

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

ORDER GRANTING LONG-TERM, MULTI-CONTRACT  
AUTHORIZATION TO EXPORT NATURAL GAS TO MEXICO  
AND TO OTHER FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 4248

SEPTEMBER 19, 2018

## I. DESCRIPTION OF REQUEST

On June 18, 2018, Mexico Pacific Limited LLC (MPL) filed an Application<sup>1</sup> with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA).<sup>2</sup> MPL requests authorization to export domestically produced natural gas from the United States to Mexico and, after liquefaction in Mexico, to deliver and consume the LNG in Mexico and/or to re-export<sup>3</sup> the LNG as follows:

- (i) Under section 3(c) of the NGA, to countries with which the United States has entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy (FTA countries),<sup>4</sup> and
- (ii) Under section 3(a) of the NGA, to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).<sup>5</sup>

MPL seeks this authorization in a volume of LNG up to 12 million metric tons per annum (mtpa), which is equivalent to 621 billion cubic feet per year (Bcf/yr) of natural gas (1.7 Bcf per day (Bcf/d)).<sup>6</sup>

MPL states that the natural gas will be exported to Mexico at the United States-Mexico border via existing cross-border natural gas transmission pipelines, including an interstate

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<sup>1</sup> *Mexico Pacific Limited LLC*, Application for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Nations, FE Docket No. 18-70-LNG (June 18, 2018) [hereinafter MPL App.].

<sup>2</sup> The 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.

<sup>3</sup> For purposes of this Order, “re-export” means to ship or transmit U.S.-sourced natural gas in its various forms (gas, compressed, or liquefied) subject to DOE/FE’s jurisdiction under the NGA, 15 U.S.C. § 717b, from one foreign country (*i.e.*, a country other than the United States) to another foreign country.

<sup>4</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>5</sup> 15 U.S.C. § 717b(a). *See* MPL App. at 3 (requesting authorization “[t]o convert such natural gas to [LNG] for re-export” to both FTA and non-FTA countries “and for consumption in Mexico.”).

<sup>6</sup> *See* MPL App. at 3; *see also* U.S. Dep’t of Energy, Small-Scale Natural Gas Exports; Notice of Proposed Rulemaking, 82 Fed. Reg. 41,570, 41,573 (Sept. 1, 2017) (“When converting from million metric tons to billion cubic feet, DOE uses a conversion factor of 51.75 Bcf per million metric tons of dry natural gas.”).

pipeline owned by Sierrita Gas Pipeline LLC that extends to the United States-Mexico border near Sasabe, Arizona.<sup>7</sup> MPL further states that it is developing a LNG production and storage facility to be located in the State of Sonora, Mexico (the MPL Facility). According to MPL, the site of the future MPL Facility is situated on the Gulf of California adjacent to Puerto Libertad, Mexico, approximately 160 miles south of the United States-Mexico border at Sasabe.<sup>8</sup> Once constructed, the MPL Facility will be capable of receiving, processing, and liquefying the U.S.-sourced natural gas, storing the resulting LNG, and loading the LNG onto ocean-going LNG carriers for re-export to other countries and for delivery to other markets elsewhere in Mexico—particularly Mexican markets that are remote from Mexico’s natural gas pipeline grid but that can be served through waterborne LNG deliveries.<sup>9</sup>

MPL requests both authorizations for a period of 20 years, commencing on the earlier of the date of first export or five years from the date of the final order granting export authorization. Additionally, MPL requests this authorization on its own behalf and as agent for other entities who hold title to the natural gas at the time it is exported to Mexico and/or to the U.S.-sourced natural gas at the time it is re-exported as LNG from Mexico.<sup>10</sup>

Pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), this Order grants the FTA portion of MPL’s Application. MPL is authorized to export natural gas to Mexico by pipeline for purposes of end use<sup>11</sup> in Mexico, and to re-export the U.S.-sourced natural gas, after liquefaction in Mexico, to FTA countries for end use in FTA countries, in a total combined volume of 621 Bcf/yr of natural gas.

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<sup>7</sup> See MPL App. at 6; *see also infra* at 5-6.

<sup>8</sup> See MPL App. at 6. MPL provided an “MPL LNG Project Overview” as Attachment 1 of its Application, showing the location of the site on pages 3-4.

<sup>9</sup> See *id.* at 3.

<sup>10</sup> See *id.* at 8-9.

