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July 19, 2018

SUBMITTED ELECTRONICALLY TO FERGAS@HQ.DOE.GOV

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By DOE/FE at 10:16 am, Jul 20, 2018

Ms. Larine A. Moore
US Department of Energy
FE-34
P.O. Box 44375
Washington, DC 20026-4375

Re: *Amended Application of Copeq Trading Co. for Long-Term Authorization to Export Natural Gas by Pipeline to Mexico*, FE Docket No. 18-87-NG

Dear Ms. Moore,

Please find attached for filing the amended application of Copeq Trading Co. (“Copeq” or “Applicant”) for long-term authorization to export natural gas from the United States by pipeline into Mexico in an amount up to the equivalent of 24.78 billion standard cubic feet of natural gas per year (“Amended Application”). This electronic copy Amended Application, submitted via e-mail includes a photocopy of the \$50.00 check submitted with the original application, but does not include electronic copies of the confidential agreements in Appendices C and D, as both were submitted under seal with the original application and remain unchanged. The sole purpose of this Amended Application is to highlight, and reinforce, that Copeq intends to export natural gas sourced in the United States into Mexico. Copeq respectfully requests that this Amended Application be considered in conjunction with its original application, including all the appendices

therein, but to the extent there are any inconsistencies between the applications, that the language in this Amended Application control.

Copeq renews its requests that Appendices C and D to the original application be afforded confidential treatment pursuant to 10 C.F.R. § 590.202(e). These agreements and the information therein should be afforded confidential treatment and exempted from public disclosure because they (1) have been held in confidence by the counterparties, (2) are of a type customarily held in confidence, (3) are being transmitted to DOE/FE in confidence, (4) are not publicly available, and, (5) if disclosed, may cause substantial harm to the competitive positions of the parties to the agreement. *See* 10 C.F.R. § 590.1004.11(f).

Copeq respectfully requests expedited consideration of its Amended Application, and waiver of the ninety (90) day advanced filing requirement in 10 CFR Part 590.201(b), to facilitate Copeq's export of natural gas from the United States into Mexico in time with the commencement dates of its natural gas transportation and natural gas supply agreements, effective retroactively to July 1, 2018.

Please acknowledge receipt of this Amended Application by email to gayelentz@tklaw.com. Should you have any questions, please do not hesitate to contact me at (512) 469-6165 or Nicolas McTyre at (512) 469-6146.

Respectfully submitted,

/s/ Gaye Lentz_____

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Counsel for Copeq Trading Co.

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

In the matter of:

COPEQ TRADING CO.

)

FE Docket No. 18-____-NG

**AMENDED APPLICATION FOR LONG-TERM
AUTHORIZATION TO EXPORT NATURAL GAS TO
MEXICO**

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

In the matter of:

COPEQ TRADING CO.

)

FE Docket No. 18-____-NG

**AMENDED APPLICATION FOR LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO; REQUESTS FOR EXPEDITED
CONSIDERATION AND WAIVER OF 10 CFR PART 590.201(B)**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the Department of Energy’s (“DOE”) regulations, 10 C.F.R. Part 590, Copeq Trading Co., (“Applicant” or “Copeq”) respectfully requests that the DOE, Office of Fossil Energy (“DOE/FE”) issue an order granting it long-term authorization to export to Mexico up to 24.78 billion cubic feet (“Bcf”) per year of natural gas for a 10-year term to commence by July 1, 2018, coinciding with the commencement dates of Copeq’s long-term United States gas transportation agreement (attached in Appendix C to the original application) and its gas supply swap agreement (attached in Appendix D to the original application). Presently, Copeq has a short-term authorization to export 0.3 BCF/day of gas pursuant to DOE/FE Order No. 4123. This amended application seeks an expanded and long-term export authorization to accommodate the growing industrial long term need for natural gas of the party to which Copeq plans to export such natural gas, as described later this application.

