

146 FERC ¶ 61,195  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;  
Philip D. Moeller, John R. Norris,  
and Tony Clark.

Houston Pipe Line Company LP

Docket No. CP14-13-000

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

(Issued March 20, 2014)

1. On October 28, 2013, Houston Pipe Line Company LP (Houston Pipe Line) filed an application seeking authorization under section 3 of the Natural Gas Act (NGA)<sup>1</sup> and a Presidential Permit to site, construct, operate, and maintain border-crossing facilities for the export and/or import of natural gas at the international boundary between the United States in Hidalgo County, Texas, and the Republic of Mexico in the vicinity of the City of Reynosa, State of Tamaulipas.<sup>2</sup>
2. For the reasons discussed below, the Commission will grant the requested authorizations, subject to certain conditions.

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<sup>1</sup> 15 U.S.C. § 717b (2012); 18 C.F.R. Part 153 (2013) (implementing regulations).

<sup>2</sup> Authorization under section 3 of the NGA is necessary for the siting, construction, or operation of facilities to import or export natural gas. In addition, pursuant to Executive Order No. 10485, dated September 3, 1953 (18 Fed. Reg. 5397), as amended by Executive Order No. 12038, dated February 3, 1978 (43 Fed. Reg. 4957), a Presidential Permit also must be obtained for the portion of an import or export facility crossing one of the United States international borders. In Delegation Order No. 00-004.00A, effective May 16, 2006, the Secretary of the U.S. Department of Energy (DOE) renewed the delegation of authority to the Commission to grant or deny authorization under section 3 of the NGA and, if applicable, a Presidential Permit for the construction, operation, maintenance, or connection of import and export facilities. The Commission has no authority to approve or disapprove applications to import or export natural gas. The Secretary of Energy has delegated such authority to DOE's Assistant Secretary for Fossil Energy.

## **I. Background and Proposal**

3. Houston Pipe Line is a limited partnership formed under the laws of the State of Delaware. Houston Pipe Line is also a wholly-owned indirect subsidiary of La Grange Acquisition, L.P., which does business as Energy Transfer Company. Houston Pipe Line owns and operates an extensive intrastate natural gas pipeline system, as defined in section 2(16) of the Natural Gas Policy Act of 1978 (NGPA), including over 3,900 miles of pipeline in Texas. Subject to the jurisdiction of the Railroad Commission of Texas, Houston Pipe Line gathers, transports, stores, purchases, and sells natural gas produced in the state of Texas. In addition to its intrastate services, Houston Pipe Line also provides interstate transportation service under section 311 of the NGPA subject to the Commission's jurisdiction and Part 284, Subpart C of the Commission's regulations.

4. Houston Pipe Line requests NGA section 3 authorization and a Presidential Permit to site, construct, operate, and maintain border-crossing facilities to transport natural gas that it, an affiliate, or shipper on its system has been authorized by DOE's Office of Fossil Energy to export to Mexico or import from Mexico. While the facilities at the border will be part of a project which will include the construction of an approximately 23-mile-long extension of Houston Pipe Line's existing Edinburg Lateral, the lateral extension (Edinburg Extension) is being constructed as part of Houston Pipe Line's intrastate system, and therefore, Houston Pipe Line is requesting NGA section 3 authorization and a Presidential Permit only for the approximately 703 feet of 24-inch-diameter pipeline that needs to be installed by horizontal directional drill (HDD) under the Rio Grande River to reach the international border at the middle of the river.<sup>3</sup> The export/import facility will have a design capacity of approximately 140 million cubic feet per day (MMcf/day) and a Maximum Allowable Operating Pressure (MAOP) of 1,300 pounds per square inch gauge (psig). However, Houston Pipe Line expects that the border-crossing facilities will operate at approximately 850 psig.

