

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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ENERGÍA COSTA AZUL, S. de R.L. de C.V.

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) FE DOCKET NO. 18-145-LNG  
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ORDER GRANTING LONG-TERM, MULTI-CONTRACT  
AUTHORIZATION TO EXPORT NATURAL GAS TO MEXICO  
AND TO OTHER FREE TRADE AGREEMENT NATIONS

*ECA LARGE-SCALE PROJECT*

DOE/FE ORDER NO. 4318

JANUARY 25, 2019

## I. DESCRIPTION OF REQUEST

On September 27, 2018, Energía Costa Azul, S. de R.L. de C.V. (ECA) 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> ECA states that it is submitting the Application “in connection with [the] development of one of two sets of proposed Energía Costa Azul liquefaction and export terminal facilities.”<sup>3</sup> The Application in this proceeding pertains to the “ECA Large-Scale Project.” The application for the “ECA Mid-Scale Project” is pending in FE Docket No. 18-144-LNG,<sup>4</sup> and will be addressed separately.<sup>5</sup>

In this proceeding, ECA requests authorization to export domestically produced natural gas from the United States to Mexico, and after liquefaction in Mexico, to other countries as described below, in a combined total volume equivalent to 545 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas (1.5 Bcf per day (Bcf/d)). ECA seeks to export this volume of natural gas for the following purposes:

- (i) To use approximately 70 Bcf/yr (0.19 Bcf/d) in Mexico as “fuel for pipeline transportation or LNG liquefaction;”<sup>6</sup>

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<sup>1</sup> Energía Costa Azul, S. de R.L. de C.V., Application for Long-Term, Multi-Contract Authorizations to Export Natural Gas to Mexico and to Export Liquefied Natural Gas From Mexico to Free Trade Agreement and Non-Free Trade Agreement Nations (ECA Large-Scale Project), FE Docket No. 18-145-LNG (Sept. 27, 2018) [hereinafter ECA App.].

<sup>2</sup> The authority to regulate the imports and exports of natural gas, including liquefied natural gas (LNG), 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> ECA App. at 4.

<sup>4</sup> The ECA Mid-Scale Project will be composed of separate LNG liquefaction facilities at the same site, capable of producing LNG in a volume equivalent to approximately 0.441 Bcf/d. *See* ECA App. at 5 n.5 (stating that the ECA Mid-Scale and Large-Scale Projects are “distinct and independent,” and thus “should be processed independently by the DOE/FE”).

<sup>5</sup> Concurrently with the issuance of this Order, DOE/FE is granting ECA’s requested FTA authorization for the ECA Mid-Scale Project in DOE/FE Order No. 4317. *See* *Energía Costa Azul, S. de R.L. de C.V.*, DOE/FE Order No. 4317, FE Docket No. 18-144-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (ECA Mid-Scale Project) (Jan. 24, 2019).

<sup>6</sup> ECA App. at 4 n.3 (stating that 475 Bcf/yr of the requested 545 Bcf/yr total is intended for re-export as LNG, such that 70 Bcf/yr would be “consumed in Mexico” for these purposes).

- (i) To use approximately 475 Bcf/yr of natural gas (1.3 Bcf/d) in the ECA Large-Scale Project, where the U.S.-sourced natural gas will be liquefied, then re-exported,<sup>7</sup> as LNG by vessel to:
  - (a) Any country with which the United States has, or in the future enters into, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries),<sup>8</sup> and
  - (b) Any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).<sup>9</sup>

ECA states that the natural gas will be exported to Mexico at the United States-Mexico border via existing and, potentially, future cross-border natural gas transmission pipelines.<sup>10</sup> ECA further states that it is developing the ECA Large-Scale Project to be located north of Ensenada in Baja California, Mexico, approximately 31 miles south of the San Diego-Tijuana/San Ysidro border between the United States and Mexico.<sup>11</sup> Once constructed, the ECA Large-Scale Project 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.<sup>12</sup>

ECA requests both authorizations for a period of 20 years, commencing on the earlier of the date of first export or seven years from the date each authorization is granted. ECA further requests that it be permitted to continue exporting for a total of three years following the end of the requested 20-year term, solely to export or re-export any make-up volume that ECA may be

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<sup>7</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>8</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>9</sup> 15 U.S.C. § 717b(a); *see also* ECA App. at 4 n.3 (stating that ECA is requesting to re-export LNG from Mexico in a volume of 475 Bcf/yr of natural gas).

<sup>10</sup> *See* ECA App. at 3, 5-6; *see also infra* at 6-7.

<sup>11</sup> *See* ECA App. at 5.