Given that Copeq’s gas transportation agreement and gas supply swap agreement commenced on July 1, 2018, Copeq respectfully requests expedited consideration of its application, and waiver of the ninety (90) day advanced filing requirement in 10 CFR Part 590.201(b), and a retroactive effective date of July 1, 2018, consistent with the commencement date of these agreements.

Under NGA Section 3(c), “the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest . . .”¹ The United States has in effect a Free Trade Agreement (“FTA”) with Mexico requiring national treatment for trade in natural gas. Therefore, the authorization sought by Copeq “to export natural gas to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.”²

I. COMMUNICATIONS

Communications regarding this Application should be directed to:

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To the extent necessary, Copeq requests waiver of 10 C.F.R. § 590.202(a) to allow each of the persons listed above to be named to the official service list.

¹ 15 U.S.C. § 717b(c).

² See *Techgen S.A. de C.V.*, DOE/FE Docket No. 14-94-NG, Order No. 3521 at 4 (Oct. 10, 2014).

II. APPLICANT

The exact legal name of Applicant is Copeq Trading Co. (“Copeq”). Copeq is a corporation organized under the laws of the State of Texas on October 15, 1985, with the purpose of facilitating the export of natural gas from the United States into Mexico for ultimate industrial use as a fuel and feedstock in petrochemical manufacturing and remarketing (to extent the exported natural gas is not used for industrial purposes) in Mexico. Copeq is a wholly owned subsidiary of Alpek, S.A.B. de C.V.,³ organized under the laws of Mexico (“Alpek”). Copeq plans to export United States sourced natural gas to Alpek, a leading producer of PTA and PET polyesters worldwide and the largest expandable polystyrene manufacturer in the Americas. Alpek operates manufacturing plants across Mexico including in Monterrey, Altamira, Salamanca, Ocotlan, Lerma, and Cosoleaque, and Copeq understands that Alpek plans to use its existing transportation capacity rights on Mexican pipelines to transport the natural gas from the United States that Copeq exports to Alpek through the United States-Mexico border to Alpek’s various plants in Mexico.

Alpek’s parent company is Alfa, S.A.B. de C.V., a holding company managing a portfolio of diversified subsidiaries operating in the refrigerated foods processing, petrochemical manufacturing, auto parts manufacturing, information technology services, and oil and gas production and exploration sectors.

III. DESCRIPTION OF USE

Copeq seeks to export natural gas sourced in the United States to Mexico for use by its parent company Alpek. As described earlier, Alpek is a leading petrochemical company in the Americas, operating primarily in two business segments (a) polyester (PTA, PET and polyester

³ As a *Sociedad Anónima Bursátil de Capital Variable*, Alpek is a publicly-traded Mexican company with its shares listed on the Mexican Stock Exchange.

fibers) and (b) plastics and chemicals (polypropylene, EPS, caprolactam and other specialty chemicals).

Copeq requests to export from the United States into Mexico 24.78 bcf of natural gas annually, which it understands Alpek will use in Mexico for industrial use as a fuel and feedstock in Alpek's petrochemical manufacturing operations (and remarketing as described above). Operation of Alpek's various petrochemical manufacturing plants is energy intensive with various resources used as fuel and industrial feedstock. Natural gas (methane) plays important role as an industrial fuel in the operation of petrochemical industrial machinery, and as an industrial feedstock, as the building block for various chemicals including: ammonia, methanol, formaldehyde, and acetic acid.

Copeq requests export authorization for up to 70,000 million British Thermal Units ("MMBtu") per day of natural gas, equivalent to approximately 67.9 million cubic feet ("MMcf") per day.⁴ Projected over a year, the requested export volumes of natural gas are approximately 24,783 MMcf, or 24.78 Bcf.

