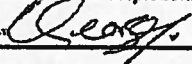
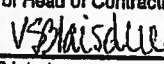
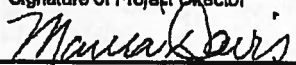


STANDARD AGREEMENT FORM

1. Agency Contract Number 2010-0400-9571	2. ASPS Number 10-034	3. Financial Coding 04004000 73052	4. Agency Assigned Encumbrance Number 411011
5. Vendor Number GCL06219		6. Alaska Business License Number 734028	
This contract is between the State of Alaska,			
7. Department of Revenue	Division Commissioner's Office AGIA hereafter the State, and		
8. Contractor Gaffney, Cline & Associates			hereafter the Contractor
Mailing Address 1360 Post Oak Blvd	Street or P.O. Box STE 2500	City Houston	State TX ZIP + 4 77056-3050
9. ARTICLE 1. Appendices: Appendices referred to in this contract and attached to it are considered part of it.			
ARTICLE 2. Performance of Service: 2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract. 2.2 Appendix B sets forth the liability and insurance provisions of this contract. 2.3 Appendix C sets forth the services to be performed by the contractor. Appendix D sets forth method of payment Appendix E Confidentiality Agreement			
ARTICLE 3. Period of Performance: The period of performance for this contract begins <u>July 15, 2010</u>			
ARTICLE 4. and ends <u>June 30, 2012</u> .			
4.1 Considerations: 4.2 In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed <u>Hourly Rates</u> in accordance with the provisions of Appendix D.			
When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:			
10. Department of Revenue		Attention: Division of Commissioner's Office	
Mailing Address POB 110410 Juneau, AK. 99811		Attention: Carol Gamez	
11. CONTRACTOR		13. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the variety, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815 - .820. Other disciplinary action may be taken up to and including dismissal.	
Name of Firm Gaffney, Cline & Associates			
Signature of Authorized Representative 	Date July 16, 2010		
Bob George			
Employer ID No. (EIN) or SSN			
12. CONTRACTING AGENCY		Signature of Head of Contracting Agency or designee 	
Department / Division Revenue	Date 7/16/10	Date 16 July 10	
Signature of Project Director 		Typed or Printed name Ginger Blaisdell	
Typed or Printed Name of Project Director Marcia Davis		Title Director, Administrative Services	
Title Deputy Commissioner, Department of Revenue			

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

**APPENDIX A
GENERAL PROVISIONS**

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620 - 632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, physical handicap, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, contingent fee, or brokerage except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage, or contingent fee.

APPENDIX B¹
INDEMNITY AND INSURANCE**Article 1. Indemnification**

The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2. Insurance

~~Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.~~

2.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the State.

2.2 Commercial General Liability Insurance: covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000. combined single limit per occurrence.

2.3 Commercial Automobile Liability Insurance: covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000. combined single limit per occurrence.

PROFESSIONAL SERVICES CONTRACT 2010-0400-9571
APPENDIX C
SERVICES TO BE PERFORMED

Article C-1. General: Gaffney, Cline & Associates (GCA), hereafter referred to as the "Contractor", shall perform the below described services for the Commissioner's Office, hereafter referred to as the "State."

Article C-2. Responsibilities: Specific responsibilities include:

The contractor will assist the State in modeling and preparing an analysis of Alaska's fiscal systems relating to a major gas pipeline project, and comparisons to other international oil and gas fiscal systems and their economic impact on large gas pipeline projects. The analysis will include evaluation of options for modifying the oil and gas tax structures to facilitate a major gas pipeline project and identify impacts of possible tax changes on Alaska gas commercialization.

General Scope of Work and Background:

The State anticipates receiving proposals from the oil and gas industry seeking changes to Alaska's current oil and gas production tax system as it impacts the Alaska natural gas pipeline project and industry's willingness to participate as shippers of gas in such project. GCA will provide the State with expert economic modeling of the existing tax system and any proposed modifications to the tax system, and tax guidance and assistance in gathering and evaluating information for this purpose.