5. Houston Pipe Line's Edinburg Extension will supply the border-crossing facilities with gas from its intrastate system. Like the border-crossing facilities, the 23-mile-long, 24-inch-diameter Edinburg Extension will have an approximate capacity of 140 MMcf/day and a MAOP of 1,300 psig. The Edinburg Extension project will also include the installation of a meter station and other auxiliary facilities. Houston Pipe Line anticipates that the Edinburg Extension will eventually have interconnections with other

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<sup>3</sup> An affiliate of Houston Pipe Line will complete the HDD to install approximately 603 feet of pipeline under the Rio Grande River on the Mexico side of the border in the middle of the river. Houston Pipe Line's affiliate will also construct a short stub pipeline in Mexico from the HDD entry/exit point to the Pemex Pipeline, S.de R.L. de C.V. (the Pemex Pipeline), to primarily fuel gas-fired electric generation plants and supply potential industrial customers in northern Mexico. All construction activities will be subject to the jurisdiction of the Republic of Mexico.

intrastate and interstate pipelines and markets. It is anticipated that the Edinburg Extension will transport predominantly Texas-sourced gas to the border-crossing facilities, but it may also be used to transport non-Texas-sourced gas in interstate commerce under section 311 of the NGPA.

## **II. Public Notice, Interventions, and Comments**

6. Notice of Houston Pipe Line's application was published in the *Federal Register* on November 18, 2013 (78 Fed. Reg. 69,078). Calpine Energy Services, L.P. filed a timely motion to intervene. Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure.<sup>4</sup> No protests or adverse comments were filed.

## **III. Consultation with Secretaries of State and Defense**

7. On December 3, 2013, the Commission sent copies of the application and a draft Presidential Permit to the Secretaries of State and Defense for their recommendations. Replies on behalf of the Secretary of State filed January 31, 2014, and the Secretary of Defense filed January 14, 2014, indicate no objection to the issuance of the requested Presidential Permit.<sup>5</sup>

## **IV. Discussion**

### **A. Public Interest**

8. Because the proposed border-crossing facilities will be used to export and/or import natural gas across the United States/Mexico international border, construction and operation of the facilities is subject to the Commission's jurisdiction under section 3 of the NGA and issuance of a Presidential Permit.

9. Section 3 provides for the Commission's approval of an application under that section "unless . . . it finds that the proposed exportation or importation will not be consistent with the public interest."<sup>6</sup> Under its section 3 authority, the Commission may also apply terms and conditions as necessary and appropriate to ensure that the proposed

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<sup>4</sup> 18 C.F.R. § 385.214(c) (2013).

<sup>5</sup> Executive Order No. 10485, 18 Fed. Reg. 5397 (September 9, 1953), requires that the Commission obtain favorable recommendations of the Secretaries of State and Defense prior to issuing a Presidential Permit authorizing the construction of facilities at the borders of the United States for the exportation or importation of natural gas.

<sup>6</sup> 15 U.S.C. § 717b(a) (2012).

siting, construction, and operation of import and export facilities are not inconsistent with the public interest.<sup>7</sup>

10. NGA section 3 further provides that the exportation and importation of natural gas between the United States and “a nation with which there is in effect 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.”<sup>8</sup> The United States and Mexico are both signatories to the North American Free Trade Agreement (NAFTA).<sup>9</sup> The border-crossing facilities are needed to export gas to meet the expanding fuel demand for power generation and industrial activity in Mexico, and authorization for construction of the facilities therefore will promote national economic policy by reducing barriers to foreign trade and stimulating the flow of goods and services between the United States and Mexico by facilitating the transportation of natural gas imports and exports authorized by DOE’s Office of Fossil Energy.<sup>10</sup>

11. Construction and operation of the border-crossing facilities will have minimal impact on landowners. The construction activities will temporarily disturb 4.1 acres of land of which only 0.81 acres will be permanently maintained by Houston Pipe Line for operation and maintenance purposes. Houston Pipe Line has obtained all easements required to perform all construction activities on lands in the United States.<sup>11</sup> After construction, Houston Pipe Line will restore the disturbed areas in accordance with Commission guidelines. Further, as discussed below, this order’s authorization is subject

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

<sup>8</sup> 15 U.S.C. § 717b(c) (2012). We note that although the current intent is to use the authorized facility to export domestic gas into Mexico, Houston Pipe Line is also seeking authorization to use the border-crossing facilities to import gas from Mexico, should service for the importation of authorized gas be desired in the future.

