

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:

El Paso Natural Gas Company
Docket No. CP12-74-000
Draft Presidential Permit
April 5, 2012

The Honorable Hillary Rodham Clinton
Secretary of State
Washington, DC 20520

Dear Madam Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 3, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00A, effective May 16, 2006, enclosed herewith for your information and consideration is a copy of an application filed by El Paso Natural Gas Company (El Paso) with the Federal Energy Regulatory Commission on February 20, 2012, in Docket No. CP12-74-000. In its application, El Paso seeks to amend its existing Natural Gas Act section 3 authorization and Presidential Permit originally issued on November 29, 1993 and previously amended on June 11, 1997 and January 31, 2002.

In the November 29, 1993 Presidential Permit, the Commission authorized El Paso to site, construct, operate, and maintain facilities at the International Boundary between the United States and Mexico for the exportation of natural gas from the Samalayuca Lateral pipeline in El Paso County, Texas to Chihuahua, Mexico (Samalayuca Crossing). In the amended permit issued June 11, 1997, the Commission authorized El Paso to lengthen the Samalayuca Crossing, with an authorized export capacity of 208,000 Mcf per day. In the amended permit issued January 31, 2002, the Commission increased the facilities' authorized export capacity from 208,000 to 308,000 Mcf per day. Now, in its February 20, 2012 filing, El Paso requests an increase in the facilities' authorized export capacity to up to 544,500 Mcf per day. El Paso states that no construction is necessary.

Also enclosed for your consideration is a draft copy of the proposed amended Presidential Permit to be issued to El Paso if the Commission approves the application. The proposed Presidential Permit incorporates terms and conditions you and the Secretary of Defense have heretofore required in similar cases. Consistent with current

Commission policy, Article 9 of the draft permits differs from Article 9 of the original permits. Article 9 is revised to state that the permittee is required to defer to the Commission's finding and requirement regarding which authorized facilities should be removed and which should remain in place, in the event that they are no longer used.

A similar letter, together with a draft of the proposed Presidential Permit and a copy of the application, is being sent to the Secretary of Defense. If the Secretary of Defense should make an unfavorable recommendation or proposes any material change in the draft of the amended Presidential Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, if you need any further information.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Enclosures:
Copy of Application
Draft Permit

DRAFT

**AMENDED PERMIT
AUTHORIZING EL PASO NATURAL GAS COMPANY
TO CONSTRUCT, OPERATE, MAINTAIN
AND CONNECT NATURAL GAS FACILITIES
AT THE INTERNATIONAL BOUNDARY
BETWEEN THE UNITED STATES AND MEXICO**

**FEDERAL ENERGY REGULATORY COMMISSION
DOCKET NO. CP12-74-000**

(Issued _____, 2012)

El Paso Natural Gas Company (El Paso), a corporation organized under the laws of the State of Delaware, filed on February 20, 2012, an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00A, requesting that the Commission issue an order under section 3 of the Natural Gas Act and an amended Presidential Permit authorizing El Paso to increase the authorized export capacity of the Samalayuca Crossing facility at the international boundary between the United States and Mexico from 308,000 to 544,500 Mcf per day.

By letter dated _____, 2012, the Secretary of State, and by letter dated _____, 2012, the Secretary of Defense, favorably recommended that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00A, effective May 6, 2006, and the Commission's Regulations, permission is granted to El Paso to operate and maintain the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application therefor.

Article 2. The following facilities are subject to this Permit:

Approximately 750 feet of 24-inch pipeline and appurtenant facilities, known as the Samalayuca Crossing, with a maximum capacity of 544,500 Mcf per day, located approximately six miles south of Clint, Texas, that extends to the international boundary between the United States and Mexico in El Paso County Texas.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the transportation of natural gas from the United States to Mexico only in the amount, at the rate, and in the manner authorized under section 3 of the Natural Gas Act.

Article 4. The operation and maintenance of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of Defense that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of Defense, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain

substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

Article 9. Upon the termination, revocation, or surrender of this Permit, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The facilities authorized shall be removed within such time as the Commission may specify and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

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Nathaniel J. Davis, Sr.,
Deputy Secretary.