IV. NATURAL GAS SOURCE

Copeq will source natural gas from production in the United States that it intends to export to Mexico pursuant to applicable DOE/FE authorizations. In addition to a five (5) year supply of natural gas that Copeq shall obtain through the Gas Supply Swap Agreement (hereinafter defined), Copeq intends to negotiate supply agreements with natural gas producers with production areas in Texas or with other counterparties through natural gas marketers and, plans to ship this supply using firm capacity under its ten (10) year gas transportation agreement ("KM GTA") with Kinder

⁴ Conversion from MMBtu to Mcf is based on a heat content of 975 Btu per cubic foot, which is the lower heating value guaranteed under natural gas transportation service agreements entered into by Copeq.

Morgan Texas (“KM Texas”), in satisfaction of its supply obligations under the Gas Supply Swap Agreement. Consistent with other export authorization applicants,⁵ an applicant may acquire fuel through short-term agreements and spot market purchases. Maintaining flexibility to acquire natural gas prospectively from multiple producers or marketers will allow applicants to access diverse supplies of natural gas based on terms that are consistent with then-current economic conditions.

As described earlier, Copeq entered into a 10-year gas transportation agreement with KM Texas, an intrastate pipeline regulated by the Railroad Commission of Texas, for firm capacity on its pipeline system to transport up to 70,700 MMBtu per day of natural gas from production areas in Texas to delivery points on the United States side of the United States- Mexico border. The ten year term of the KM GTA commences on July 1, 2018, and ends on June 30, 2028. As set forth above, Copeq requests a long-term authorization to export natural gas from the United States to Mexico coinciding with the term of this agreement.

On May 30, 2018, Copeq entered into a gas supply swap agreement (“Gas Supply Swap Agreement”) with a counterparty owning firm transportation capacity on the neighboring Net Mexico Pipeline LP, intrastate gas transportation pipeline (“Net Mexico Pipeline”). With a five year term commencing on July 1, 2018 and terminating on June 30, 2023, the Gas Supply Swap Agreement provides that Copeq will ship and deliver 70,000 MMBtu’s of natural gas to the PEMEX/KMBP Arguelles Rollup delivery point on the Kinder Morgan Border Pipeline, LLC (a

⁵ See, e.g., *Freeport LNG Expansion, LP*, DOE/FE Docket No. 10-161-LNG, Order No. 3282 at 11 (May 17, 2013) (“FLEX states that, although some of the proposed export supply may be secured through long-term contracts, it expects to draw large volumes of natural gas for itself and for its LTA customers from the spot market.”); *Sabine Pass Liquefaction, LLC*, DOE/FE Docket No. 13-42-LNG, Order No. 3307 at 5 (Jul. 12, 2013) (“SPL notes that this supply can be sourced in large volumes in the spot market, or else pursued under long-term arrangements.”); *Venture Global LNG, LLC*, DOE/FE Docket No. 13-69-LNG, Order No. 3345 at 5- 6 (Sept. 27, 2013) (“Venture Global states that this supply may be sourced in requisite volumes in the spot market or pursued under long-term arrangements.”).

valid delivery point using Copeq's firm transportation capacity under the KM GTA). The counterparty is obligated to ship and deliver the same quantity of gas to the Los Ramones Pipeline delivery point on the Net Mexico Pipeline (on the US side of the US-Mexico border), using its firm service entitlement on that system. Under the terms of the Gas Supply Swap Agreement, title to each party's natural gas will transfer to the other party upon the gas reaches the respective delivery points. Thus, upon transfer of title, Copeq will own 70,000 MMBtu of gas at the Net Mexico Pipeline, Los Ramones Pipeline delivery point in the United States. Thus, the Gas Supply Swap Agreement will provide Copeq with a long term supply of United States sourced natural gas to export from the United States into Mexico in the amount of 24.78 Bcf per year, for a five year period commencing on July 1, 2018.

