Background:

Commenters in reviewing the Mexican Addendum have identified a possible concern in the event gas imported from the US may be subsequently exported to countries other than US.

Under current US DOE export permits for LNG, there are separate regulatory requirements for gas going to Free-Trade Agreement (FTA) countries and Non-Free Trade Agreement (non-FTA) countries, respectively. Exports to Mexico, by contrast, are all deemed to be covered by NAFTA, and in authorizing them, DOE is acting on the assumption that the gas in question will be consumed in Mexico.

Mexican Addendum:

Proposal to add a new miscellaneous provision to call attention to possible restrictions and reporting requirements on resale of gas imported from the US that may be exported from Mexico as LNG or by pipeline to other countries.

Draft of proposed provisions to Mexican Addendum:

**A new provision 15.14 is added after section 15.13 as follows:**

15.14 In the event a portion of the gas received by Buyer under a transaction under this Agreement is either (a) resold by Buyer for export to a country other than the United States of America, or (b) the Buyer is notified by its buyer that such buyer’s gas, in whole or part, is sold for export to a country other than the United States of America, then Buyer shall notify Seller of such transaction and provide such information as required by Seller to comply with its or its seller’s obligations under applicable U.S. regulations, if required.

This draft provision is to address comments under Section 6.3 regarding DOE concerns.

**In Section 8.4 add a new sentence at the end as follows:**

 Unless the parties agree otherwise, for sales at the border, the seller shall be deemed the export of record for U.S. Department of Energy permit and reporting purposes.