<sup>11</sup> For purposes of this Order, “end use” is defined as combustion or other chemical reaction conversion process (*e.g.*, conversion to methanol).

The non-FTA portion of the Application—seeking authorization to export U.S.-sourced natural gas to Mexico, then to convert the natural gas to LNG for re-export to non-FTA countries—remains pending in the current docket and will be reviewed separately under NGA section 3(a), 15 U.S.C. § 717b(a).<sup>12</sup> Section 3 of the NGA differentiates between exports of natural gas to non-FTA countries and exports to FTA countries. In determining whether an export is to a FTA or non-FTA country, DOE/FE believes it must look to the trade status of the country in which the natural gas or LNG is delivered for end use. To do otherwise would allow exporters to evade the public interest review and opportunity for public participation afforded in non-FTA export proceedings under NGA section 3(a), simply by transiting the natural gas or LNG through a FTA country en route to a non-FTA country. We do not believe Congress intended the dual-track scheme it created in the NGA to be so easily evaded.<sup>13</sup>

## **II. BACKGROUND**

**Applicant.** MPL is a Delaware limited liability company with its principal place of business in Houston, Texas. MPL is owned by MPL Pacific Limited LLC, which is jointly owned by DKRW Energy Sonora Holding and ACAP Sonora Energy, LLC. DKRW Sonora Holding LLC is a wholly owned subsidiary of DKRW Energy LLC. ACAP Sonora Energy, LLC is owned by AECOM Capital Inc., which is a subsidiary of AECOM.<sup>14</sup>

**Proposed Liquefaction Facility.** MPL states that it is currently developing the MPL Facility in the State of Sonora, Mexico. The proposed location, adjacent to Puerto Libertad,

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<sup>12</sup> See Mexico Pacific Limited LLC, Application for Long-Term, Multi-Contract Authorization to Export Domestically Produced Natural Gas Through Mexico to Non-Free Trade Agreement Countries After Liquefaction to Liquefied Natural Gas, 83 Fed. Reg. 39,737 (Aug. 10, 2018) (Notice of Application).

<sup>13</sup> See, e.g., *Bear Head LNG Corp. & Bear Head LNG (USA), LLC*, DOE/FE Order No. 3681, FE Docket No. 15-33-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Natural Gas to Canada and to Other Free Trade Agreement Nations, at 3-4 (July 16, 2015).

<sup>14</sup> MPL App. at 5.

Mexico, is a coastal site that has been permitted for LNG storage and related marine activities for a decade. MPL states that, through its affiliate Mexico Pacific Assets Holding S. de R.L. de C.V. (MPL Assets Holding), MPL owns in excess of 1,000 acres surrounding the MPL Facility project site in fee.<sup>15</sup> Approximately 300 acres of this total have been designated for LNG development and originally were permitted for a LNG import facility. MPL states that it has obtained a shoreline concession permit, and is in the process of securing modifications to existing environmental and construction permits that will authorize the construction and operation of the liquefaction facility and exports of LNG from the MPL Facility. These permits are held by MPL Assets Holding through two subsidiaries.<sup>16</sup>

MPL states that it plans to construct the MPL Facility in stages. The initial phase of the project will have approximately 2 to 4 mtpa of LNG capacity.<sup>17</sup> According to MPL, the Facility will be scaled up over time by the addition of liquefaction units. Each of the planned liquefaction units will have the capacity to produce approximately 1 mtpa of LNG. The resulting U.S.-sourced natural gas in the form of LNG will be loaded onto ocean-going LNG carriers for delivery to markets in Mexico and for re-export to (in relevant part) FTA countries.<sup>18</sup>

MPL states that it expects to commence construction of the MPL Facility in 2019 or early 2020, and to place the MPL Facility into commercial operation in 2023.<sup>19</sup>

**Planned Pipelines.** MPL states that it plans initially to receive natural gas produced in the United States and exported to Mexico via existing cross-border gas transmission pipelines. The planned pipelines include an interstate natural gas pipeline owned by Sierrita Gas Pipeline

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<sup>15</sup> *See id.*

<sup>16</sup> *See id.* at 5-6.

<sup>17</sup> *See id.* at 8.

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

<sup>19</sup> *See id.* at 9.