<sup>12</sup> *See id.*

unable to export or re-export during the original export periods.<sup>13</sup> ECA seeks this authorization on its own behalf and as agent for other entities that 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>14</sup>

Pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), this Order grants the FTA portion of ECA's Application. ECA is authorized to export natural gas to Mexico in the total requested volume of 545 Bcf/yr of natural gas—which includes export by pipeline (70 Bcf/yr) and re-export after liquefaction in Mexico to FTA countries (475 Bcf/yr).

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>15</sup>

## **II. BACKGROUND**

**Applicant.** ECA is a Mexico variable-capital, limited liability company with its principle place of business in Mexico City, Mexico. ECA is owned by Infraestructura Energetica Nova, S.A.B. de C.V. (IEnova) and IEnova's subsidiaries. A majority of the ownership interests in IEnova (66.43%) is held by indirect, wholly-owned subsidiaries of Sempra Energy, a publicly-traded California corporation.<sup>16</sup> The remaining shares of IEnova are publicly traded.<sup>17</sup> ECA states that the ECA Large-Scale Project is a joint effort between Sempra Energy and IEnova.<sup>18</sup>

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<sup>13</sup> *Id.* at 4 (citing *Freeport LNG Expansion, L.P.*, DOE/FE Order Nos. 3282-B & 3357-A, FE Docket Nos. 10-161-LNG & 11-161-LNG, Order Amending DOE/FE Order Nos. 3282 and 3357, at 4-9 (June 6, 2014)).

<sup>14</sup> *Id.* at 4.

<sup>15</sup> See Energía Costa Azul, S. de R.L. de C.V., Application for Long-Term, Multi-Contract Authorization to Export Natural Gas to Mexico and to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations, 83 Fed. Reg. 54,337 (Oct. 29, 2018).

<sup>16</sup> ECA App. at 9.

<sup>17</sup> *Id.* at 9 n.13.

<sup>18</sup> *Id.* at 15.

**Existing Terminal.** ECA states that its existing regasification terminal is located on a 67.85-acre brownfield site owned by ECA, situated approximately 19 miles north of the city of Ensenada in Baja California, Mexico, along the Pacific coast. The site is located approximately 31 miles south of the San Diego-Tijuana/San Ysidro border between the United States and Mexico. ECA states that the proposed liquefaction facilities associated with the ECA Large-Scale Project will be constructed on or adjacent to this site.<sup>19</sup>

The regasification terminal consists of two full containment storage tanks with a capacity of 160,000 cubic meters (m<sup>3</sup>) each, regasification facilities with a capacity of approximately 1.0 Bcf/d, one marine berth capable of transferring up to 266,000 m<sup>3</sup> of LNG, and bi-directional interconnections with various Mexican pipeline facilities, among other features. ECA states that the terminal commenced operations in 2008.<sup>20</sup>

**Proposed Liquefaction Facilities.** According to ECA, the requested export volume represents the “maximum productive capacity of the facilities based upon an assumption of optimal operational and ambient conditions.”<sup>21</sup> ECA states that the major components to be constructed as part of the ECA Large-Scale Project include: two liquefaction trains, each with a maximum liquefaction capacity of 4.5 million metric tons per annum (mtpa) and a combined gas pre-treatment unit; a new full containment tank capable of storing up to 160,000 m<sup>3</sup> of LNG; new ground flare equipment; piping and utility tie-ins to the existing LNG terminal facilities; and a marine off-loading facility for the unloading of construction equipment and materials and a heavy haul road.<sup>22</sup> ECA states that feed gas will be supplied through a dedicated high-pressure

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<sup>19</sup> See *id.* at 6, 15.

<sup>20</sup> *Id.* at 6 n.7, 15.

<sup>21</sup> *Id.* at 10 n.14.

<sup>22</sup> ECA App. at 15-16.

spur pipeline. ECA further states that new or modified utilities and offsite facilities will be provided for the ECA Large-Scale Project, as necessary.<sup>23</sup>

ECA states that it expects to commence construction activities associated with the ECA Large-Scale Project in the first part of 2021, and to place the ECA Large-Scale Project into commercial operation no later than 2025.<sup>24</sup>

**Planned Pipelines.** ECA states that it plans to export natural gas by pipeline from the United States through existing and, potentially, future cross-border pipeline facilities interconnecting the United States and Mexico.<sup>25</sup> First, ECA states that the proposed ECA Large-Scale Project is well-positioned to access numerous existing pipelines. According to ECA, the export capacity through existing border-crossing pipeline facilities between the United States and Mexico is approximately 14.8 Bcf/d of natural gas, which is well in excess of the requested export volume.<sup>26</sup>

ECA states that it is considering several natural gas supply options for the ECA Large-Scale Project. According to ECA, these options could connect in Mexico to any of the existing cross-border facilities along the United States-Mexican border.<sup>27</sup> ECA anticipates that it will engage an affiliate or third-party to construct pipeline facilities in Mexico to interconnect the ECA Large-Scale Project to sources of natural gas supply in northern Mexico—which ECA

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<sup>23</sup> See *id.* at 16. ECA states that the Mexican agencies with jurisdiction over the ECA Large-Scale Project have completed the environmental review associated with the Project and have issued most of the environmental authorizations necessary for the Project. See *id.* at 7, 9.