Under the terms of the Gas Supply Swap Agreement, Copeq will source 70,000 MMBtu of natural gas for a five year period from the counterparty, delivered to the Los Ramone Pipeline delivery point on the Net Mexico Pipeline in the United States. Copeq intends to export from the United States into Mexico those 70,000 MMBtu of natural gas each day through the international border to the Mexican side of the border. Copeq entered into this Gas Supply Swap Agreement because Alpek's transportation rights on Mexican pipelines corresponded best with delivery on the Net Mexico Pipeline for connection with Alpek's various plants on the Mexican side, and the existing delivery points KM GTA (and the corresponding interconnected receipt points on the Mexican side of the border) did not offer the necessary interconnections and/or deliverability to Alpek's petrochemical plants and other desired destination plants.

Consistent with DOE's regulations, in 10 C.F.R. §§ 590.202(e) and 1004.11, Applicant is has filed with its original application confidential versions of the KM GTA (Appendix C), and the

Gas Supply Swap Agreement (Appendix D) under seal due to the sensitive commercial terms contained in those agreements.

V. REQUESTED AUTHORIZATION

Copeq requests long-term authorization to export from the United States into Mexico up to 24.78 Bcf per year of natural gas for a ten year term commencing on July 1, 2018 and, retroactively effective and running concurrently with, the term of the KM Texas GTA and the commencement date of the Gas Supply Swap Agreement. While a long-term authorization need not be limited by the terms of associated long-term agreements,⁶ the term requested here is fully consistent with Copeq's 10-year KM GTA and commences on the same date as the Gas Supply Swap Agreement's commencement date.

Presently, Copeq has a short-term authorization to export 0.3 BCF/day of gas pursuant to DOE/FE Order No. 4123. Copeq does not have any other existing DOE/FE long-term or short-term authorizations and is not aware of any other related matters being considered by the DOE/FE or the Federal Energy Regulatory Commission ("FERC").

VI. PUBLIC INTEREST

The requested long-term authorization to export natural gas from the United States into Mexico is consistent with the public interest. Section 3(a) of the NGA requires that the DOE/FE authorize natural gas exports unless "it finds that the proposed exportation . . . will not be consistent with the public interest."⁷ Under NGA Section 3(c), "the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest" and applications for such exportation

⁶ See *SB Power Solutions Inc.*, DOE/FE Docket No. 12-50-LNG, Order No. 3105 (Jun. 15, 2012) (granting 25- year authorization without coextensive long-term agreements).

⁷ 15 U.S.C. § 717b(a).

“shall be granted without modification or delay.”⁸ The United States has in effect a free trade agreement with Mexico requiring national treatment for trade in natural gas. Therefore, exports to Mexico, as proposed herein, are deemed consistent with the public interest.⁹

VII. ENVIRONMENTAL IMPACT

Granting the long-term authorization is not expected to have any environmental impacts. Transportation of natural gas within the United States, across the U.S.-Mexican border, and within Mexico will occur over existing pipeline facilities. As the ultimate delivery for the gas contemplated by this application will be through existing interconnections between Alpek’s plants and existing Mexican gas pipelines, Copeq does not envision the construction of any new pipeline or plant lines as part of Copeq’s export request.

VIII. APPENDICES AND ENCLOSURES

Accompanying this Amended Application, Applicant has included the following appendices (with the exception of confidential Appendices C and D which were filed with the original application) and in compliance with the DOE’s regulations and in support of the requested authorization:

Appendix A	Verification of Authorized Representative
Appendix B	Opinion of Counsel
Appendix C	Confidential version of KM GTA <i>Filed under seal pursuant to 10 C.F.R. § 590.202(e).</i>
Appendix D	Confidential version of Gas Supply Swap Agreement <i>Filed under seal pursuant to 10 C.F.R. § 590.202(e).</i>

⁸ 15 U.S.C. § 717b(c).

⁹ See *Energia Chichuahua, S.A. de C.V.*, DOE/FE Docket No. 13-120-NG, Order No. 3348 at 3 (Oct. 24, 2013) (finding authorization request “to export natural gas to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.”).