The contractor will be required to provide the following deliverables:

- (a) Economic model that captures all elements of Alaska's oil and gas fiscal system, with the capability of being modified to immediately reflect financial outcomes to state and industry of changes in any of the elements of the fiscal system. (Deadline: August 2010).
- (b) A detailed written response to any report issued by a legislative consultant pertaining to the state's oil and gas tax system and any changes proposed to be made to facilitate gas commercialization. (Deadline: 20 days after release of any such report).
- (c) Additional reports and analysis related to the oil and gas tax structure to be assigned by the Commissioner, or his designee, during the term of the contract.

Contractor shall meet with Department of Revenue Project Personnel to negotiate an acceptable timeline and defined scope of work and results to be conducted. A comprehensive methodology will be discussed and agreed upon based on the timeline and scope of work agreed upon. An outline of specific tasks and work schedules will be produced based on discussions and negotiations by both parties.

All work under this contract shall be directed by the Department of Revenue.

Article C-3. Multiple Projects and Assignments: Not Applicable.

Article C-4. Contractor's Key Personnel: The following personnel are considered essential in performing the work under this contract. The Contractor shall assign the following personnel:

<u>Name</u>	<u>Title / Function</u>
Richard Ruggiero	Senior Business Strategy Advisor
Robert George	Senior Business Strategy Advisor
Bill Cline	Chief Executive, Senior Consultant
Pierangela D'Addosio	Petroleum Economist
Florent Rousset	Senior Commercial Analyst

Replaced by Christina Ruggiero per email from Florent

The State reserves the right to approve any change in project personnel whose participation in the project is specifically offered in the Contractor's proposal. Any change to personnel assigned by the Contractor must receive prior approval by the Department of Revenue. The Contractor shall give reasonable advance notice of any personnel changes and shall submit justification to permit evaluation of the impact on the project. The Contractor shall also provide copies of any and all required licenses, certifications and any other requirements concerning personnel changes. No personnel changes shall be made without written consent of the State, whose consent shall not be unreasonably withheld.

Additionally, the State also reserves the right to approve changes to other account personnel, structure and management.

Article C-5. Subcontracting: Subcontracting is allowable under this contract with prior approval of the State.

Article C-6. Entire Agreement: This Contract, inclusive of Appendix A, B, C, and D, the RFP, and proposal submitted by GCA dated 6/28/2010, represents and incorporates the entire understanding of the parties hereto, and each party acknowledges that there are no warranties, representations, covenants, or understanding of any kind, matter or description whatsoever, written by either party to the other except as expressly set forth and written herein. This Contract shall only be changed or modified by the execution of a written amendment, which is subscribed to by authorized officers of each party herein.

Article C-7. Notice of Amendment: The Contractor shall notify the State in writing at least 30 days prior to the contract expiration date of any known circumstances which may require an extension of the contract completion date.

Article C-8. Contract Termination: In addition to the State having the right to cancel the resulting contract due to the lack of appropriated funds, the State may, with a 30 day written notice, terminate the resulting contract in whole or in part, when it is in the best interest of the State. The State is liable only for payment for service rendered before the effective date of termination.

PROFESSIONAL SERVICES CONTRACT 2010-0400-9571
APPENDIX D
FINANCIAL CONSIDERATIONS

Article D-1. Contract Amount: The total sum for the initial term shall not exceed the rates as defined in article D-5 including reasonable costs for travel expenses; Airfare, lodging, and daily per diem will be reimbursed in accordance with section 60.010 of the Alaska Administrative Manual.

Article D-2. Contract Term: The term begins July 15, 2010, and ends June 30, 2012.

Article D-3. Entire Contract Amount and Term: No renewal options. The contract shall not exceed the rates as defined in article D-5 or the maximum amount as stated in section 1.04 of the RFP.

Article D-4. Budget: The Contractor shall abide by the budget agreed upon with the Commissioner's Office. Throughout the term of the contract, the budgeted amount may be changed by mutual written agreement of the parties, so long as the net effect to the contract is zero.

