

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 3, 2013

In Reply Refer To:  
Houston Pipe Line Company LP  
Docket No. CP14-13-000  
Presidential Permit

The Honorable John F. Kerry  
Secretary of State  
Washington, DC 20520

Dear Mr. Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 1, 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 Houston Pipe Line Company LP (Houston Pipe Line) with the Federal Energy Regulatory Commission on October 28, 2013, in Docket No. CP14-13-000, for authorization under section 3 of the Natural Gas Act and a Presidential Permit to site, construct, and operate natural gas export facilities at the international boundary between the United States and Mexico in Hidalgo County, Texas.

In its October 28, 2013 filing, Houston Pipe Line states that the new border crossing facilities will consist of approximately 703 feet of 24-inch diameter pipeline with a daily export capacity of approximately 140 million cubic feet per day (MMcf/d), designed to transport natural gas to a new delivery interconnect with a to-be-constructed short stub line on the Mexico side of the international boundary to which will deliver natural gas supplies into Pemex Pipeline's system. The border crossing facilities will receive gas from a new intrastate lateral pipeline (Edinburg Extension) that Houston Pipe Line proposes to construct, own, and operate under the jurisdiction of the Texas Railroad Commission. The Edinburg Extension will consist of approximately 23 miles of 24-inch diameter pipeline with a capacity of approximately 140 MMcf/d, and will transport predominantly Texas-sourced gas, but may also transport non-Texas-sourced gas in interstate service pursuant to section 311(a)(2) of the Natural Gas Policy Act.

Also enclosed for your consideration is a draft copy of the Presidential Permit to be issued to Houston Pipe Line if the Commission approves its application. The proposed Presidential Permit incorporates terms and conditions you and the Secretary of Defense have required in similar cases.

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 propose any material change in the draft of the Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed Presidential Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, or Carolyn Clarkin at (202) 502-8563, if you need any further information.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

cc: The Honorable Chuck Hagel  
Secretary of Defense

Attachments:  
Application of Houston Pipe Line Company LP  
Draft of Presidential Permit

DRAFT

PERMIT AUTHORIZING HOUSTON PIPE LINE COMPANY LP  
TO SITE, CONSTRUCT, AND OPERATE NATURAL GAS FACILITIES  
AT THE INTERNATIONAL BOUNDARY  
BETWEEN THE UNITED STATES AND MEXICO

FEDERAL ENERGY REGULATORY COMMISSION  
Docket No. CP14-13-000

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Houston Pipe Line Company LP (Houston Pipe Line), a limited partnership organized under the laws of the State of Delaware, filed on October 28, 2013, in Docket No. CP14-13-000, 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 (NGA) and a Presidential Permit authorizing Houston Pipe Line to site, construct, and operate a new border crossing pipeline facility at the international boundary of the United States and Mexico to accommodate the exportation of natural gas between the United States and Mexico.

By letter dated \_\_\_\_\_, 2013 the Secretary of State, and by letter dated \_\_\_\_\_, 2013 the Secretary of Defense, favorably recommend that this Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of this Permit, allowing the export permission requested by Houston Pipe Line, is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 1, 1953 and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00A, effective May 16, 2006, and the Commission's regulations, permission is granted to Houston Pipe Line (Permittee) to operate and maintain the natural gas 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 therefore.

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

Approximately 703 feet of 24-inch diameter pipeline with a maximum daily export capacity of 140 million cubic feet per day, designed to transport natural gas to a new delivery interconnect with a to-be-constructed short stub line on the Mexico side at the international boundary between the United States and Mexico in Hidalgo County, Texas.

Article 3. The natural gas facilities subject to this Permit, or which may subsequently be included herein by modification or amendment, may be utilized for the transportation of natural gas between the United States and 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 the 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 water 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 therefore. 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, imported, 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 Permittee 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 replacement.

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 its 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.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.