LLC (Sierrita Pipeline). MPL states that the Sierrita Pipeline extends from an interconnection with the El Paso Natural Gas Pipeline Company, L.L.C. system just west of Tucson, Arizona, to the United States-Mexico border near Sasabe, Arizona. There, the Sierrita Pipeline interconnects with the Gasoducto Sonora Pipeline, operated by Infraestructura Energética Nova, S.A.B. de C.V. (the IEnova Pipeline). MPL states that the IEnova Pipeline will serve the MPL Facility via a short lateral.<sup>20</sup>

MPL identifies other export pipelines through which natural gas may be transported to the IEnova Pipeline, including the Comanche Trail, Roadrunner, and Trans Pecos intrastate natural gas pipelines in west Texas.<sup>21</sup> MPL further states that more than 4 Bcf/d of pipeline capacity will be available to export natural gas from west Texas to Mexico by the end of 2018, such that “there is ample existing cross-border capacity” to support delivery of the quantities of U.S.-sourced natural gas that MPL plans to liquefy.<sup>22</sup>

**Source of Supply.** MPL states that it plans to obtain U.S.-sourced natural gas from suppliers such as CFENERGÍA, S.A. de C.V. (CFENERGÍA)—a direct subsidiary of the Comisión Federal de Electricidad (CFE)—and from other producers and marketers of U.S. and Mexican natural gas.<sup>23</sup> CFE’s subsidiary, CFE International LLC, currently holds a blanket authorization (DOE/FE Order No. 4051) to import and export up to a combined total of 2,920 Bcf of U.S. natural gas from and to Mexico via pipeline.<sup>24</sup>

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<sup>20</sup> MPL App. at 6-7.

<sup>21</sup> See *id.* at 7.

<sup>22</sup> *Id.*; see also *id.* at Attachment 1, page 6 (possible pipeline routes to the MPL Facility). Additionally, DOE notes that the U.S. Energy Information Administration (EIA) maintains a list of natural gas pipeline projects announced or under construction. See U.S. Energy Info. Admin., Natural Gas: Pipeline Projects, available at: <https://www.eia.gov/naturalgas/data.php#pipelines> (follow link) (Aug. 21, 2018).

<sup>23</sup> MPL App. at 7.

<sup>24</sup> See *id.* at n. 4 (citing *CFE Internat’l LLC*, DOE/FE Order No. 4051, FE Docket Nos. 17-66-NG & 17-07-NG, Order Granting Blanket Authorization to Import and Export Natural Gas from and to Mexico and Vacating Prior Authorization (June 8, 2017)) (blanket authorization effective through April 30, 2019).

MPL further states that it is in the process of concluding a natural gas supply agreement with CFENERGÍA.<sup>25</sup> If this supply agreement is consummated, it will secure for MPL the right to purchase an annual average of 400,000 million British thermal units per day (MMBtu/day) for delivery via CFE-controlled pipeline capacity to the United States border, and from the United States border to the MPL Facility, through the IEnova Pipeline. According to MPL, CFE controls the first 770 million cubic feet per day (MMcf/d) of capacity on the IEnova Pipeline.<sup>26</sup> Additionally, MPL states that it will have the right under the supply agreement to purchase natural gas from third-party U.S. natural gas producers, as well as to enter into a transportation agreement with CFE providing for the transportation and delivery of that third-party natural gas via CFE-controlled capacity in the United States and Mexico.<sup>27</sup>

MPL states that the U.S. sources of this natural gas will include producing regions located throughout the southwestern United States (*e.g.*, the Permian Basin, the San Juan Basin, the Eagle Ford Formation, and the Barnett Shale), and could include natural gas produced in the Mid-Continent region, the Gulf Coast region, and the shale plays of the Appalachian region. MPL further states that suppliers to the MPL Facility will have the capability to access the entire U.S. natural gas pipeline grid through various interconnections, such as those available at the San Juan, Waha, and Henry Hubs.<sup>28</sup>

**Business Model.** MPL requests this authorization to export natural gas and LNG on its own behalf and as agent for other entities that “may wish to procure natural gas from their own sources and have that gas liquefied in the MPL Facility for re-export or delivery into Mexican

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<sup>25</sup> *See id.* at 7.

<sup>26</sup> MPL App. at 7-8.

<sup>27</sup> *See id.* at 8.

