

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT

NFE ALTAMIRA FLNG, S. DE R.L. DE C.V.

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DOCKET NO. 22-110-LNG

NOTICE OF ENVIRONMENTAL ASSESSMENT

JUNE 27, 2023

I. BACKGROUND

On September 9, 2022, NFE Altamira FLNG, S. de R.L. de C.V. (NFE Altamira) filed an application (Application)¹ with the Office of Fossil Energy and Carbon Management (FECM) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA).² In the Application, NFE Altamira stated that it was submitting the Application in connection with the development of a floating liquefaction and export terminal project proposed by its affiliate, Mexico FLNG S. de R.L. de C.V.³ This proposed facility, known as New Fortress Energy's Altamira FLNG Project (Project),⁴ would be located off the coast of Altamira, Tamaulipas, Mexico, in the Gulf of Mexico.⁵

NFE Altamira requests long-term, multi-contract authorization to export U.S.-sourced natural gas to Mexico, and after liquefaction in Mexico, to other countries as described below, in a combined total volume equivalent to 158 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas (0.43 Bcf per day (Bcf/d)).⁶ NFE Altamira seeks to export this volume of natural gas for the following purposes:

- (i) To use approximately 13 Bcf/yr (0.03 Bcf/d) in Mexico as “fuel in the liquefaction process and [] process gas loss during the pretreatment process;”⁷ and

¹ NFE Altamira FLNG, S. de R.L. de C.V., Application for Long-Term, Multi-Contract Authorizations to Export Natural Gas to Mexico and to Re-Export Liquefied Natural Gas from Mexico to Free Trade Agreement and Non-Free Trade Agreement Nations, Docket No. 22-110-LNG (Sept. 9, 2022) [hereinafter NFE Altamira App.].

² 15 U.S.C. § 717b. The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA has been delegated to the Assistant Secretary for FECM in Redelegation Order No. S4-DEL-FE1-2023, issued on April 10, 2023.

³ NFE Altamira App. at 2.

⁴ The acronym “FLNG” in the natural gas industry refers to “floating liquefied natural gas.”

⁵ NFE Altamira App. at 2, 5, 18.

⁶ *Id.* at 1.

⁷ *Id.* at 5 (stating that the two liquefaction systems would consume approximately 6.5 Bcf/yr of natural gas each, for a total of 13 Bcf/yr of natural gas) & n.13.

- (ii) To use approximately 145 Bcf/yr of natural gas (0.40 Bcf/d) of natural gas in the proposed Project, where the U.S.-sourced natural gas would be liquefied, then re-exported⁸ as liquefied natural gas (LNG) by vessel to:
 - (a) Any country with which the United States has entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries), under NGA section 3(c);⁹ and
 - (b) Any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries), under NGA section 3(a).¹⁰

NFE Altamira further states that it seeks these authorizations “in order to re-export from Mexico U.S.-sourced natural gas for which it has acquired title in the United States, as well as U.S.-sourced volumes for which it acquires title in Mexico.”¹¹ NFE Altamira requests the FTA and non-FTA authorizations on a non-additive basis for a term to commence on the date of first export following the commencement of commercial operation of the Project, and extending through December 31, 2050.¹²

On March 3, 2023, in Order No. 4960, DOE granted the FTA portion of the Application, as required by NGA section 3(c).¹³ NFE Altamira is thus authorized to export natural gas to Mexico in the total requested volume of 158 Bcf/yr of natural gas—which includes export by pipeline (13 Bcf/yr) and re-export after liquefaction in Mexico to FTA countries (145 Bcf/yr

⁸ For purposes of this proceeding, “re-export” means to ship or transmit U.S.-sourced natural gas in its various forms (gas, compressed, or liquefied) subject to DOE’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.

⁹ 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.

¹⁰ 15 U.S.C. § 717b(a); *see* NFE Altamira App. at 2, 7.

¹¹ NFE Altamira App. at 2.

¹² *Id.* at 2-3, 7.

¹³ *NFE Altamira FLNG, S. de R.L. de C.V.*, DOE/FECM Order No. 4960, Docket No. 22-110-LNG, Order Granting Long-Term Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (Mar. 3, 2023).

equivalent).¹⁴ The requested non-FTA volume, if approved, would not be additive to this FTA volume.

