

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

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VISTA PACIFICO LNG S.A.P.I DE C.V.

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DOCKET NO. 20-153-LNG

NOTICE OF ENVIRONMENTAL ASSESSMENT

JULY 12, 2022

## **I. BACKGROUND**

On November 18, 2020, Vista Pacifico LNG, S.A.P.I. de C.V. (Vista Pacifico) filed an Application<sup>1</sup> with the Department of Energy’s (DOE) Office of Fossil Energy and Carbon Management (formerly the Office of Fossil Energy)<sup>2</sup> under section 3 of the Natural Gas Act (NGA).<sup>3</sup> Vista Pacifico supplemented the Application with additional documentation on November 23, 2020.<sup>4</sup> Vista Pacifico states that the Application pertains to the “VPLNG Mid-Scale Project” (or the Project).<sup>5</sup> Vista Pacifico proposes to construct and operate the VPLNG Mid-Scale Project on the Gulf of California, approximately 500 miles south of the U.S./Mexico border in Topolobampo, Sinaloa, Mexico.<sup>6</sup>

Vista Pacifico requests authorization to export domestically produced natural gas from the United States to Mexico, and after liquefaction in Mexico, to other countries in a combined total volume equivalent to 240 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas, or 0.66 Bcf per day (Bcf/d). Vista Pacifico seeks to export this volume of natural gas for the following purposes:

- (i) To use approximately 40 Bcf/yr (0.11 Bcf/d) in Mexico for use as fuel for pipeline transportation or liquefaction in Mexico;<sup>7</sup>

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<sup>1</sup> Vista Pacifico LNG, S.A.P.I. de C.V., Application for Long-Term, Multi-Contract Authorizations to Export Natural Gas to Mexico and to Export Liquefied Natural Gas From Mexico to Free Trade Agreement and Non-Free Trade Agreement Nations, Docket No. 20-153-LNG (Nov. 18, 2020) [hereinafter App.].

<sup>2</sup> The Office of Fossil Energy (FE) changed its name to the Office of Fossil Energy and Carbon Management (FECM) on July 4, 2021.

<sup>3</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 Redelegation Order No. S4-DEL-FE1-2021, issued on March 25, 2021.

<sup>4</sup> Letter from Brett A. Snyder, Counsel for Vista Pacifico, to Amy Sweeney, DOE, Additional Documentation, Docket No. 20-153-LNG (Nov. 23, 2020).

<sup>5</sup> App. at 5.

<sup>6</sup> *See id.*; *see also id.* at 8-9 (stating that one of Vista Pacifico’s parent companies, Infraestructura Energetica Nova, S.A.B. de C.V. (IEnova), has secured an option to purchase a 370.66-acre site in Topolobampo for the Project).

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

- (i) To use approximately 200 Bcf/yr of natural gas (0.55 Bcf/d) in the proposed VPLNG Mid-Scale Project, where the U.S.-sourced natural gas will be liquefied, then re-exported<sup>8</sup> as LNG by vessel to:
  - (a) Any country with which the United States has, or in the future enters into, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries),<sup>9</sup> and
  - (b) Any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).<sup>10</sup>

Vista Pacifico requests that both the FTA and non-FTA authorization commence on the earlier of the date of first commercial export or a date seven years from the date each authorization is granted, and end on December 31, 2050.<sup>11</sup>

On April 9, 2021, in Order No. 4688, DOE granted the FTA portion of the Application, as required by NGA section 3(c).<sup>12</sup> Vista Pacifico is thus authorized to export natural gas to Mexico in the total requested volume of 240 Bcf/yr of natural gas—which includes export by pipeline (40 Bcf/yr) and re-export after liquefaction in Mexico to FTA countries (200 Bcf/yr).<sup>13</sup> The requested non-FTA volume, if approved, would not be additive to this FTA volume.

Vista Pacifico states that the natural gas will be exported to Mexico at the United States-Mexico border via existing and, potentially, future cross-border natural gas transmission pipelines.<sup>14</sup> Vista Pacifico further states that, once the Project is constructed, it will be capable

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<sup>8</sup> For purposes of this Order, “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.

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

<sup>11</sup> App. at 4, 11, 50-51.

<sup>12</sup> *Vista Pacifico LNG, S.A.P.I. de C.V.*, DOE/FE Order No. 4688, Docket No. 20-153-LNG, Order Granting Long-Term Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (Apr. 9, 2021).

<sup>13</sup> *See id.* at 11.