<sup>28</sup> *See id.* at 11-12.

markets.”<sup>29</sup> MPL states that it will comply with all DOE/FE requirements for exporters and agents. MPL further states that, when acting as agent, it will register with DOE/FE each LNG title holder for which it seeks to export LNG as agent, and will comply with other registration requirements as set forth in recent DOE/FE orders.<sup>30</sup>

### **III. FINDINGS**

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. The FTA portion of MPL’s Application—requesting authorization to export natural gas from the United States to Mexico and, after liquefaction in Mexico, to re-export the U.S-sourced natural gas in the form of LNG to other FTA countries for end use in FTA countries—falls within section 3(c), as amended, and therefore, DOE/FE grants the requested authorization without modification or delay.<sup>31</sup>

(2) In light of DOE’s statutory obligation to grant the FTA portion of this Application without modification or delay, there is no need for DOE/FE to review other arguments asserted by MPL in support of the Application. The instant grant of authority should not be read to indicate DOE/FE’s views on those arguments or on MPL’s pending request for non-FTA export authorization.

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<sup>29</sup> See *id.* at 9.

<sup>30</sup> See MPL App. at 9-10.

<sup>31</sup> DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590 are applicable only to applications seeking to export natural gas, including LNG, to non-FTA countries.



(3) The countries with which the United States has a FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, MPL requests authorization to export natural gas and LNG on its own behalf and as agent for other entities who hold title to the natural gas at the time of export to Mexico and/or to the U.S.-sourced natural gas at the time it is re-exported as LNG from Mexico or delivered for consumption in Mexico. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,<sup>32</sup> which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*, which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export.<sup>33</sup> We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.<sup>34</sup> In that order, DOE/FE determined

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<sup>32</sup> *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).

<sup>33</sup> *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.

<sup>34</sup> *Cameron LNG, LLC*, DOE/FE Order No. 3680, FE Docket No. 15-36-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Free Trade Agreement Nations (July 10, 2015).

that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, a LNG title-holder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.<sup>35</sup>

To ensure that the public interest is served, the authorization granted herein shall require that where MPL proposes to export natural gas as agent for other entities that hold title to the natural gas at the time of export to Mexico and/or to the U.S.-sourced natural gas at the time it is re-exported as LNG (Registrants), MPL must register those entities with DOE/FE in accordance with the procedures and requirements described herein.

(5) Section 590.202(b) of DOE's regulations requires applicants to supply transaction-specific factual information "to the extent practicable."<sup>36</sup> Additionally, DOE regulations at 10 C.F.R. § 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.

(6) DOE/FE will require that MPL file or cause to be filed with DOE/FE any relevant long-term commercial agreements or contracts pursuant to which MPL exports natural gas or re-exports U.S.-sourced natural gas as LNG as agent for a Registrant once those agreements or contracts have been executed. DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b). By way of example and without limitation, a "relevant long-term commercial agreement" would include an

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<sup>35</sup> See *id.* at 7-8.

<sup>36</sup> 10 C.F.R. § 590.202(b).

agreement with a minimum term of two years, such as a long-term purchase and sales agreement involving U.S.-sourced natural gas stored or liquefied at the MPL Facility.

(7) DOE/FE also will require MPL to file any long-term contracts MPL enters into providing for the long-term export (or re-export) of U.S.-sourced natural gas as LNG on its own behalf from the MPL Facility. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b).

(8) In addition, DOE/FE finds that section 590.202(c) of DOE/FE’s regulations<sup>37</sup> requires that MPL file, or cause to be filed, all long-term contracts associated with the long-term supply of U.S.-sourced natural gas to the MPL Facility, whether signed by MPL or the Registrant, within 30 days of their execution.

(9) DOE/FE recognizes that some information in MPL’s or a Registrant’s long-term commercial agreements associated with the export of natural gas and/or the re-export of U.S.-sourced natural gas as LNG, and/or long-term contracts associated with the long-term supply of U.S.-sourced natural gas to the MPL Facility, may be commercially sensitive. DOE/FE therefore will provide MPL the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) MPL may file, or cause to be filed, long-term contracts under seal, but it also will file for public posting, within 30 days of the contract execution date, either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted

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<sup>37</sup> *Id.* § 590.202(c).

or non-disclosed information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in the Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of natural gas or LNG exported pursuant to the Order shall include an acknowledgement of these requirements.

