastate TSAs is applied in the aggregate between those TSAs and does not represent separate 30,330 MMBtu per day reservations for each TSA)

3. **MDM TSA**

Parties: Midstream de México, S. de R.L. de C.V. and Naturgy Servicios, S.A. de C.V.

Execution Date: May 1, 2021

Service: Firm Transportation

Service Commencement Date: June 1, 2022

Term: 12 years from the Service Commencement Date

Receipt Point(s): Interconnection with Impulsora at the Border Crossing

Delivery Point(s): Huinala III

Volumes: 30,330 MMBtu per day