According to NFE Altamira, the U.S.-sourced natural gas for which it has acquired title in the United States would be exported to Mexico at the United States-Mexico border via the existing border-crossing facilities of Valley Crossing Pipeline, LLC (Valley Crossing Pipeline), and potentially, cross-border natural gas pipelines that may be constructed in the future and that interconnect with the Sur de Texas – Tuxpan Pipeline offshore natural gas pipeline system.¹⁵ Additionally, NFE Altamira states that it may purchase U.S.-sourced natural gas in Mexico from upstream suppliers who have exported the natural gas from the United States (under the supplier’s own FTA export authorization or under this requested authorization), with NFE Altamira acting as agent.¹⁶ Once constructed, the Project would 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 vessels for delivery to export destinations.¹⁷

For the non-FTA portion of NFE Altamira’s request,¹⁸ DOE published a notice of the Application in the *Federal Register* (Notice of Application) on October 6, 2022.¹⁹ The Notice of Application called on interested persons to submit protests, motions to intervene, notices of intervention, and comments by December 5, 2022.²⁰ On December 5, 2022, Sierra Club filed a Motion to Intervene and Protest, with accompanying exhibits, opposing the non-FTA portion of

¹⁴ See *id.* at 4, 15-16.

¹⁵ *Id.* at 1 & n.5, 6.

¹⁶ *Id.* at 5-6, 8-9.

¹⁷ *Id.* at 5-7.

¹⁸ DOE finds that the requirement for public notice of applications, as well as other hearing-type procedures in 10 C.F.R. Part 590, apply only to applications seeking to export natural gas, including LNG, to non-FTA countries.

¹⁹ See NFE Altamira FLNG, S. de R.L. de C.V.; Application for Long-Term, Multi-Contract Authorization To Export Domestically Produced Natural Gas to Mexico and To Re-Export Liquefied Natural Gas From Mexico to Non-Free Trade Agreement Countries; Notice of Application, 87 Fed. Reg. 60,667 (Oct. 6, 2022) [hereinafter Notice of App.].

²⁰ *Id.* at 60,668.

NFE Altamira’s Application.²¹ Sierra Club supplemented its filing on December 9, 2022, with electronic copies of documents that were hyperlinked in its initial filing. NFE Altamira filed an Answer in Opposition to Sierra Club’s Protest on December 20, 2022.²²

Before reaching a final decision on a non-FTA application under NGA section 3(a), DOE must also comply with the National Environmental Policy Act (NEPA).²³ In evaluating applications for re-export authorization similar to NFE Altamira’s Application, DOE has used recent guidance to inform its environmental analysis. On January 27, 2021, the President issued Executive Order (E.O.) No. 14008, *Tackling the Climate Crisis at Home and Abroad*.²⁴ Additionally, on April 20, 2022, the Council on Environmental Quality (CEQ) issued a final rule for implementing CEQ’s NEPA regulations, including the definition of environmental “effects.”²⁵ DOE has determined that, consistent with E.O. 14008 and its obligations under NEPA, it is appropriate to evaluate the potential environmental impacts—including the greenhouse gas (GHG) emissions—of exporting (or re-exporting) U.S.-sourced LNG from the proposed Project to non-FTA countries. Therefore, in this Notice, DOE is announcing that it is undertaking an environmental assessment (EA) under NEPA to analyze NFE Altamira’s requested exports of U.S.-sourced LNG to non-FTA countries, as described below.

II. ENVIRONMENTAL ASSESSMENT UNDER NEPA

²¹ Sierra Club, Motion to Intervene and Protest of NFE Altamira FLNG’s Request for Export and Re-Export Authorization, Docket No. 22-110-LNG (Dec. 5, 2022).

²² NFE Altamira FLNG, S. de R.L. de C.V., Answer in Opposition to Protest of Sierra Club, Docket No. 22-110-LNG (Dec. 20, 2022).

²³ 42 U.S.C. § 4321 *et seq.*

²⁴ E.O. 14008 sets forth policies to address climate change, specifically to “organize and deploy the full capacity of [Federal] agencies to combat the climate crisis.” Exec. Order No. 14008 of Jan. 27, 2021, *Tackling the Climate Crisis at Home and Abroad*, 86 Fed. Reg. 7,619 (Feb. 1, 2021), <https://www.federalregister.gov/documents/2021/02/01/2021-02177/tackling-the-climate-crisis-at-home-and-abroad>. E.O. 14008 further requires the “Federal Government [to] drive assessment, disclosure, and mitigation of climate pollution and climate-related risks in every sector” of the U.S. economy. *Id.*

²⁵ See Council on Env’tl. Quality, National Environmental Policy Act Implementing Regulations Revisions; Final Rule, 87 Fed. Reg. 23,453 (Apr. 20, 2022).

