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Amy Sweeney
Director, Division of Natural Gas Regulation
Office of Regulation and International
Engagement
Office of Fossil Energy
U.S. Department of Energy
P.O. Box 44375
Washington DC 20026-4375

Re: ***Mexico Pacific Limited LLC*, FE Docket No. 18-70-LNG**
Supplement to Application for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Nations – Additional Information on Planned Liquefaction Capacity

Dear Ms. Sweeney:

I write on behalf of Mexico Pacific Limited LLC ("MPL") to provide supplemental information concerning the company's plans regarding the liquefaction capacity it intends to construct at its planned LNG production facility to be located in the State of Sonora, Mexico (the "MPL Facility").

In its original application, MPL sought authorization to export natural gas to Mexico for a twenty (20) year period from the date of first export, and to re-export on its own behalf and as agent for others over this period, a quantity of liquefied natural gas ("LNG") of up to 1,684,000 MMBtu/d (approximately 614,400,000 MMBtu/year, or 12 million metric tons per annum ("mtpa")). As MPL stated in that application, the MPL Facility will rely on natural gas feedstock sourced primarily from supplies imported into Mexico from the United States. Some natural gas exported to Mexico may be liquefied in the MPL Facility and then transported in the form of LNG to markets within Mexico for consumption; however, the bulk of the natural gas exported from the U.S. and liquefied in the MPL Facility will be exported from Mexico in the form of LNG to markets in Asia and, potentially, South America and Central America. MPL stated that it expects to commence construction of the MPL Facility in 2019 or early 2020, and to place the Facility into commercial operation in 2023.

By order dated September 19, 2018 (DOE/FE Order No. 4248), DOE granted MPL authorization 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 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") for end use in FTA countries. The volume authorized in that Order was up to the equivalent of 621 Bcf/yr of natural gas for a 20-year term.

MPL has encountered robust market interest in its project over the past several months. MPL is currently engaged in substantive discussions concerning the tolling of natural gas through the MPL Facility or the purchase of LNG produced in the Facility with a number of major U.S. natural gas producers active in the Permian and other basins, as well as several participants in Asian LNG markets and a number of commodity trading houses. MPL's experience in its negotiations with these prospective LNG offtakers has led it to conclude with great confidence that the market will support MPL's plans to develop the MPL Facility with the capacity to produce at least 12 mtpa of LNG. This remains the quantity for which MPL seeks authorization to re-export from the MPL Facility.

MPL plans to commission the MPL Facility initially with liquefaction capacity capable of producing a quantity of LNG equal to 4 mtpa, or 207 billion cubic feet per year ("Bcf/year"). It will expand this capacity in increments of 4 mtpa, matching market offtake commitments, to yield total liquefaction capacity of at least 12 mtpa, or 621 Bcf/year.

As DOE is aware, natural gas supply in the U.S., particularly in the area of the Permian Basin closest to the MPL Facility, is abundant and continues to grow. So, for example, the Energy Information Administration's November 2018 Permian Basin Drilling Productivity Report (available at https://www.eia.gov/petroleum/drilling/pdf/permian.pdf) shows that anticipated December 2018 Permian Basin natural gas production, at 12,413 MMcf/d, will increase over November 2018 gas production by 251 MMcf/d. The existing available supply is vastly in excess of what is needed to service MPL's planned 12 mtpa production target, and all of MPL's potential tolling counterparties have accepted as a given that there is abundant gas supply available for the MPL project. The significant interest MPL has encountered from multiple U.S. gas producers in selling gas to or tolling gas through MPL's project has confirmed this analysis.

MPL is primarily targeting LNG markets in the Asia-Pacific region. In total, LNG demand in the region is set to rise by 60%, reaching 337 mtpa by 2030 (by comparison, the rest of the global market is currently 75 mtpy). "WoodMac: Asia-Pacific oil and gas industry set for rebound," *Oil & Gas Journal* (Oct. 15, 2018) (available at https://www.ogj.com/articles/2018/10/woodmac-asia-pacific-oil-and-gas-industry-set-for-rebound.html). This anticipated growth in demand dwarfs MPL's planned 12 mtpa production target. Moreover, the west coast location of MPL's project gives it a significant transportation cost advantage over Gulf of Mexico based facilities (MPL has a shorter shipping distance and no need to incur the expense of traversing the Panama Canal). MPL has signed Letters of Intent and/or Heads of Agreement with multiple offtakers which understand these benefits, and MPL anticipates no difficulties in fully contracting its planned 12 mtpa output as it develops each of the three phases of its project over the next several years.

For the reasons given above, **MPL reiterates its request that DOE authorize it to export quantities of natural gas from the U.S. to Mexico, and to export such natural gas in the form of LNG to FTA countries (as approved in DOE/FE Order No. 4248) and to non-FTA countries, in an aggregate quantity of up to 12 mtpa, or 621 Bcf/year**.

If you have any questions regarding this submission, please contact me at (202) 626-9601. Thank you for your assistance.

Sincerely,

James F. Bowe, Jr.
Counsel for Mexico Pacific Limited LLC

cc: Amy Sweeney, DOE