

U.S. Department of Energy
Categorical Exclusion Determination
Office of Fossil Energy



MEXICO PACIFIC LIMITED LLC (MPL)
FE DOCKET NO. 18-70-LNG

PROPOSED ACTION DESCRIPTION: Mexico Pacific Limited LLC (MPL), a Delaware limited liability company with its principal place of business in Houston, Texas, filed an application (Application) with the Office of Fossil Energy (FE) of the Department of Energy (DOE) on June 18, 2018. In the Application, MPL requests long-term, multi-contract authorization to export domestically produced natural gas by pipeline¹ from the United States to Mexico and, after liquefaction in Mexico, to re-export² the U.S.-sourced natural gas in the form of liquefied natural gas (LNG) to other countries as described below. MPL requests this authorization in a volume up to the equivalent of 621 billion cubic feet per year (Bcf/yr) of natural gas, or 1.7 Bcf per day (Bcf/d), for a term of 20 years. MPL seeks to re-export the LNG from the proposed Mexico Pacific Limited Facility (MPL Facility), to be constructed in the state of Sonora, Mexico. MPL requests authority to re-export this LNG from the MPL Facility to any country with which trade is not prohibited by U.S. law or policy. The Application was submitted pursuant to section 3 of the Natural Gas Act (NGA) and 10 CFR Part 590 of the Department of Energy's (DOE) regulations.

The portion of the Application seeking to re-export U.S.-sourced natural gas in the form of LNG to non-FTA countries will be reviewed under NGA section 3(a). In reviewing the Application, DOE/FE must consider its obligations under the National Environmental Policy Act (NEPA) and its separate obligation under NGA section 3(a) to ensure that the proposal is not inconsistent with the public interest.

The Department's regulations at 10 CFR Part 1021, Subpart D, Appendix B5, provide a list of categorical exclusions from preparation of either an Environmental Impact Statement or an Environmental Assessment under NEPA by DOE. Specifically, categorical exclusion B5.7 provides a categorical exclusion where approvals or disapprovals of authorizations to import or export natural gas under NGA section 3 involve minor operational changes but not new construction. MPL's proposed exports and re-exports from the proposed MPL Facility fall within the scope of the B5.7 categorical exclusion for two reasons. First, MPL will construct the natural gas liquefaction facility at issue—the proposed MPL Facility—in Mexico. This construction is outside the United States, and therefore is beyond the scope of DOE's environmental review under NEPA. Second, the requested authorization only authorizes exports of U.S.-sourced natural gas on existing cross-border transmission pipelines, including the Sierrita Pipeline, and therefore will not lead to any future construction or operational changes to expand the capacity of the Sierrita Pipeline or other facilities located within the United States. Accordingly, DOE/FE will apply a categorical exclusion under NEPA for the Application.

CATEGORICAL EXCLUSION APPLIED: B5.7 - Import or export natural gas, with operational changes

For the complete DOE National Environmental Policy Act regulations regarding categorical exclusions, including the full text of each categorical exclusion, see Subpart D of 10 CFR Part 1021.

Regulatory Requirements in 10 CFR 1021.410(b): (See full text in regulation)

¹ One anticipated point-of-exit for the export of the natural gas is at the U.S.-Mexican border near Sasabe, Arizona, at the juncture of the Sierrita Gas Pipeline LLC (Sierrita Pipeline) where it interconnects with the Gasoducto Sonora Pipeline.

² For purposes of this Categorical Exclusion Determination, "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 Natural Gas Act, 15 U.S.C. § 717b, from one foreign country (*i.e.*, a country other than the United States) to another foreign country.

] The proposal fits within a class of actions that is listed in Appendix A or B to 10 CFR Part 1021, Subpart D.

To fit within the classes of actions listed in 10 CFR Part 1021, Subpart D, Appendix B, a proposal must be one that would not: (1) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders; (2) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities; (3) disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases; (4) have the potential to cause significant impacts on environmentally sensitive resources, including, but not limited to, those listed in paragraph B(4) of 10 CFR Part 1021, Subpart D, Appendix B; (5) involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those listed in paragraph B(5) of 10 CFR Part 1021, Subpart D, Appendix B.

] There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

] The proposal has not been segmented to meet the definition of a categorical exclusion. This proposal is not connected to other actions with potentially significant impacts (40 CFR 1508.25(a)(1)), is not related to other actions with individually insignificant but cumulatively significant impacts (40 CFR 1508.27(b)(7)), and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211 concerning limitations on actions during preparation of an environmental impact statement.

Based on my review of the proposed action, as NEPA Compliance Officer, I have determined that the proposed action fits within the specified class(es) of action, the other regulatory requirements set forth above are met, and the proposed action is hereby categorically excluded from further NEPA review.

Signature: Mark J. Matarrese

Date Determined: 12/13/18

Mark J. Matarrese, NEPA Compliance Officer, Office of Fossil Energy