Appendix E Certification of Thompson & Knight LLP

IX. CONCLUSION

WHEREFORE, because export from the United States of natural gas into Mexico is deemed to be consistent with the public interest under NGA Section 3(c), Copeq respectfully asks that DOE/FE issue without modification or delay an order granting the requested long-term authorization for Copeq to export from the United States up to 24.78 Bcf per year of natural gas into Mexico for a ten year term retroactively effective on July 1, 2018 and ending on June 30, 2028.

Respectfully submitted,

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/s/ Gaye Lentz
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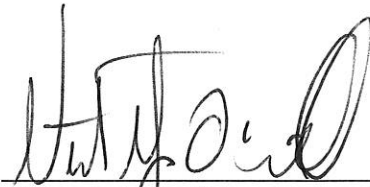
Attorneys for Copeq Trading Co.

July 19, 2018

APPENDIX A
VERIFICATION

VERIFICATION

Pursuant to 10 C.F.R. § 590.103(b) (2014), I, Victor Antonio Yrizar O’Farrill, state that I am a Manager for Copeq Trading Company; that I am duly authorized to execute this verification; that I have the foregoing document and I am familiar with the contents thereof; and that I affirm all statements of facts therein are true and correct to the best of my knowledge, information, and belief.



Victor Antonio Yrizar O’Farrill
On behalf of
Copeq Trading Co.

Date: July 19, 2018

APPENDIX B
OPINION OF COUNSEL

THOMPSON & KNIGHT LLP

ATTORNEYS AND COUNSELORS

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July 19, 2018

Mr. John A. Anderson
Office of Fossil Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue SW
Washington, DC 20585

Re: *Application of Copeq Trading Co. for Long-Term Authorization to Export Natural Gas by Pipeline to Mexico*
FE Docket No. 18-____-NG

Dear Mr. Anderson:

This opinion of counsel is furnished to you pursuant to Section 590.22(c)¹⁰ of the Department of Energy Regulations as part of the application of Copeq Trading Co. (“Copeq”) for long-term authorization to export from the United States natural gas to Mexico (“Application”). As counsel for the applicant, we can confirm that: (a) Copeq is a corporation organized under the law of Texas, who is a wholly-owned subsidiary of Alpek, S.A.B. de C.V. a *Sociedad Anónima Bursátil de Capital Variable* (“Alpek”), a publicly traded company in Mexico (b) the corporate purpose of Copeq includes exporting from the United States natural gas into Mexico for use by Alpek as a fuel and industrial feedstock in petrochemical manufacturing. In forming our opinion, we have reviewed and relied upon the formation documents, corporate books and other information provided to us by Copeq.

Based on the foregoing and for the purposes of the Application to the Office of Fossil Energy, we are of the opinion that the proposed exports from the United States into Mexico as described in the Application are within the corporate powers of Copeq.

Very truly yours,

/s/ Gaye Lentz

Gaye Lentz
Thompson & Knight LLP

¹⁰ 10 C.F.R. § 590.202 (c) (2014)

APPENDIX C

**Confidential Gas Transportation Agreement
Between Copeq Trading Co. and
Kinder Morgan Texas Pipeline LLC**

Filed under seal pursuant to 10 C.F.R. § 590.202(e)

APPENDIX D

**Confidential Gas Supply Swap Agreement
Between Copeq Trading Co. and
a Confidential Counterparty**

Filed under seal pursuant to 10 C.F.R. § 590.202(e)

APPENDIX E
CERTIFIED STATEMENT

CERTIFIED STATEMENT OF AUTHORIZED REPRESENTATIVE

Pursuant to 10. C.F.R. § 590.103(b) (2014), I, Gaye Lentz, hereby certify that I am a duly authorized representative of Copeq Trading Company, and that I am duly authorized to sign and file with the Department of Energy, Office of Fossil Energy, on behalf of Copeq Trading Company, the foregoing document and in the above-captioned proceeding.

Dated at Austin, TX, this 19th day of July, 2018.

/s/ Gaye Lentz _____

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Counsel for Copeq Trading Co.

THOMPSON & KNIGHT LLP

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Diane M. Schaffler

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