### **ORDER**

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

A. Mexico Pacific Limited LLC (MPL) is authorized 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 be located in the State of Sonora, Mexico, to FTA countries for end use in FTA countries. The volume authorized in this Order is up to the equivalent of 621 Bcf/yr of natural gas for a 20-year term, beginning on the earlier of the date of first export or five years from the date the authorization is issued (September 19, 2023). MPL is authorized to act on its own behalf and as agent for other entities who hold title to the natural gas or LNG, pursuant to one or more long-term contracts (a contract greater than two years).

B. This natural gas may be re-exported as LNG for end use to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG via ocean-going vessel. FTA countries are currently identified by DOE/FE at:

<http://www.fossil.energy.gov/programs/gasregulation/index.html>

C. MPL shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. (i) MPL shall file, or cause others to file, with the Office of Regulation, Analysis, and Engagement a non-redacted copy of all executed long-term contracts associated with the long-term re-export of U.S.-sourced natural gas as LNG from the MPL Facility on its own behalf or as agent for other entities. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if MPL has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, MPL shall also file, or cause others to file, for public posting either: a) a redacted version of the contracts described in the preceding sentence, or b) major provisions of the contracts. In these filings, MPL shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(2) MPL shall file, or cause others to file, with the Office of Regulation, Analysis, and Engagement a non-redacted copy of all executed long-term contracts associated with the long-term supply of U.S.-sourced natural gas to the MPL Facility. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if MPL has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, MPL shall also file, or cause others to file, for public posting either: a) a redacted version of the contracts described in the

preceding sentence, or b) major provisions of the contracts. In these filings, MPL shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. MPL shall include, and require others for whom MPL acts as agent to include, the following provision in any agreement or other contract for the sale or transfer of U.S.-sourced natural gas as LNG for end use in FTA countries pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 4248, issued September 19, 2018, in FE Docket No. 18-70-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Mexico Pacific Limited LLC that identifies the country (or countries) into which the exported LNG was actually delivered and/or received for end use, and to include in any resale contract for such LNG the necessary conditions to ensure that Mexico Pacific Limited LLC is made aware of all such actual destination countries.

F. MPL is permitted to use its authorization in order to act as agent for other entities, after registering the other parties with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply MPL with all information necessary to permit MPL 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 C.F.R. 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; (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; (4) within 30 days of execution, a copy of any long-term contracts not previously filed with DOE/FE, described in Ordering Paragraph D of this Order.

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

H. As a condition of this authorization, MPL shall ensure that all persons required by this Order to register with DOE/FE have done so.

I. Within two weeks after the first export of U.S.-sourced natural gas occurs from the United States as authorized in Ordering Paragraph A above, MPL shall provide written notification of the date of first export to DOE/FE.

J. MPL shall file with the Office of Regulation, Analysis, and Engagement on a semi-annual basis, written reports describing the progress of the proposed MPL Facility. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the MPL Facility, the date the MPL Facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of U.S.-sourced natural gas as LNG and any long-term supply contracts.

K. With respect to any change in control of the authorization holder, MPL must comply with DOE/FE's Procedures for Change in Control Affecting Applications and Authorizations to Import or Export Natural Gas.<sup>38</sup> For purposes of this Ordering Paragraph, a "change in control" shall include any change, directly or indirectly, of the power to direct the management or policies of MPL, 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

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<sup>38</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).

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>39</sup>

L. Monthly Reports: With respect to the exports authorized by this Order, MPL shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of natural gas have been made. The first monthly report required by this Order is due not later than the 30<sup>th</sup> day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of natural gas have occurred, the report must give the following details: (1) the country of destination; (2) the point(s) of exit; (3) the volume in thousand cubic feet (Mcf); (4) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (5) the name of the supplier(s); (6) the name of the U.S. transporter(s); and (7) the estimated or actual duration of the supply agreement(s).

With respect to the re-export of U.S.-sourced natural gas as LNG authorized by this Order, MPL shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report indicating whether re-exports of this LNG for end use in FTA countries have been made. The first monthly report required by this Order is due not later than the 30<sup>th</sup> day of the month following the month of first export. In subsequent months, if re-exports have not occurred, a report of “no activity” for that month must be filed. If re-exports of this LNG for use in FTA countries have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the export terminal; (3) the name of the LNG tanker; (4) the date of departure from the export terminal; (5) the country (or countries) into which the LNG or natural

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<sup>39</sup> See *id.* at 65,542.



gas is actually delivered and/or received for end use; (6) the name of the supplier/seller; (7) the volume in Mcf; (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

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

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

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Office of Fossil Energy