

November 21, 2023  
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[6450-01-P]

**DEPARTMENT OF ENERGY**

**[Docket No. 22-167-LNG]**

**Notice of Availability for the Draft Environmental Assessment for the Mexico Pacific Limited Facility**

**AGENCY:** Office of Fossil Energy and Carbon Management, Department of Energy.

**ACTION:** Notice of availability.

**SUMMARY:** The U.S. Department of Energy (DOE) has prepared a Draft Environmental Assessment (EA) to determine how to review the potential environmental impacts associated with authorizing Mexico Pacific Limited LLC (MPL) to export natural gas to Mexico and, after liquefaction in Mexico, to other countries from the proposed MPL Facility. DOE is also announcing a public comment period to receive comments on the Draft EA. DOE prepared the Draft EA in accordance with the National Environmental Policy Act of 1969 (NEPA), to inform its decision on authorization under the Natural Gas Act (NGA).

**DATES:** The 30-day public comment period extends from the date of publication of this Notice in the Federal Register through **[INSERT 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

**ADDRESSES:** Questions concerning the Draft EA or requests for a paper copy should be directed to: Brian Lavoie via email to *brian.lavoie@hq.doe.gov* or phone at (202) 586-2459.

**Electronic Filing by email (Strongly encouraged):** *fergas@hq.doe.gov*.

**Postal Mail, Hand Delivery, or Private Delivery Services (e.g., FedEx, UPS, etc.)**

U.S. Department of Energy (FE-34)  
Office of Regulation, Analysis, and Engagement  
Office of Fossil Energy and Carbon Management  
Forrestal Building, Room 3E-056  
1000 Independence Avenue SW,  
Washington, DC 20585.

Due to potential delays in DOE's receipt and processing of mail sent through the U.S. Postal Service, we encourage respondents to submit filings electronically to ensure timely receipt.

An electronic copy of the Draft EA may be found online on the following website:

[https://www.energy.gov/sites/default/files/2023-11/MPL\\_Draft%20Environmental%20Assessment\\_Final\\_11.21.23.pdf](https://www.energy.gov/sites/default/files/2023-11/MPL_Draft%20Environmental%20Assessment_Final_11.21.23.pdf).

## **FOR FURTHER INFORMATION CONTACT:**

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## **SUPPLEMENTARY INFORMATION:**

### **Background**

On December 28, 2022, MPL filed an application (Application)<sup>1</sup> with DOE's Office of Fossil Energy and Carbon Management (FECM) under section 3 of the Natural Gas Act (NGA).<sup>2</sup> MPL supplemented its Application on January 24, 2023.<sup>3</sup> MPL stated that it was seeking additional export authority in connection with the continuing development of its proposed liquefied natural gas (LNG) production and offtake facility, referred to as the MPL Facility, to be

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<sup>1</sup> Mexico Pacific Limited LLC, Application for Additional Long-Term, Multi-Contract Authorization to Export Natural Gas to Mexico and to Re-Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Nations, Docket No. 22-167-LNG (Dec. 28, 2022) [hereinafter MPL App.].

<sup>2</sup> 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 Redelelegation Order No. S4-DEL-FE1-2023, issued on April 10, 2023.

<sup>3</sup> Mexico Pacific Limited LLC, Supplement to Application, Docket No. 22-167-LNG (Jan. 24, 2023) [hereinafter MPL App. Supp.].

located on the Gulf of California, in the State of Sonora, Mexico.<sup>4</sup> Previously, in Docket No. 18-70-LNG, DOE authorized MPL to export U.S.-sourced LNG from the MPL Facility in a total volume equivalent to 621 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas. MPL also stated that it has since advanced and refined the Facility’s design to “enhance the efficiency and optimize the operational capabilities of the MPL Facility.”<sup>5</sup>

MPL requests long-term, multi-contract authorization to export an additional quantity of U.S.-sourced natural gas to Mexico, and after liquefaction in Mexico, to other countries, in a total volume equivalent to 425.57 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas (1.17 Bcf per day (Bcf/d)),<sup>6</sup> as follows:

- (i) To use approximately 134.35 Bcf/yr (0.37 Bcf/d) in Mexico as “fuel for pipeline transportation or liquefaction in Mexico;”<sup>7</sup>
- (ii) To use approximately 291.22 Bcf/yr of natural gas (0.80 Bcf/d) of natural gas in the proposed MPL Facility, where the U.S.-sourced natural gas would be liquefied, then re-exported<sup>8</sup> as 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);<sup>9</sup> and

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<sup>4</sup> See MPL App. at 4, 6.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* at 1.

