

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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OFFICE OF FOSSIL ENERGY
U.S. DEPARTMENT OF ENERGY

MEXICANA DE COBRE, S.A. DE C.V.)

DOCKET NO. 05-23-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
EXPORT NATURAL GAS TO MEXICO

DOE/FE ORDER NO. 2086

APRIL 27, 2005

I. DESCRIPTION OF REQUEST

On April 20, 2005, Mexicana de Cobre, S.A. De C.V. (Mexcobre) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} for blanket authorization to export up to 17.52 billion cubic feet of natural gas to Mexico. Mexcobre requests the authorization be granted for a two-year term beginning on April 27, 2005. The applicant is a Mexican corporation with its principal place of business in Mexico, D. F., Mexico.

II. FINDING

The application has been evaluated to determine if the proposed export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the export of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Mexcobre to export natural gas to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00-002.04 (January 8, 2002).

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Mexicana de Cobre, S.A. De C.V. is authorized to export 17.52 billion cubic feet of natural gas to Mexico. The term of the authority will begin on April 27, 2005, and extend through April 26, 2007.

B. This natural gas may be exported at any exit point on the border of the United States and Mexico.

C. With respect to the natural gas exports authorized by this Order, Mexcobre shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If exports of natural gas have not been made, a report of "no activity" for that calendar quarter must be filed. If exports of natural gas have occurred, the report must give details of each transactions, including: (1) total monthly volumes in thousand cubic feet (Mcf); (2) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of exit; (8) geographic market(s) served; and, if applicable, (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

D. The first quarterly report required by this Order is due not later than July 30, 2005, and should cover the period from April 27, 2005, until the end of the second calendar quarter, June 30, 2005.

E. The quarterly reports shall be filed with the U.S. Department of Energy, Office of Natural Gas Regulatory Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on April 27, 2005.



R. F. Corbin
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy

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April 20, 2005

Ms. Larine Moore
Program Contact
Office of Natural Gas & Petroleum Import & Export Activities
Office of Fuels Programs -- Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3F-056, FE-50
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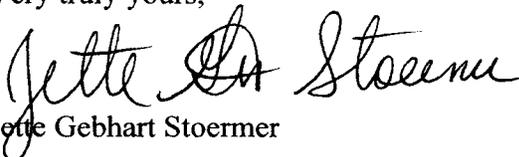
RE: Application by Mexicana de Cobre, S.A. De C.V. for Blanket
Authorization to Export Natural Gas to Mexico, FE Docket No. FE- 23 NG

Dear Ms. Moore:

Enclosed for filing please find an original and fifteen (15) copies of the
Application by Mexicana de Cobre, S.A. De C.V. for Blanket Authorization to Export Natural
Gas to Mexico, and the required fifty dollar (\$50.00) fee for such Application.

I have also enclosed two (2) additional copies of the Application that I ask be
time-stamped and returned to my messenger, along with a receipt acknowledging payment of the
fifty dollar (\$50.00) fee.

Very truly yours,


Jette Gebhart Stoermer

Attorney for
MEXICANA DE COBRE, S.A. DE C.V.

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF THE ASSISTANT SECRETARY FOR FOSSIL ENERGY

MEXICANA DE COBRE, S.A. DE C.V.

FE Docket No. FE- ____-NG

APPLICATION BY
MEXICANA DE COBRE, S.A. DE C.V.
FOR BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

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011-52-5-574-8440

April 20, 2005

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF THE ASSISTANT SECRETARY FOR FOSSIL ENERGY**

Mexicana de Cobre, S.A. de C.V.

FE Docket No. FE- ____-NG

**APPLICATION BY MEXICANA DE COBRE, S.A. DE C.V.
FOR BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, Part 590 of the Regulations of the Department of Energy (“DOE”), Office of Fossil Energy (“FE”), and Section 201 of the Energy Policy Act of 1992 (“Energy Policy Act”), Mexicana de Cobre, S.A. de C.V. (“Mexcobre”) submits this application for blanket authorization to export natural gas to Mexico. In support of this application, Mexcobre states as follows:

I.

APPLICANT

The exact legal name of the applicant is Mexicana de Cobre, S.A. de C.V. Correspondence and communications regarding this application should be addressed to the following:

Jay Golub
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Mexcobre is a corporation organized under the laws of Mexico, with its principal place of business at Kilometro 21, Carretera Nacozari-Agua Prieta, C.P. 84340, Nacozari, Sonora, Mexico. Mexcobre's parent is Minera Mexico, S.A. de C.V., a Mexican corporation with its principal place of business in Mexico, D.F., Mexico. Mexcobre is engaged in the mining-metallurgical industry, including exploring, mining and processing copper, molybdenum, gold and silver in Mexico. As required by 10 C.F.R. § 590.103, and attached hereto is a verification of counsel.

II.

BACKGROUND

Mexcobre obtained blanket authorization from DOE/FE on April 16, 1998 to export to Mexico up to 17.52 Bcf of natural gas over a two-year term. This authorization was renewed effective April 27, 2001. The 2001 blanket authorization expired on April 26, 2003, and was renewed effective April 27, 2003.

