ORDER ISSUING PRESIDENTIAL PERMIT AND GRANTING AUTHORIZATION
UNDER SECTION 3 OF THE NATURAL GAS ACT

(issued October 14, 2008)

1. On May 22, 2008, West Texas Gas, Inc. (WTG) and Reef International, L.L.C. (Reef) filed an application for a Presidential Permit and authorization under section 3 of the Natural Gas Act (NGA) for WTG to acquire, operate, and maintain the natural gas export facilities currently owned and operated by Reef pursuant to authorizations granted by the Commission.¹ The natural gas export facilities are located at the United States/Mexican border near Eagle Pass, Maverick County, Texas and Coahuila, Mexico.

2. For the reasons discussed below, we will grant the requested authorizations to WTG.

I. **Background and Proposal**

3. WTG is a corporation organized and existing under the laws of the State of Texas, with its principal office in Midland, Texas. WTG is predominantly engaged in the distribution of natural gas through discrete, non-interconnected intrastate pipeline systems located in West Texas and the Texas Panhandle. It is regulated by the Texas Railroad Commission.

4. Reef is a Texas limited liability company and a wholly-owned subsidiary of WTG. WTG acquired all the membership and interests of Reef in a transaction dated March 25, 2008. In addition to the border crossing facilities at issue here, Reef owns certain pipeline facilities in Texas regulated by the Texas Railroad Commission.

5. WTG currently is authorized to own and operate border crossing facilities near the city of Del Rio, Val Verde County, Texas\(^2\) and border crossing facilities near Eagle Pass, Texas.\(^3\) The facilities near Eagle Pass facilities are approximately one and one-half miles from the border crossing facilities that are the subject of this application. WTG holds a blanket certificate issued by the Department of Energy, Office of Fossil Energy, to export natural gas to Mexico.\(^4\)

7. In this proceeding, WTG requests authorization to own, operate, and maintain the existing pipeline facilities that Reef was authorized to construct in 1992 at the International Border near Eagle Pass, Maverick County, Texas.\(^5\) The facilities consist of approximately 400 feet of 12-inch diameter pipeline extending from intrastate pipeline facilities to an interconnection at the border with pipeline facilities owned by Compania Nacional De Gas, S.A. in Mexico. WTG states that no new construction is contemplated or proposed. The applicants further state that no service is presently provided by Reef through these border crossing facilities.

8. Applicants state WTG will use the subject border crossing facilities to serve potential new customers as well as a customer that presently receives service through WTG’s existing border crossing facilities located about one and one-half miles away.

II. Public Notice and Intervention

9. Notice of WTG and Reef’s application in Docket Nos. CP08-410-000 and CP02-74-000 was issued on May 30, 2008, and published in the Federal Register on June 6, 2008 (73 Fed. Reg. 32317). Comments were due on or before June 20, 2008. No notices of intervention, motions to intervene, or protests to on comments on the application were filed in response to the Commission’s notice of the application.

\(^2\) See West Texas Gas, Inc. 101 FERC ¶ 61,058 (2002).


\(^4\) See FE Docket No. 08-32-NG, DOE/FE Order No. 2486, issued April 16, 2008.

III. Consultation with Secretaries of State and Defense

10. On July 23, 2008, pursuant to Executive Order 12038, the Commission sent letters to the Secretaries of State and Defense seeking their recommendations on the applicants’ request for issuance of a Presidential Permit authorizing WTG’s operation of the subject border crossing facilities. By letters dated August 16, 2008 and September 17, 2008, the Departments of State and Defense, respectively, indicated no objections to the proposed Presidential Permit for WTG.

IV. Discussion

11. Pursuant to Department of Energy Delegation Order No. 00-004.00A, effective May 16, 2006, the Commission has delegated authority to issue Presidential Permits and to grant NGA section 3 authorizations.

12. Section 153.9 of the Commission’s regulations provides that prior Commission approval is necessary for the transfer of facilities authorized under section 3 of the NGA. Further, Article 8 of the 1991 Presidential Permit states that neither the Permit nor any of the facilities covered by the Permit may be voluntarily transferred.

