

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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PENTAGON ENERGY, LLC

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FE DOCKET NO. 19-97-CNG

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

DOE/FE ORDER NO. 4428

SEPTEMBER 3, 2019

## I. DESCRIPTION OF REQUEST

On August 1, 2019, 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),<sup>1</sup> for blanket authorization to export compressed natural gas (CNG) in a volume equivalent to 200 billion cubic feet (Bcf) of natural gas in ISO containers to Mexico by vessel and truck.<sup>2</sup> The applicant requests the authorization be granted for a two-year term beginning on July 28, 2019.<sup>3</sup> 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

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<sup>1</sup> 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. 00-002.04G, issued on June 4, 2019.

<sup>2</sup> In its application, Pentagon Energy requests blanket authorization to export up to 100,000,000 Bcf of natural gas to Mexico. On August 15, 2019, Pentagon Energy amended their application to request authorization to export compressed natural gas (CNG) in a total volume equivalent to 200 Bcf of natural gas in ISO containers by vessel and truck. Pentagon Energy confirmed that it plans to load CNG into their proprietary ISO containers, which can then be loaded onto a vessel or truck for transportation. *See* Application and emails from Terrence Durkin, General Counsel, Pentagon Energy, LLC (Aug. 15, 2019).

<sup>3</sup> Pentagon Energy's blanket authorization to export CNG to Mexico by vessel and truck, granted in DOE/FE Order No. 4067 on July 28, 2017, extended through July 27, 2019. In its application, Pentagon Energy requests that their authorization take effect beginning on the date the DOE/FE issues this Order. Pentagon Energy amended their application to request an effective date beginning July 28, 2019. *See* Application and email from Terrence Durkin, General Counsel, Pentagon Energy, LLC. (Aug. 15, 2019).

trade agreement requiring national treatment for trade in natural gas is in effect, by vessel and truck meets the section 3(c) criterion 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 a volume equivalent to 200 Bcf of natural gas in ISO containers to Mexico by vessel or truck pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term which began on July 28, 2019, and extends through July 27, 2021.

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 authorized by this Order, Pentagon Energy, LLC 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 imports or 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 thousand cubic feet (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).

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(s) of exit; and (8) 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, 2019, and should cover the reporting period from July 28, 2019, through August 31, 2019.

E. All monthly report filings on Form FE-746R shall be made to the U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation, Analysis, and Engagement, according to the methods of submission listed on the Form FE-746R reporting instructions available at <https://www.energy.gov/fe/services/natural-gas-regulation>.

Issued in Washington, D.C., on September 3, 2019.

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Office of Oil and Natural Gas