Mexcobre contracted with El Paso Natural Gas Company ("El Paso") in 1998 to construct, own and operate a 1.15 mile natural gas pipeline from a proposed Mexcobre-Douglas delivery point on El Paso's existing system to connect with the export border crossing facilities to be built by El Paso at the United States/Mexico border, near Douglas, Arizona in Cochise County, Arizona. On April 16, 1998, El Paso filed with FERC (1) a request under its blanket certificate issued September 8, 1982 in Docket CP82-435-000 to construct, install, operate and maintain the pipeline interconnection and (2) an application pursuant to NGA § 3 for authorization and a Presidential Permit to construct, install, connect, own, operate and maintain the export facilities at the United States/Mexico border. The Commission subsequently approved both filings on July 21, 1998, and thereafter El Paso finished construction and put into operation the pipeline interconnection as well as the export facilities.

Likewise, the Comision Reguladora de Energia issued a final order in 1998 approving Mexcobre's application to construct certain pipeline facilities. Today, Mexcobre owns and operates approximately 65 miles of pipe from its copper mine in Nacozari, Sonora, Mexico, to the United States/Mexico border.

III.

AUTHORIZATION REQUESTED

Mexcobre requests that the DOE/FE grant it blanket export authorization to Mexico for an additional two year period. Mexcobre requests blanket authorization to export to Mexico up to 17.52 Bcf (or 17.9 MMDt, assuming a gross heating value of 1.023 Dt per Mcf) of natural gas over a two year term. Mexcobre requests that this blanket authorization be effective as of April 27, 2005.

The source of the natural gas to be exported will continue to be from supply basins with direct or indirect access to the El Paso system. The requested authorization will enable Mexcobre to purchase gas from U.S. suppliers in short-term or spot-market natural gas transactions and use that gas to supply its mining operations in Nacozari, Sonora, Mexico. Mexcobre's negotiations with prospective suppliers in the United States are of a continuing nature. Therefore, Mexcobre requests that such export authority be granted on a blanket basis at the Mexcobre-Douglas point of export from the United States, to provide Mexcobre with the flexibility necessary to respond quickly to purchasing opportunities. Mexcobre cannot obtain competitive gas supplies if it must apply for export authorization for each transaction. This application is similar to other blanket export arrangements approved by DOE.

IV.

PUBLIC INTEREST

The Energy Policy Act provides that the importation and exportation of natural gas from or to a nation with which there is in effect a free trade agreement shall be deemed to be within the public interest, and that applications for such importation and exportation shall be granted without modification or delay. Because Mexcobre's application is for the exportation of

natural gas to Mexico, a nation with which the United States has a free trade agreement, Mexcobre submits that its application is within the public interest.

V.

ENVIRONMENTAL IMPACT

El Paso has constructed a 1.15 mile pipeline to connect El Paso's existing pipeline facilities to the Douglas export facilities at the United States/Mexico border. The appropriate Environmental Resource Reports were included in El Paso's application requesting Section 3 authorization and a Presidential Permit. The border crossing facilities were evaluated for environmental impact in that proceeding and were subsequently approved by the Commission.

Approval of the requested renewal application for authorization to export natural gas will not entail the construction of any new facilities, and will enable Mexcobre to continue to use cleaner burning natural gas. This natural gas use will contribute to improving the air quality in Mexico and at the United States/Mexico border.

VI.

REPORTING REQUIREMENTS

With respect to all exports made pursuant to the authorization requested herein, Mexcobre has since its first authorization and will continue to file with the DOE/FE in the month following the close of each calendar quarter, reports including the total volumes of exports in Mcf and the average price for the exports per MMBtu at the international border. The reports include the name of the seller, the name of the purchaser, the estimated or actual duration of the agreements, the name of the U.S. transporter(s), the point of exit, whether the sales are made on an interruptible or firm basis, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

VII.

CONCLUSION

WHEREFORE, for the foregoing reasons, Mexcobre respectfully requests that the DOE/FE expeditiously consider this application and, pursuant to Section 3 of the NGA and Section 201 of the Energy Policy Act, grant its request for blanket export authorization of up to 17.52 Bcf of natural gas to Mexico over a two-year term commencing on April 27, 2005. Mexcobre submits that a grant of such authorization would not be inconsistent with the public interest.

Respectfully submitted,
Mexicana de Cobre, S.A. de C.V.



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Attorneys for
Mexicana de Cobre, S.A. de C.V.

April 20, 2005

VERIFICATION

City of Washington
District of Columbia

§
§

Jette Gebhart Stoermer, being duly sworn, deposes and says: that she is an attorney for Mexicana de Cobre, S.A. de C.V., that she is an authorized representative of Mexicana de Cobre, S.A. de C.V., that she has authority to file the foregoing document pursuant to 10 C.F.R. § 590.103, and that she has examined the statements contained therein and that all such statements are true and correct to the best of her knowledge, information and belief.


Jette Gebhart Stoermer

Subscribed and sworn to before me this 20th day of April, 2005.


Notary Public

My Commission Expires:
Anoucheka Cherisca
Notary Public, District of Columbia
My Commission Expires 02/28/2010