<sup>24</sup> *Id.* at 5.

<sup>25</sup> See *id.* at 3, 5-6.

<sup>26</sup> *Id.* at 7 n.9 (citing ECA App., Appendix E, “Summary of Existing Cross-Border Facilities”); see also *id.* at 11, 20 (stating that its requested export volume represents a “fraction” of the existing cross-border pipeline capacity).

<sup>27</sup> *Id.* at 21.

refers to as the Northern Mexico Pipeline.<sup>28</sup> ECA states that the Northern Mexico Pipeline will be constructed and operated entirely in Mexico.<sup>29</sup>

ECA further states that the Northern Mexico Pipeline can be designed to interconnect with other new or expanded pipelines in Mexico, or with existing Mexican infrastructure to receive and transport natural gas exported from existing cross-border facilities in Texas and points further west, for transportation to the ECA Large-Scale Project.<sup>30</sup> According to ECA, cross-border facilities through which natural gas may be transported to the proposed ECA Large-Scale Project include the Sierrita Gas Pipeline, Comanche Trail Pipeline, and the Trans-Pecos Pipeline.<sup>31</sup> ECA asserts that “the physical capacity at just these three cross-border locations is approximately 3.03 Bcf/d, which would exceed twice the full 1.3 Bcf/d Non-FTA [re-export] volume requested in the Application.”<sup>32</sup> Additionally, ECA requests authorization to export from cross-border pipeline facilities that may be constructed in the future.<sup>33</sup>

**Source of Supply.** ECA states that the proposed ECA Large-Scale Project will have access to a wide range of natural gas supply options through the integrated pipeline grid in the United States.<sup>34</sup> Specifically, natural gas may be sourced from basins throughout the United States, including the Gulf Coast, Mid-Continent, West Texas, and Rocky Mountain regions—providing ECA with a choice of diverse, reliable natural gas supplies.<sup>35</sup> ECA asserts that, as a result of these supply options, the ECA Large-Scale Project will be able to respond to shifts in the economics and production profiles of different natural gas production areas.<sup>36</sup>

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<sup>28</sup> See ECA App. at 21.

<sup>29</sup> *Id.* at 22.

<sup>30</sup> *Id.* at 21.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at 4-5; see also *id.* at 12, 59-62.

<sup>34</sup> ECA App. at 13.

<sup>35</sup> *Id.* at 16.

<sup>36</sup> *Id.* at 19.

**Business Model.** ECA requests this authorization on its own behalf and as agent for other entities that will hold title to the natural gas and/or LNG at the time of export or re-export, respectively.<sup>37</sup> ECA states that, to date, it has not entered into any export agreements or finalized supply arrangements for the ECA Large-Scale Project. ECA states, however, that it will file all long-term, binding contracts associated with the re-export of LNG from the ECA Large-Scale Project once executed, in accordance with DOE’s established policy and will comply with all DOE/FE requirements for exporters and agents, including registration requirements. ECA further states that, when acting as agent, it will register with DOE/FE each LNG title holder for which it seeks to re-export LNG as agent, and will comply with other registration requirements as set forth in recent DOE/FE orders.<sup>38</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 ECA’s Application—requesting authorization to export natural gas from the United States to Mexico and, after liquefaction in Mexico, to re-export a portion of the U.S.-sourced natural gas in the form of LNG to other FTA countries—

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<sup>37</sup> See *id.* at 13.

<sup>38</sup> See *id.* at 13-15.



falls within section 3(c), as amended, and therefore, DOE/FE grants the requested authorization without modification or delay.<sup>39</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 ECA 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 ECA's pending request for non-FTA export authorization.

(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, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, ECA requests authorization to export natural gas and re-export 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. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,<sup>40</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

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<sup>39</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.

<sup>40</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).

be held by the authorization holder at the point of export.<sup>41</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>42</sup> In that order, DOE/FE determined 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>43</sup>

To ensure that the public interest is served, the authorization granted herein shall require that where ECA 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 from Mexico as LNG (Registrants), ECA must register those entities with DOE/FE in accordance with the procedures and requirements described herein.<sup>44</sup>

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<sup>41</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>42</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).

<sup>43</sup> *See id.* at 8-9.