<sup>7</sup> *Id.* at 3.

<sup>8</sup> 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.

<sup>9</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.

(b) Any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries), under NGA section 3(a).<sup>10</sup>

MPL requests these FTA and non-FTA authorizations on a non-additive basis for a term to commence on the earlier of the date of first export or seven years from the date of the final order granting export authorization, and extending through December 31, 2050.<sup>11</sup> MPL states that the total volume of 425.57 Bcf/yr that it is seeking authorization to export, when added to the 621 Bcf/yr that MPL is currently authorized to export in Docket No. 18-70-LNG, would equal a total of 1,046.57 Bcf/yr to be exported from the MPL Facility.<sup>12</sup>

On April 28, 2023, in Order No. 4995, DOE granted the FTA portion of the Application, as required by NGA section 3(c).<sup>13</sup> MPL is thus authorized to export natural gas to Mexico in the total requested additional volume of 425.57 Bcf/yr of natural gas—which includes export by pipeline for use as a fuel for pipeline transportation or liquefaction (134.35 Bcf/yr) and re-export after liquefaction in Mexico to FTA countries (291.22 Bcf/yr).<sup>14</sup> The requested non-FTA volume, if approved, would not be additive to this FTA volume.

According to MPL, the U.S.-sourced natural gas would be exported to Mexico at the United States-Mexico border via existing and, potentially, future cross-border natural gas transmission pipelines.<sup>15</sup> MPL adds that it would not source natural gas for the MPL Facility from Mexico.<sup>16</sup> MPL plans initially to receive the natural gas produced in the United States and

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<sup>10</sup> 15 U.S.C. 717b(a); *see* MPL App. at 3, 4, 10.

<sup>11</sup> MPL App. at 10. Additionally, MPL requests these authorizations on its own behalf and as agent for other entities that hold title to the U.S.-sourced natural gas at the time it is exported to Mexico and/or at the time it is re-exported as LNG from Mexico. *Id.* at 11.

<sup>12</sup> *Id.* at 3, 8-9.

<sup>13</sup> *Mexico Pac. Ltd. LLC*, DOE/FECM Order No. 4995, Docket No. 22-167-LNG, Order Granting Long-Term Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (Apr. 28, 2023).

<sup>14</sup> *See id.* at 5, 13.

<sup>15</sup> *See* MPL App. at 9; *see also* MPL App. Supp. at 1-2.

<sup>16</sup> *See* MPL App. at 9.

exported to Mexico through existing cross-border natural gas transmission pipelines, including an interstate pipeline owned by Sierrita Gas Pipeline LLC, and intrastate natural gas pipelines owned by Comanche Trail Pipeline, LLC, Roadrunner Gas Transmission, LLC and Trans Pecos Pipeline, LLC.<sup>17</sup> MPL asserts that, if the proposed border crossing pipeline owned by Saguaro Connector Pipeline, L.L.C. obtains authorization and the related Presidential Permit from the Federal Energy Regulatory Commission (FERC), MPL would expect to add that pipeline to the several existing pipeline routes over which MPL and its customers may transport natural gas from the United States to Mexico for delivery to the MPL Facility.<sup>18</sup>

For the non-FTA portion of MPL's request,<sup>19</sup> DOE published a notice of the Application in the *Federal Register* (Notice of Application) on February 1, 2023.<sup>20</sup> The Notice of Application called on interested persons to submit protests, motions to intervene, notices of intervention, and comments by April 3, 2023.<sup>21</sup> On March 29, 2023, the Institute for Energy Economics and Financial Analysis filed comments opposing MPL's Application.<sup>22</sup> On April 3, 2023, Public Citizen, Inc. and Sierra Club each filed a motion to intervene and protest, with Sierra Club's filing including additional exhibits.<sup>23</sup>

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<sup>17</sup> See *id.*

<sup>18</sup> MPL App. Supp. at 2.