DOE has identified the following four topics for analysis in the EA (although this list is not intended to predetermine any analysis and is subject to change):

(1) Production of U.S.-Sourced Natural Gas: The potential environmental impacts associated with unconventional natural gas exploration and production activities in the lower-48 states, using DOE's *Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States*²⁶ already in the record for this proceeding;²⁷

(2) Cross-Border Pipeline: The utilization of the cross-border pipeline facilities in Texas that interconnect the United States and Mexico and that NFE Altamira may utilize for its U.S. natural gas supply.²⁸ The EA will take into account any environmental review for such pipeline facilities previously conducted by the Federal Energy Regulatory Commission;

(3) Mexico's Environmental Review: Because the proposed Project would be constructed and operated in Mexico, a description of Mexico's environmental review process for the construction and operation of liquefaction terminals and related facilities;²⁹ and

(4) GHG Emissions: The global nature of GHG emissions associated with re-exporting U.S.-sourced LNG from Mexico from a life cycle perspective, using DOE's two life cycle GHG reports already in the record for this proceeding.³⁰

²⁶ U.S. Dep't of Energy, *Addendum to Environmental Review Documents Concerning Exports of Natural Gas From the United States*, 79 Fed. Reg. 48,132 (Aug. 15, 2014) [hereinafter *Addendum*]; *see also* <https://www.energy.gov/fecm/addendum-environmental-review-documents-concerning-exports-natural-gas-united-states>.

²⁷ *See* Notice of App., 87 Fed. Reg. at 60,668.

²⁸ In the Application, NFE Altamira states that export from the United States would take place via the Valley Crossing Pipeline, which "is a Texas intrastate pipeline, located in South Texas and designed to export natural gas to Mexico" and that "originates at the Nueces Header system near Agua Dulce with connectivity to a mix of approximately 10 intrastate and interstate pipelines," and potentially, cross-border natural gas pipelines that also interconnect with Sur de Texas – Tuxpan Pipeline that may be constructed in the future. NFE Altamira App. at 6. Additionally, as Appendix D to its Application, NFE Altamira provides a map of the proposed Project facilities.

²⁹ This description of Mexico's environmental review process will be included in the EA for completeness. In the Application, NFE Altamira provides a detailed discussion of the Mexican Government's process for reviewing and approving the construction of liquefaction terminals and associated pipeline facilities to be located in Mexico. *See* NFE Altamira App. at 19-22 & Appendix E.

³⁰ In 2014, DOE published its first life cycle GHG report prepared by DOE's National Energy Technology Laboratory (NETL). *See* U.S. Dep't of Energy, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States*, 79 Fed. Reg. 32,260 (June 4, 2014). In 2019, DOE published an update to the 2014 Report also prepared by NETL. *See* Nat'l Energy Tech. Lab., *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 Update* (DOE/NETL-2019/2041) (Sept. 12, 2019), <https://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf>; *see also* U.S. Dep't of Energy, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update – Response to Comments*, 85 Fed. Reg. 72 (Jan. 2, 2020). Both the 2014 Report and (as noted above) 2019 Update are in the record for this proceeding. *See* Notice of App., 87 Fed. Reg. at 60,668.

DOE will prepare the EA in accordance with the CEQ regulations at 40 C.F.R. Parts 1500-1508 and DOE's NEPA implementing procedures at 10 C.F.R. Part 1021. Pursuant to 10 C.F.R. § 1021.301(c), DOE is concurrently providing notice of the EA to the cross-border host state of Texas, and to all Indian Tribes on or within 100 kilometers of the U.S. border in that state.

DOE intends to complete a draft EA for public comment. Following a 30-day public comment period, DOE will finalize the EA, including addressing any public comments received on the draft EA. DOE's projected schedule for this process is as follows:

Notice of Availability of Draft EA	August 25, 2023
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Notice of Availability of Final EA	November 17, 2023
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DOE notes that it may need to obtain further information from the applicant to complete its analysis, and the schedule above assumes that DOE receives complete and prompt (within approximately two weeks) responses to such inquiries. Should there be a need to modify this schedule, DOE will provide notice of such change in the docket for this proceeding.

Issued in Washington, D.C., on June 27, 2023.

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