**1. RECOMMENDED ACTION: EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

|  |  |  |  |
| --- | --- | --- | --- |
| X | Accept as requested | X | Change to Existing Practice |
|  | Accept as modified below |  | Status Quo |
|  | Decline |  |  |

**2. TYPE OF DEVELOPMENT/MAINTENANCE**

|  |  |
| --- | --- |
| **Per Request:** | **Per Recommendation:** |
| X | Initiation |  | Initiation |
|  | Modification |  | Modification |
|  | Interpretation |  | Interpretation |
|  | Withdrawal |  | Withdrawal |
|  | Principle |  | Principle |
|  | Definition |  | Definition |
| X | Business Practice Standard | X | Business Practice Standard |
|  | Document |  | Document |
|  | Data Element |  | Data Element |
|  | Code Value |  | Code Value |
|  | X12 Implementation Guide |  | X12 Implementation Guide |
|  | Business Process Documentation |  | Business Process Documentation |

**3. RECOMMENDATION**

**SUMMARY:**

|  |
| --- |
| As part of the 2017 NAESB WGQ Annual Plan, the WEQ Executive Committee proposed and the Board approved a two-step process under 2017 WGQ Annual Plan Item 5: a. Consider and determine if a need for a Mexican Addendum or Base Contract, and b. Develop the Mexican Addendum or Base Contract according to the analysis completed in item 5.a.The NAESB WGQ Contracts Subcommittee held a meeting on August 22, 2017 under Item 5.b and is recommending NAESB adopt the Mexican Addendum to the NAESB Base Contract as a NAESB standard, enclosed as Exhibit A. |

**STANDARDS LANGUAGE:**

**4. SUPPORTING DOCUMENTATION**

**a. Description of Request:**

On December 8, 2016, the NAESB Board approved the 2017 WGQ Annual Plan that included Item 5 as follows:

|  |
| --- |
| **5. Mexican Addendum or Base Contract** |
| 1. Consider and determine if a Mexican Addendum or Base Contract is needed
 |
| 1. Develop the Mexican Addendum or Base Contract according to the analysis completed in item 5.a.
 |

**b. Description of Recommendation:**

**WGQ Contracts Subcommittee**

The WGQ Contracts Subcommittee (SC) recommends NAESB adopt the Mexican Addendum as a NAESB Standard under 2017 WGQ Annual Plan Item 5.

On December 15, 2016 SC held a meeting for review of the current NAESB Base Contract (redacted Spanish Version), Chair work paper and the BP draft of a Mexican Addendum. The SC review and discussions confirmed lack of support for NAESB to develop the Mexican Addendum or Base Contract and recommend that development be deferred. The SC generally felt that if a specific request to develop a Mexican Addendum or Base Contract were submitted together with information on sufficient industry support, then NAESB should proceed with the development. Supporting documents and discussions can be found in the meeting minutes and meeting work papers. The result of the vote at the December 15, 2016 meeting adopted a recommendation to the WGQ Executive Committee (EC) of no-action on 2017 WGQ Annual Plan Item 5.

On February 23, 2017, the EC reviewed the SC recommendation and remanded the recommendation to the SC for reconsideration of the recommendation.

On March 29, 2017, the SC held a meeting to review and reconsider development of the Mexican Addendum. The SC review and discussions of reconsideration lead to a vote on a motion to proceed with the development of the Mexican Addendum with only one SC member opposed to the motion.

The SC held meetings on April 20, 2017, June 6, 2017, July 12, 2017 and August 22, 2017 to review, discuss, and develop the Mexican Addendum. As a result of the discussions on April 20, 2017 and June 6, 2017, the SC requested the NAESB Office to distribute an initial draft of the Mexican Addendum to the energy industry for an informal comment period. On June 12, 2017, the NAESB Office issued the initial draft for energy industry comments that included several specific requests for comments on certain sections in the document with comments due July 6, 2017. At the July 12, 2017 and August 22, 2017 meetings, the SC reviewed the initial draft Mexican Addendum, comments submitted by the energy industry, and updated the document based on the comments received and the SC discussions at the meeting.

After the review and discussions, the SC unanimously voted out the recommendation.

The NAESB Mexican Addendum recommended as a NAESB Standard is enclosed as Exhibit A.

**NOTE:** The NAESB Base Contract for Purchase and Sale of Natural Gas (Spanish Version) and the recommended NAESB Mexican Addendum (Spanish Version) are literal translations of documents prepared in English. The recommended Mexican Addendum specifically includes a provision 15.13 as follows:

*All documents in the NAESB WGQ Standards and Models that are translated into Spanish are for reference only. In the event of a conflict, the English version of the documents is the official NAESB Standard or Model and shall prevail.*

**c. Business Purpose:**

See Meeting minutes set forth in item b. above.

1. **Commentary/Rationale of Subcommittee(s)/Task Force(s):**

See Meeting minutes set forth in item b. above.