

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

SPECTRUM LNG, L.L.C.

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FE DOCKET NO. 16-186-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO MEXICO BY TRUCK

DOE/FE ORDER NO. 3936

NOVEMBER 17, 2016

I. DESCRIPTION OF REQUEST

On November 9, 2016, Spectrum LNG, L.L.C. (Spectrum) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),¹ for blanket authorization to export liquefied natural gas (LNG) to Mexico by truck, up to a total volume equivalent to 2.6 billion cubic feet (Bcf) of natural gas. The applicant requests the authorization be granted for a two-year term beginning on December 1, 2016.

Spectrum is requesting to export LNG by truck to Mexico on its own behalf and as agent for other entities who hold title at the time of export, by sale and purchase agreements with Spectrum. Spectrum is an Oklahoma limited liability company with its principal place of business in Tulsa, Oklahoma. Spectrum seeks to export the LNG from an existing liquefaction plant that produces LNG for domestic uses located in Ehrenberg, Arizona (Ehrenberg Facility), which Spectrum states has been in operation for over five years. No additional infrastructure would be required for Spectrum to export LNG sourced from the Ehrenberg Facility, currently owned and operated by Spectrum.

II. FINDING

The application has been evaluated to determine if the proposed import and/or export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import and export of natural gas, including LNG, from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG from other international sources are deemed to be consistent with the public interest, and applications for such imports or exports must be granted without modification or delay. The

¹ 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 Redelegation Order No. 00-006.02, issued on November 17, 2014.

authorization sought by Spectrum to export LNG to Mexico by truck, a nation with which a free trade agreement is in effect, meets the section 3(c) criteria and, therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

Spectrum requests authorization to act on its own behalf or as agent on behalf of other entities who hold title to the LNG pursuant to sales and purchase agreements with Spectrum. DOE/FE addressed the issue of agency rights in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913,² issued February 10, 2011. In Order 2913, DOE/FE approved a proposal by Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, FLEX) to register each LNG title holder for whom FLEX sought to export LNG as agent. This proposal was an acceptable alternative to the nonbinding policy adopted by DOE/FE in *Dow Chemical*,³ which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. The same policy considerations that supported DOE/FE's acceptance of the alternative proposal in Order 2913 apply here as well to LNG exports by truck. The authorization granted herein shall require that where Spectrum proposes to export as agent for others, Spectrum will register those companies in accordance with the procedures and requirements described herein.

ORDER

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

A. Spectrum is authorized to export LNG to Mexico by truck, sourced from the Ehrenberg Facility, up to a combined total volume equivalent to 2.6 Bcf of natural gas, pursuant

² *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).

³ *The Dow Chemical Company*, 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), *discussed in Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on December 1, 2016, and extending through November 30, 2018.

B. This LNG may be exported by truck from any point of export from the United States.

C. Spectrum is permitted to use its authorization in order to export LNG by truck on behalf of or as agent for others, after registering the other party with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Spectrum with all information necessary to permit Spectrum 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 CFR 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; and (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.

D. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

E. **Monthly Reports:** With respect to the imports and/or exports of LNG authorized by this Order, Spectrum shall file with the Office of Regulation and International Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that month must be filed.

If exports of LNG by truck have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. departure facility; (2) the country of destination; (3)

the point(s) of exit; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price per MMBtu at the point of exit; and (8) the duration of the supply agreement.

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

F. The first monthly report required by this Order is due not later than January 30, 2017, and should cover the reporting period from December 1, 2016, through December 31, 2016.

G. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation and International Engagement, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on November 17, 2016.



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Office of Oil and Natural Gas