<sup>44</sup> ECA states that ECA and/or its terminal customers may transport natural gas from the United States on their own behalf or may purchase natural gas in Mexico from upstream suppliers that have exported the U.S.-sourced natural gas under the suppliers' own FTA export authorizations or under ECA's export authorizations. ECA App. at 14. ECA asks DOE/FE to clarify that "ECA will not be required to treat such entities as 'registrants' ... notwithstanding the fact that such suppliers may hold title to natural gas at the time it is exported across the U.S./Mexican border." *Id.* DOE/FE agrees that the registration requirements established in this Order will apply only in circumstances where ECA exports natural gas from the United States or re-exports LNG from Mexico on behalf of an entity that holds title to the natural gas or LNG at the time that ECA exports it or re-exports it, respectively. If natural gas or LNG is exported or re-exported by a person or entity other than ECA pursuant to a different authorization issued by DOE/FE, the terms of that other authorization will govern the registration requirements that apply. Registration will not be required for purchases of natural gas originating in Mexico where the purchase was not part of an arrangement to export the natural gas from the United States on behalf of the purchaser.

(5) Section 590.202(b) of DOE’s regulations requires applicants to supply transaction-specific factual information “to the extent practicable.”<sup>45</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 ECA file or caused to be filed with DOE/FE any relevant long-term commercial agreements or contracts pursuant to which ECA 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 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 ECA Large-Scale Project.

(7) DOE/FE also will require ECA to file any long-term contracts ECA 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 ECA Large-Scale Project. 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>46</sup> requires that ECA file, or cause to be filed, all long-term contracts associated with the long-term

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<sup>45</sup> 10 C.F.R. § 590.202(b).

<sup>46</sup> *Id.* § 590.202(c).

supply of U.S.-sourced natural gas to the proposed ECA Large-Scale Project, whether signed by ECA or the Registrant, within 30 days of their execution.

(9) DOE/FE recognizes that some information in ECA'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 proposed ECA Large-Scale Project, may be commercially sensitive. DOE/FE therefore will provide ECA the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) ECA 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 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. Energía Costa Azul, S. de R.L. de C.V. (ECA) is authorized to export U.S.-sourced natural gas by pipeline from the United States to Mexico and/or, after liquefaction in Mexico, by vessel from the proposed ECA Large-Scale Project, to be located in Ensenada, Baja California, Mexico, to FTA countries. The volume authorized in this Order is up to the equivalent of 545 Bcf/yr of natural gas for a 20-year term, beginning on the earlier of the date of first export or seven years from the date the authorization is issued (January 25, 2026). ECA is authorized to act on its own behalf and as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

ECA may continue exporting for a total of three years following the end of the 20-year export term, solely to export any Make-Up Volume that it was unable to export (or re-export) during the original export period. The three-year Make-Up Period allowing the export (or re-export) of Make-Up Volumes does not affect or modify the maximum volume of LNG authorized for re-export in this Order. Insofar as ECA may seek to export or re-export additional volumes not previously authorized, it will be required to obtain appropriate authorization from DOE/FE.

B. This natural gas may be re-exported as LNG 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. ECA 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) ECA 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 ECA Large-Scale Project 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 ECA 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, ECA 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, ECA shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) ECA 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 ECA Large-Scale Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if ECA 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, ECA 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, ECA shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. ECA shall include, and require others for whom ECA 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 exported or re-exported in the form of LNG 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. 4318, issued January 25, 2019, in FE Docket No. 18-145-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 Energía Costa Azul, S. de R.L. de C.V. that identifies the country (or countries) into which the re-exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Energía Costa Azul, S. de R.L. de C.V. is made aware of all such actual destination countries.

F. ECA 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 acknowledgment and agreement by the Registrant to supply ECA with all information necessary to permit ECA 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, email address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be

directed; and (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, ECA 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, ECA shall provide written notification of the date of first export to DOE/FE.

J. ECA shall file with the Office of Regulation, Analysis, and Engagement, on a semiannual basis, written reports describing the progress of the proposed ECA Large-Scale Project. 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 ECA Large-Scale Project, the date the ECA Large-Scale Project 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, ECA must comply with DOE/FE's Procedures for Change in Control Affecting Applications and Authorizations to Import or Export Natural Gas.<sup>47</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 ECA, whether such power is exercised through one or more intermediary companies or

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<sup>47</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).



pursuant to an agreement, written or oral, and whether such power is established through 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>48</sup>

L. Monthly Reports: With respect to the exports authorized by this Order, ECA 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 30th 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, ECA 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 to FTA countries have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first re-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 to 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

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<sup>48</sup> See *id.* at 65,542.

from the export terminal; (5) the country (or countries) into which the LNG or natural gas is actually delivered; (6) the name of the supplier/seller; (7) the volume in Mcf; (8) the price at point of export per 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) 586-6050.4

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Office of Fossil Energy