Article D-5. Compensation:

1. Hourly rates include all standard computing resources, secretarial support and drafting personnel.
 - Project charges are based on the below hourly rates including point to point travel time.
 - Maximum charges while travelling or waiting are 6 hours per travel segment.
 - The below rates do not include out-of-pocket expense:

Bill Cline, Senior Consultant	\$450.00
Bob George, Project Manager	\$450.00
Rich Ruggiero, Project Consultant	\$450.00
F. Rousset, Financial Analyst/Modeler	\$375.00
P. D'Addosio, Financial Analyst/Modeler	\$250.00

2. Airfare and lodging will be reimbursed at actual costs, and per diem will be reimbursed at \$60.00 per day upon presentation of backup to support the expenditure.
3. As the work progresses the State may elect to utilize the contractor for additional work within the scope of this agreement and request to negotiate a lump sum fee for the additional work. In these circumstances the State and the contractor will negotiate a fixed cost for the additional work.
4. Prior to beginning any additional work the contractor will provide a written proposal to the state and an amendment to the contract will be issued for the additional work. The State will not be responsible for any additional costs incurred by the contractor without a written amendment.
5. The contractor will keep an accurate accounting of its costs and provide notice to the State when contract costs appear to be near the not-to exceed amounts of the contract. The contractor will provide projected numbers for billing as assigned by the project manager.
6. In the event the State disputes any portion of the contractors invoice, the State shall notify Contractor of the nature of the dispute in writing within ten (10) days of receipt of the invoice. The State may withhold payment on the disputed portion pending resolution of the dispute; provided, however, that the parties agree to negotiate in good faith to resolve and dispute within ten (10) working days.
7. Electronic payments may be made to:

For Credit To:
Account No.:

Article D-6. Compensation – Fixed Fee: The Contractor shall be paid time and materials not to exceed the rates defined in D-5.

Article D-7. Compensation – Indirect Expenses: Indirect expenses and rates are not allowable under this contract.

Article D-8. Compensation – Unallowable Expenses: The below costs are unallowable as compensation or reimbursement under this contract. The allowance of other costs not identified in this section are determined by Article D-5 of this contract.

Advertising for the promotion of the Contractor.

Bad debts, including expenses of collection, arising out of other businesses of the Contractor.

Bidding and proposal expenses and costs of contract negotiations.

Bonuses, commissions and similar compensation under any other name, which are not pursuant to this Contract, or provide compensation to an employee in excess of reasonable compensation for the services rendered, or are in connection with obtaining or negotiating for a State of Alaska contract or a modification thereto.

Central and branch office expenses of the Contractor in excess of those expenses allowed under this contract.

Contingency reserves and provisions.

Dividend provisions or payments and, in the case of sole proprietors and partners, distribution of profits.

Entertainment expenses. All entertainment expenses are disallowed without regard to the purpose. State employees are not to be entertained by the Contractor for any business or social purpose.

Fines and penalties, including assessed interest, resulting from violation of, or failure of, the Contractor to comply with Federal, State, or local laws or regulations, except when incurred in accordance with written approval of the State, or as a result of compliance with the provisions of this contract.

Insurance premiums (including any provision of a self-insurance reserve) on the life of any person.

Interest, however represented, bond discounts and expenses, and costs of financing and refinancing operations.

Legal, accounting and consulting services and related costs incurred in connection with the preparation of prospectuses, preparation and issuance of stock rights, organization or reorganization, prosecution or defense of antitrust suits, prosecution of claims of the Contractor against the State, contesting actions or proposed actions of the State against the Contractor and prosecution or defense of patent infringement litigation.

Losses, including litigation expenses, counsel fees and settlements, on, or arising from the sale, exchange, or abandonment of capital assets, including investments; losses on other contracts, including the Contractor's contributed portion under cost-sharing contracts; losses in connection with price reduction to and discount purchases by employees and others from any source; losses where such losses are compensated for by insurance, or would have been compensated by insurance required by law or by this contract but which the Contractor failed to procure or maintain through its own fault or negligence; losses resulting from willful misconduct or lack of good faith on the part of any of the Contractor's directors, corporate officers, or a supervising representative of the Contractor.