<sup>9</sup> Pub. L. No. 103-182, 107 Stat. 2057 (1993); Implementation of the North American Free Trade Agreement Act, Executive Order No. 12889, 58 Fed. Reg. 69,681 (Dec. 27, 1993).

<sup>10</sup> *See, e.g., NET Mexico Pipeline Partners, LLC*, 145 FERC ¶ 61,112, at P 14 (2013); *El Paso Natural Gas Company*, 140 FERC ¶ 61,174, at P 10 (2012).

<sup>11</sup> While Houston Pipe Line does not anticipate the need for any further easement negotiations regarding the border-crossing facilities, we note that an authorization under section 3 of the NGA, unlike a certificate issued under section 7 of the NGA, does not enable the holder of the authorization to acquire necessary property rights by the exercise of the right of eminent domain.

to conditions based on the Commission's environmental review of Houston Pipe Line's proposal to mitigate any adverse environmental impacts.

12. In view of the above considerations, the Commission finds that the approval of Houston Pipe Line's proposed border-crossing facilities for the exportation and/or importation of natural gas is not inconsistent with the public interest. Therefore, the Commission will issue a Presidential Permit, set forth in Appendix B to this order, and NGA section 3 authorization to site, construct, operate, and maintain the proposed border-crossing facilities, subject to the environmental conditions in Appendix A to this order.

### **B. Environmental Analysis**

13. On December 18, 2013, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment for the Proposed 24-Inch Border Crossing Project and Request for Comments on Environmental Issues (NOI)*. The NOI was mailed to interested parties including federal, state, and local officials; agency representatives; environmental and public interest groups; Native American tribes; local libraries and newspapers; and affected property owners.

14. We received written comments in response to the NOI from the International Boundary and Water Commission, United States Section (USIBWC).<sup>12</sup> The USIBWC states that due to the location of the border-crossing facilities, the project must be licensed by the USIBWC. The USIBWC states that Houston Pipe Line had initiated the USIBWC's licensing process but that the USIBWC needed additional documentation, including Commission staff's environmental assessment (EA), to complete USIBWC's environmental review.<sup>13</sup>

15. To satisfy the requirements of the National Environmental Policy Act, our staff prepared an EA for Houston Pipe Line's proposal. The EA was placed into the public record on February 20, 2014. The analysis in the EA addresses geology, soils, water resources, wetlands, vegetation, fisheries, wildlife, threatened and endangered species, land use, cultural resources, air quality, noise, safety, cumulative impacts, and alternatives.

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<sup>12</sup> USIBWC January 23, 2014 Comments.

<sup>13</sup> Environmental Condition No. 8 in Appendix A to this order conditions authorization for Houston Pipe Line to commence construction of the border-crossing facilities on its submission of documentation that it has received each applicable authorization required under federal law or evidence that it has been granted a waiver.

16. As discussed in the EA, Houston Pipe Line would employ a HDD crossing method underneath the Rio Grande River, which would avoid direct impacts on the sensitive environmental resources associated with this waterbody. The HDD will consist of a 703-foot-long segment of 24-inch-diameter natural gas pipeline on the United States side of the international boundary in Hidalgo County, Texas, and about 603 feet of the same diameter pipeline extending south into Mexico. Construction of the border-crossing facilities within the United States will require a total temporary disturbance of about 4.1 acres of land. Following construction, Houston Pipe Line will retain about 0.81 acre for operation of the project facilities.

17. The EA states that Houston Pipe Line's proposed HDD would be at an alignment depth of 25 feet beneath the Rio Grande River, and concluded that a successful HDD of the river would result in little or no impact on this waterbody or biological resources. The EA also finds that Houston Pipe Line's proposed project would not significantly impact vegetation, endangered species, air quality, or cultural resources. Houston Pipe Line will implement several measures, as described in its Directional Drill Contingency Plan, to minimize the potential of any drilling fluid entering the Rio Grande River during the HDD.

