

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

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ENERGIA AZTECA X,S. DE R.L. DE C.V.  
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) FE DOCKET NO. 01-15-NG  
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**ORDER GRANTING LONG-TERM AUTHORIZATION  
TO EXPORT NATURAL GAS TO MEXICO**

**DOE/FE ORDER NO. 1678**

**MAY 7, 2001**

## I. Description of Request

On April 16, 2001, Energia Azteca X, S. de R.L. de C.V. (EAX) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) <sup>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, for authority to export up to 135,000 MMBtu <sup>2/</sup> of natural gas per day to northern Baja California, Mexico. EAX is a Mexican firm and a wholly-owned indirect subsidiary of InterGen, B.V., which is a Dutch corporation. The gas will be purchased from Coral Energy Resources, L.P. (Coral Energy) and transported by El Paso Natural Gas Pipeline and North Baja Pipeline to a U.S./Mexico border crossing near Yuma, Arizona. Supplies received by EAX will be used for fuel to generate electricity at a new 750-megawatt power plant it is building near Mexicali, Mexico. When completed, two-thirds of the electrical power generated by the facility will be sold to the Comisión Federal de Electricidad. EAX has dedicated the remainder of the electricity produced by the facility to supply Coral Power LLC in California. The plant is scheduled to begin commercial operation on April 1, 2003, and the exports would continue 15 years beyond that date through March 31, 2018. However, unspecified additional amounts of gas will be needed before then for initial equipment testing. EAX has arranged with Coral Energy for early delivery of gas on an interim, interruptible basis during the plant's test period which is expected to start July 1, 2002.

Under the *Gas Sales Agreement* with Coral Energy, dated December 1, 2000, EAX will pay a flexible rate for the contract quantities. It is based on changes in the arithmetic average price of gas delivered to large end use customers by two specific domestic pipeline suppliers, as quoted in the "Daily Price Survey" published by the *Gas Daily* on the day exports are delivered, minus \$.05 per MMBtu. If Coral Energy, for reasons other than *force majeure*, fails to meet its obligation to deliver the daily quantity nominated by EAX, then it must compensate EAX for any additional costs

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1. 15 U.S.C. § 717b.

2. One million Btus. One MMBtu is equal to approximately one Mcf.

incurred in obtaining alternate supplies of gas equal to the amount of under delivery, plus liquidated damages of \$.15 per MMBtu. The contract provides for Coral Energy to be the sole supplier of the power plant. On any day EAX, for reasons other than *force majeure*, fails to purchase the total gas requirements of the power plant from Coral Energy it must pay for the volumes not taken.

## II. FINDING

The application filed by EAX 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 export of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by EAX 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.

## ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Energia Azteca X, S. de R.L. de C.V. (EAX) is authorized to export up to 135,000 Mcf of natural gas per day to Mexico for a 15-year term from April 1, 2003, through March 31, 2018.

B. This natural gas will be exported by pipeline at a point on the international border near Yuma, Arizona, under the *Gas Sales Agreement* between EAX and Coral Energy Resources, L.P., dated December 1, 2000. It will be used as fuel in an electric generating power plant EAX is building near Mexicali, Mexico in the State of Baja California Norte. To the extent needed, additional amounts of gas may be exported on an interruptible basis during the plant's test period which is expected to start July 1, 2002.

C. Within two weeks after deliveries begin, EAX will provide written notification of the date that the first export of natural gas authorized in Ordering Paragraph B for power plant equipment testing occurred.

D. With respect to all of the natural gas exports ( both firm and interruptible supplies) authorized by this Order, EAX will file, within 30 days following each calendar quarter, reports indicating whether any exports have been made. If no exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, EAX will report the following information: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller; (4) the name of the purchaser; (5) the duration of the gas purchase agreement; (6) the names of the United States transporters; and (7) the point of exit. [OMB No.: 1901-0294]

D. The notification and reports described in Ordering Paragraphs C and D of this Order will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 2002, and should cover the period from July 1, 2002 until the end of the third calendar quarter, September 30, 2002.

Issued in Washington, D.C., on May 07, 2001.

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