<sup>19</sup> DOE finds that the requirement for public notice of applications, as well as other hearing-type procedures in 10 CFR part 590, apply only to applications seeking to export natural gas, including LNG, to non-FTA countries.

<sup>20</sup> See Mexico Pacific Limited LLC; Application for Additional Long-Term, Multi-Contract Authorization to Export U.S.-Sourced Natural Gas to Mexico and to Re-Export Liquefied Natural Gas from Mexico to Non-Free Trade Agreement Countries; Notice of Application, 88 FR 6716 (Feb. 1, 2023) [hereinafter Notice of App.].

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

<sup>22</sup> Institute for Energy Economics and Financial Analysis, Comments Regarding the Application to Expand Export and Re-Export Operations by Mexico Pacific Limited LLC, Docket No. 22-167-LNG (Mar. 29, 2023).

<sup>23</sup> Public Citizen, Inc., Motion to Intervene and Protest, Docket No. 22-167-LNG (Apr. 3, 2023); Sierra Club, Motion to Intervene and Protest, Docket No. 22-167-LNG (Apr. 3, 2023). For additional procedural history, including but not limited to Supplemental Comments subsequently filed by Sierra Club and opposed by MPL, see Docket No. 22-167-LNG.

Before reaching a final decision on a non-FTA application under NGA section 3(a), DOE must also comply with NEPA.<sup>24</sup> In evaluating applications for re-export authorization similar to MPL’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*.<sup>25</sup> 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.”<sup>26</sup> 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 emissions—of exporting (or re-exporting) U.S.-sourced LNG from the proposed MPL Facility to non-FTA countries. Therefore, on October 23, 2023, DOE issued a “Notice of Environmental Assessment” announcing that it is undertaking an environmental assessment (EA) under NEPA to analyze MPL’s requested exports of U.S.-sourced LNG to non-FTA countries.<sup>27</sup>

The Draft EA examined the potential environmental impacts associated with unconventional natural gas exploration and production activities in the lower-48 states; the utilization of the cross-border pipelines that interconnect the United States and Mexico and that MPL may utilize for its U.S. natural gas supply; descriptions of Mexico’s environmental review process for the construction and operation of liquefaction terminals and related facilities; marine

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<sup>24</sup> 42 U.S.C. 4321 *et seq.*

<sup>25</sup> 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 FR 7619 (Feb. 1, 2021), [www.federalregister.gov/documents/2021/02/01/2021-02177/tackling-the-climate-crisis-at-home-and-abroad](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.*

<sup>26</sup> See Council on Env’tl. Quality, National Environmental Policy Act Implementing Regulations Revisions; Final Rule, 87 FR 23453 (Apr. 20, 2022).

<sup>27</sup> *Mexico Pac. Ltd. LLC*, Notice of Environmental Assessment, Docket No. 22-167-LNG (Oct. 23, 2023).

transport of LNG exported from the proposed MPL Facility; and the global nature of GHG emissions associated with re-exporting U.S.-sourced LNG from Mexico from a life cycle perspective.

### **NEPA Process and Public Involvement**

DOE prepared the Draft EA in accordance with the CEQ regulations at Title 40, *Code of Federal Regulations*, parts 1500–1508 (40 CFR 1500-1508) and DOE’s NEPA implementing procedures at 10 CFR part 1021. DOE published a Notice of Environmental Assessment to Docket No. 22-167-LNG on October 23, 2023, announcing its intent to prepare an EA. DOE is providing opportunities for public review and comments on this Draft EA (see **DATES** and **ADDRESSES** sections of this notice).

Signed in Washington, DC, on November 21, 2023.

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Office of Resource Sustainability