18. Houston Pipe Line will also construct and operate a 23-mile-long non-jurisdictional extension of its Edinburg Lateral (Edinburg Extension) to interconnect its intrastate pipeline system with the border-crossing facilities. Houston Pipe Line's construction of the Edinburg Extension is subject to the jurisdiction of the Railroad Commission of Texas. While the related non-jurisdictional facilities are not subject to the Commission's review procedures, the EA identifies the pipeline construction procedures that would be used to construct the non-jurisdictional facilities and presents the known impacts on geology and soils, wetlands, waterbodies, wildlife, vegetation, land use, cultural resources, air quality, and noise.<sup>14</sup>

19. Based on the analysis in the EA, we conclude that if constructed and operated in accordance with Houston Pipe Line's application and supplements, and in compliance with the environmental conditions in Appendix A to this order, our approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

20. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this authorization. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or

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<sup>14</sup> EA at 24-27.

local laws, may prohibit or unreasonably delay the construction of facilities approved by this Commission.<sup>15</sup>

## V. Conclusion

21. At a hearing held on March 20, 2014, the Commission on its own motion, received and made part of the record all evidence, including the application, supplements, 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 authorization are issued authorizing Houston Pipe Line to site, construct, operate, and maintain border-crossing facilities to export and/or import natural gas, as described and conditioned in this order, subject to the conditions of the Presidential Permit and compliance with the environmental conditions in Appendix A to this order.

(B) Houston Pipe Line 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 days of the issuance of this order.

(C) The authorized export and/or import facilities shall be completed and placed in service within one year of the date of issuance of this order.

(D) Houston Pipe Line shall notify the Commission's environmental staff by telephone, email, and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies

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<sup>15</sup> See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); *Iroquois Gas Transmission System, L.P.*, 52 FERC ¶ 61,091 (1990); 59 FERC ¶ 61,094 (1992); and *Dominion Transmission, Inc.*, 141 FERC ¶ 61,240, at P 68 (2012) (finding “state and local regulation is preempted by the NGA to the extent they conflict with federal regulation, or would delay the construction and operation of facilities approved by this Commission.”).

Houston Pipe Line. Houston Pipe Line shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

## APPENDIX A

### Environmental Conditions

As recommended in the environmental assessment (EA), this authorization includes the following conditions:

1. Houston Pipe Line shall follow the construction procedures and mitigation measures described in its application and supplements, including responses to staff data requests, and as identified in the EA, unless modified by the Order. Houston Pipe Line must:
  - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary of the Commission (Secretary);
  - b. justify each modification relative to site-specific conditions;
  - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
  - d. receive approval in writing from the Director of the Office of Energy Projects (OEP) **before using that modification.**
2. The Director of OEP has delegated authority to take whatever steps are necessary to ensure the protection of all environmental resources during activities associated with the construction and operation of the project. This authority shall allow:
  - a. the modification of conditions of the Order; and
  - b. the design and implementation of any additional measures deemed necessary (including stop-work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from project construction and operation.
3. **Prior to any construction of facilities**, Houston Pipe Line shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors (EI), and contractor personnel will be informed of the EI's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.
4. The authorized facility locations shall be as shown in the EA. **As soon as they are available, and before the start of construction**, Houston Pipe Line shall file with the Secretary any revised construction workspace configuration drawings at a scale not smaller than 1:6,000 with station positions for all activities approved by

the Order. All requests for modifications of environmental conditions of the Order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

5. Houston Pipe Line shall file with the Secretary detailed alignment maps/sheets and aerial photographs at a scale not smaller than 1:6,000 identifying all route realignments or facility relocations, and staging areas, pipe storage yards, new access roads, and other areas that would be used or disturbed and have not been previously identified in filings with the Secretary. Approval for each of these areas must be explicitly requested in writing. For each area, the request must include a description of the existing land use/cover type, documentation of landowner approval, whether any cultural resources or federally listed threatened or endangered species would be affected, and whether any other environmentally sensitive areas are within or abutting the area. All areas shall be clearly identified on the maps/sheets/aerial photographs. Each area must be approved in writing by the Director of OEP **before construction in or near that area.**

This requirement does not apply to extra workspace allowed by the FERC *Upland Erosion Control, Revegetation, and Maintenance Plan* and/or minor field realignments per landowner needs and requirements which do not affect other landowners or sensitive environmental areas such as wetlands.