<sup>14</sup> *See* App. at 3, 5-6.

of receiving, processing, and liquefying the U.S.-sourced natural gas, storing the resulting LNG, and loading the LNG onto ocean-going LNG carriers for re-export to other countries.<sup>15</sup>

For the non-FTA portion of Vista Pacifico’s request,<sup>16</sup> DOE published a notice of the Application in the *Federal Register* (Notice of Application) on December 8, 2020.<sup>17</sup> The Notice of Application called on interested persons to submit protests, motions to intervene, notices of intervention, and comments by February 8, 2021.<sup>18</sup> DOE received no filings in response to the Notice of Application, and therefore the non-FTA portion of the Application is uncontested.<sup>19</sup>

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).<sup>20</sup> Since the time that Vista Pacifico filed its Application in 2020, the President has issued E.O. 14008, *Tackling the Climate Crisis at Home and Abroad*.<sup>21</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>22</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 (GHG) emissions—of exporting (or re-

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<sup>15</sup> See *id.* at 5; see also *id.* at 13-14 (describing the Project).

<sup>16</sup> DOE finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590 are applicable only to applications seeking to export natural gas, including LNG, to non-FTA countries.

<sup>17</sup> See Vista Pacifico LNG, S.A.P.I. de C.V., Application for Long-Term, Multi-Contract Authorization to Export Domestically Produced Natural Gas Through Mexico to Non-Free Trade Agreement Countries After Liquefaction to Liquefied Natural Gas; Notice of Application, 85 Fed. Reg. 79,003 (Dec. 8, 2020) [hereinafter Notice of App.].

<sup>18</sup> *Id.*

<sup>19</sup> See 10 C.F.R. § 590.102(b).

<sup>20</sup> 42 U.S.C. § 4321 *et seq.*

<sup>21</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 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.*

<sup>22</sup> See Council on Env’t Quality, Nat’l Env’t Policy Act Implementing Regulations Revisions; Final Rule, 76 Fed. Reg. 23,453 (Apr. 20, 2022).

exporting) U.S.-sourced LNG from the proposed VPLNG Mid-Scale Project to non-FTA countries. Therefore, in this Notice, DOE is announcing that it is undertaking an environmental assessment (EA) under NEPA to analyze Vista Pacifico's requested exports of U.S.-sourced LNG to non-FTA countries, as described below.<sup>23</sup>

## II. ENVIRONMENTAL ASSESSMENT UNDER NEPA

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*<sup>24</sup> already in the record for this proceeding;<sup>25</sup>

**(2) Cross-Border Pipelines:** The utilization of the cross-border pipeline facilities in the states of Arizona, Texas, and California that interconnect the United States and Mexico and that Vista Pacifico may utilize for its U.S. natural gas supply.<sup>26</sup> The EA will take into account any environmental review for such pipelines previously conducted by the Federal Energy Regulatory Commission (FERC) under NGA section 7;<sup>27</sup>

**(3) Mexico's Environmental Review:** Because the proposed Project will 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;<sup>28</sup> and

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<sup>23</sup> Concurrently with this Notice, DOE is issuing a similar notice in the *Energia Costa Azul, S. de R.L. de C.V.* proceeding (Docket No. 18-145-LNG), which also involves an application to re-export U.S.-sourced LNG from a liquefaction facility proposed to be constructed and operated in Mexico.

<sup>24</sup> 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>.

<sup>25</sup> *See* Notice of App., 85 Fed. Reg. at 79,004.

<sup>26</sup> In the Application, Vista Pacifico identifies existing cross-border facilities that it states are among "several options" for transporting U.S.-sourced natural gas to the proposed Project. App. at 18. Additionally, as Appendix D, Vista Pacifico provides an index and map of the cross-border facilities "that have either already been approved or have been proposed to FERC prior to and independent of the VPLNG Mid-Scale Project." *Id.* at 17; *see also id.* at 5-6 n.7 and Appendix D.

<sup>27</sup> 15 U.S.C. § 717f.

<sup>28</sup> This description of Mexico's environmental review process will be included in the EA for completeness. In the Application, Vista Pacifico 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* App. at 18-21.

**(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.<sup>29</sup>

DOE will prepare the EA in accordance with 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 states of Arizona, Texas, and California (where the possible cross-border pipeline facilities are located, *see supra* at 5), and to all tribes on or within 100 kilometers of the U.S. border in those three states. DOE anticipates completing the EA by the end of October 2022.

Issued in Washington, D.C., on July 12, 2022.

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Amy R. Sweeney  
Director, Office of Regulation, Analysis and Engagement  
Office of Resource Sustainability

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<sup>29</sup> 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). As noted above, both the 2014 Report and 2019 Update are in the record for this proceeding. *See* Notice of App., 85 Fed. Reg. at 79,004.