

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

PENTAGON ENERGY, LLC

)
)
)
FE DOCKET NO. 17-73-CNG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT COMPRESSED NATURAL GAS
TO MEXICO BY VESSEL AND TRUCK

DOE/FE ORDER NO. 4067

JULY 28, 2017

I. DESCRIPTION OF REQUEST

On May 25, 2017, Pentagon Energy, LLC (Pentagon Energy) 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 compressed natural gas (CNG) to Mexico by vessel and truck, up to a total volume equivalent to 200 billion cubic feet (Bcf) of natural gas.² The applicant requests the authorization be granted for a two-year term beginning on the date DOE issues its authorization.³ Pentagon Energy is a Delaware limited liability company with its principal place of business in Coral Gables, Florida.

II. FINDING

The application has been evaluated to determine if the proposed 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 liquefied natural gas (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 authorization sought by Pentagon Energy to export CNG to Mexico, a nation with which a free trade agreement requiring national treatment for trade in natural gas is in effect, by vessel and

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.

² In its application, Pentagon Energy requests blanket authorization to export up to 50,000,000 Bcf of liquefied natural gas (LNG) to Mexico by vessel. On July 17, 2017, Pentagon Energy amended their application (via email) to request authorization to export compressed natural gas (CNG) in a total volume equivalent of up to 200 Bcf of natural gas by vessel and truck. In this email, Pentagon Energy states that that it plans to load CNG into their proprietary ISO containers, which can then be loaded onto a vessel or truck for transportation.

³ In its application, Pentagon Energy requests that their authorization take effect the day after DOE/FE Order No. 3515 expires. On July 18, 2017, Pentagon Energy amended their application (via email) to request an effective date for their authorization beginning on the date DOE/FE issues this Order.

truck 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.

ORDER

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

A. Pentagon Energy is authorized to export CNG in ISO containers to Mexico by vessel or truck, up to a total combined volume equivalent to 200 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on July 28, 2017, and extending through July 27, 2019.

B. This CNG in ISO containers may be exported by vessel from any port in the United States capable of accommodating CNG exports by ISO containers transported on ocean-going container vessels. This CNG in ISO containers may be exported by truck at any point on the border between the United States and Mexico.

C. **Monthly Reports:** With respect to the exports of CNG in ISO containers authorized by this Order, Pentagon Energy 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 CNG in ISO containers 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 CNG in ISO containers by vessel have occurred, the report must give the following details of each CNG cargo: (1) the name of the U.S. export port; (2) the name of the vessel; (3) the date of departure from the U.S. export port; (4) the country into which the CNG is actually delivered; (5) the name of the supplier/seller; (6) the volume in Mcf; (7) the price at point of export per million British thermal units (MMBtu); (8) the name and location (city/state) of the facility where the ISO container is loaded with CNG; (9) the mode(s) of transport used to

move the loaded ISO container from the loading facility to the export port or terminal; (10) the duration of the supply agreement (indicate spot sales); and (11) the name(s) of the purchaser(s).

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

If exports of CNG in ISO containers by truck have occurred, the report must give the following details of each CNG 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 CNG transporter(s); (6) the volume in Mcf; (7) the price per MMBtu at the point of exit; (8) the specific purchaser/end-user; and (9) the duration of the supply agreement.

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

D. The first monthly report required by this Order is due not later than September 30, 2017, and should cover the reporting period from July 28, 2017, through August 30, 2017.

E. 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 July 28, 2017.



Digitally signed by John A.
Anderson
Date: 2017.07.28 16:48:51
-04'00'

John A. Anderson
Director, Office of Regulation and International Engagement
Office of Oil and Natural Gas