STATE OF ALASKA
AMENDMENT TO PROFESSIONAL SERVICES CONTRACT

1. Agency Contact Number	2010-0400-9571
2. ASPS Number	10-034
3. Optional Renewal?	No
4. Financial Coding	04001000
5. Agency Assigned Encumbrance Number	411011
6. Amendment No.	Two (2)

This agreement is between the State of Alaska,

7. Department of **Revenue, Commissioner's Office** hereafter the State, and

8. Contractor **Gaffney, Cline and Associates** hereafter the Contractor

Mailing Address **1300 Post Oak Blvd STE 1000** Street or P.O. Box **None** City **Houston** State **TX** ZIP Code **77056**

9. Original period of performance **FROM: July 5, 2011 TO: December 31, 2012** 10. Amended period of performance **FROM: January 1, 2013 TO: December 31, 2013**

11. Previous amount of contract to date: **\$2,000,000** 12. Amount of this amendment: **\$ 0** 13. This amended contract shall not exceed a total of **\$2,000,000**

14. In accordance with the provisions of the above referenced contract, the parties to that contract agree that the services to be performed by the contractor under the contract are amended as follows: All other terms and conditions of the contract remain in effect. (Use reverse for continuation of amended provisions if necessary.)

Extend the period of performance by six months in accordance with 2 AAC 12.485 and AS 36.30. This amendment is a result of unanticipated delays affecting the final completion of work.

In full consideration of the contractor's performance under and including this amendment, the State shall pay the contractor a new total not to exceed \$2,000,000.00

The period of performance under this contract is extended by one year to December 31, 2013

IN WITNESS WHEREOF the parties hereto have executed this amendment.

NOTICE! This amendment has no effect until signed by the head of the contracting agency, procurement officer or designee.

16. CONTRACTOR	17. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the verity, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.B16 - .D20. Other disciplinary action may be taken up to and including dismissal.
Name of Firm Gaffney, Cline and Associates	Signature of Head Contracting Agency or Designee <i>Jerry Burnett</i> Date 12/28/12
Signature of Authorized Representative <i>[Signature]</i> Date 27 Dec 2012	
Typed or Printed Name of Authorized Representative Alasdair Brown GAFFNEY CLINE & ASSOCIATES	
Title Operations Manager GENERAL MANAGER	
18. CONTRACTING AGENCY	
Department/Division Revenue	Typed or Printed Name of Authorizing Official Jerry Burnett
Signature of Project Director <i>[Signature]</i> Date 12/27/12	Title Director of Administrative Services, Dept. of Revenue
Typed or Printed Name of Project Director Bruce Thngeman	
Title Deputy Commissioner	

Maintenance, depreciation, and other costs incidental to the Contractor's idle or excess facilities (including machinery and equipment) other than reasonable standby facilities.

Membership in trade, business, and professional organizations.

Pre-contract costs.

Research and development costs.

Taxes, fees, and charges in connection with financing, refinancing, or refunding operations, including the listing of securities on exchanges; federal taxes on net income and excess profits; and special assessments on land which represent capital improvements; and taxes on accumulated funding deficiencies of, or prohibited transactions.

Travel expenses which are not pre-approved by the State, exceed the allowable items as discussed in Article D-5 of this contract, or travel for State employees.

Article D-9. Submission of Invoices and Billings: The Contractor shall submit a monthly billing to the State for hours worked the previous month plus travel cost and approved out-of-pocket expenses. All requests for reimbursement of travel or out-of-pocket expenses must be accompanied by a description of those costs and copies of supporting backup.

Carol Gamez, Administrative Manager
Department of Revenue
Division of Administrative Services
PO Box 110410
Juneau, AK 99811-0410

(907) 465-2313

Article D-10. Cancellation for Lack of Funds. This contract may be canceled at any time due to the lack of appropriated funds.