13. The United States and Mexico are signatories to the North American Free Trade Agreement, which provides for fewer restrictions on natural gas imports and exports. NGA section 3 provides that “the exportation of natural gas to a nation with which there is a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation and exportation shall be granted without modification or delay.”

14. WTG will use the subject border crossing facilities to export domestic gas to Mexico as authorized by the U.S. Department of Energy. Reef is currently providing no services using the subject border crossing facilities. Since WTG states that it will use the facilities to transport only Texas-produced gas being exported to Mexico, WTG will not be using the facilities to transport gas in interstate commerce subject to section 7 of the NGA.

15. In view of the above considerations, the Commission finds that approval of the applicants’ proposal is consistent with the public interest. Therefore, the Commission will issue WTG a Presidential Permit, set forth in the appendix to this order, and NGA section 3 authorization to acquire the subject facilities from Reef and to continue operating the facilities for the exportation of natural gas supplies to Mexico.

16. The applicants’ proposal does not involve the construction, abandonment or modification of any facilities. Therefore, we find that no environmental concerns are raised by the application. For the same reason, we further find that granting WTG authorization to continue operating the existing export/border crossing facility would not
constitute a major federal action significantly affecting the quality of the human environment requiring the preparation of an environmental assessment or environmental impact statement.\textsuperscript{6}

17. The Commission on its own motion received and made part of the record to this proceeding all evidence, including the application and exhibits thereto submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission orders:

(A) A Presidential Permit and NGA section 3 authority are granted to WTG to operate and maintain export/border crossing facilities as described herein and in the application, subject to the conditions in the Presidential Permit.

(B) WTG shall sign and return the testimony of acceptance of all provisions, conditions and requirements of the Presidential Permit to the Secretary of the Commission within 30 day of the issuance of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,
Deputy Secretary.

\textsuperscript{6} See Montana Power Company, 93 FERC \ ¶ 61,149, at 61,466 (2000).
PRESIDENTIAL PERMIT
AUTHORIZING WEST TEXAS GAS, INC.,
TO ACQUIRE, OPERATE, AND MAINTAIN FACILITIES
FOR THE EXPORT OF NATURAL GAS
AT THE INTERNATIONAL BOUNDARY BETWEEN
THE UNITED STATES AND MEXICO
NEAR EAGLE PASS, MAVERICK COUNTY, TEXAS

FEDERAL ENERGY REGULATORY COMMISSION
DOCKET NO. CP08-410-000

(issued October 14, 2008)

West Texas Gas, Inc. (WTG) and Reef International, L.L.C. filed on May 22, 2008, in Docket Nos. CP08-410-000 and CP02-74-000, respectively, 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 Federal Energy Regulatory Commission (Commission) issue an order under section 3 of the NGA and a Presidential Permit authorizing WTG to acquire from Reef International, L.L.C. certain pipeline and related facilities and to operate and maintain such facilities, as described in Article 2 below, for the exportation of natural gas from the United States to Mexico.

Following the Commission’s initiation of consultation with the Secretaries of State and Defense in accordance with Executive Order 12038 seeking their recommendations on the issuance of a Presidential Permit authorizing WTG’s operation of the subject border crossing facilities, the Department of State, by letter dated August 16, 2008, and the Department of Defense, by letter dated September 17, 2008, indicated no objections the Commission’s issuance of such a Permit. The Federal Energy Regulatory Commission finds that the issuance of a Permit to WTG 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 16, 2006, and the Commission’s Regulations, permission is granted to WTG (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 400 feet of 12-inch diameter pipeline extending from a point on the United States side of the Rio Grande River to the mid-point of the River which is the international boundary near Eagle Pass, Maverick County, Texas and Coahuila, Mexico, and being the same border crossing facilities constructed by Reef International, L.L.C. pursuant to authorization granted by the Commission in Docket No. CP02-74-000, 99FERC ¶ 61,221 (2002).

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 exported 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 the Army 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 the Army, 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 their power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agree 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 imported or 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. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee’s expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittees’ 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 Permittees to any foreign government.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.
IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of ________________ has caused its name to be signed by ____________________, pursuant to a resolution of its Board of Directors duly adopted on the __ day of __________, ____, a certified copy of the record of which is attached hereto.

West Texas Gas, Inc.

By__________________________________________________________

(Atest)

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Executed in triplicate