Examples of alterations requiring approval include all route realignments and facility location changes resulting from:

- a. implementation of cultural resources mitigation measures;
  - b. implementation of endangered, threatened, or special concern species mitigation measures;
  - c. recommendations by state regulatory authorities; and
  - d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **Within 60 days of the acceptance of the Authorization and before construction begins**, Houston Pipe Line shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP describing how Houston Pipe Line will implement the mitigation measures required by the Commission Order. Houston Pipe Line must file revisions to the plan as schedules change. The plan shall identify:
    - a. how Houston Pipe Line would implement the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests), identified in the EA, and required by the Order;

- b. how Houston Pipe Line would incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
  - c. the number of EIs assigned and how the company would ensure that sufficient personnel are available to implement the environmental mitigation;
  - d. company personnel, including EIs and contractors, who would receive copies of the appropriate material;
  - e. the location and dates of the environmental compliance training and instructions Houston Pipe Line would give to all personnel involved with construction activities and restoration (initial and refresher training as the project progresses and personnel change);
  - f. the company personnel (if known) and specific portion of Houston Pipe Line's organization having responsibility for compliance;
  - g. the procedures (including use of contract penalties) Houston Pipe Line will follow if noncompliance occurs; and
  - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
    - (1) the completion of all required surveys and reports;
    - (2) the environmental compliance training of onsite personnel;
    - (3) the start of construction; and
    - (4) the start and completion of restoration.
7. Beginning with the filing of its Implementation Plan, Houston Pipe Line shall file updated status reports with the Secretary on a **biweekly basis until all construction and restoration activities are complete**. On request, these status reports will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. an update on Houston Pipe Line's efforts to obtain the necessary federal authorizations;
  - b. the construction status of the project, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally sensitive areas;
  - c. a listing of all problems encountered and each instance of noncompliance observed by the EI(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
  - d. a description of corrective actions implemented in response to all instances of noncompliance, and their cost;

- e. the effectiveness of all corrective actions implemented;
  - f. a description of any landowner/resident complaints which may relate to compliance with the requirements of the Order, and the measures taken to satisfy their concerns; and
  - g. copies of any correspondence received by Houston Pipe Line from other federal, state, or local permitting agencies concerning instances of noncompliance, and Houston Pipe Line's response.
8. **Prior to receiving written authorization from the Director of OEP to commence construction of any project facilities**, Houston Pipe Line shall file with the Secretary documentation that it has received all applicable authorizations required under federal law (or evidence of waiver thereof).
9. Houston Pipe Line must receive written authorization from the Director of OEP **before placing the project into service**. Such authorization will only be granted following a determination that rehabilitation and restoration of the facility sites and other areas affected by the project are proceeding satisfactorily.
10. **Within 30 days of placing the authorized facilities in service**, Houston Pipe Line shall file an affirmative statement with the Secretary, certified by a senior company official:
  - a. that the facilities have been constructed in compliance with all applicable conditions, and that continuing activities will be consistent with all applicable conditions; or
  - b. identifying which of the conditions Houston Pipe Line has complied with or will comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.
11. **Prior to construction**, Houston Pipe Line shall file with the Secretary a revised Directional Drill Contingency Plan, for review and approval by the Director of the OEP, which describes the methods Houston Pipe Line will employ to stabilize the drilled hole through gravel horizons if they are encountered along the length of the drill path.

**APPENDIX B****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**

(Issued March 20, 2014)

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, operate, and maintain new border-crossing pipeline facilities at the international boundary of the United States and Mexico to accommodate the exportation and importation of natural gas between the United States and Mexico.

By letter filed January 31, 2014, the Secretary of State, and by letter filed January 14, 2014, the Secretary of Defense, favorably recommend that this Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of this Permit authorizing the siting and Houston Pipe Line's construction and operation of import/export pipeline facilities at the international boundary with Mexico, 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 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 described herein 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.

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

Approximately 703 feet of 24-inch-diameter pipeline with a Maximum Allowable Operating Pressure (MAOP) of 1,300 pounds per square inch gauge (psig) located in Hidalgo County, Texas, between the Edinburg Extension and the international boundary with Mexico at the middle of the Rio Grande River.

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 for damages. 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.

Kimberly D. Bose,  
Secretary