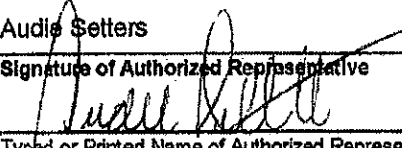
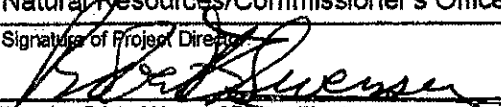



STANDARD AGREEMENT FORM FOR PROFESSIONAL SERVICES

1. Agency Contract Number ASP 10-15-008	2. ASPS Number 10-15-008	3. Financial Coding	4. Agency Assigned Encumbrance Number
5. Vendor Number	6. Project/Case Number	7. Alaska Business License Number ABL 1010007	
This contract is between the State of Alaska,			
8. Department of Natural Resources	Division Commissioner's Office/AKNG	hereafter the State, and	
9. Contractor Audie P. Setters			hereafter the Contractor
Mailing Address 4821 Nasa Parkway, Apt. 21E	Street or P.O. Box	City Seabrook	State TX ZIP+4 77586
<p>10. ARTICLE 1. Appendices: Appendices referred to in this contract and attached to it are considered part of it.</p> <p>ARTICLE 2. Performance of Service:</p> <p>2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract.</p> <p>2.2 Appendix B sets forth the liability and insurance provisions of this contract.</p> <p>2.3 Appendix C sets forth the services to be performed by the contractor.</p> <p>ARTICLE 3. Period of Performance: The period of performance for this contract begins <u>September 8, 2014</u> and Ends <u>September 8, 2015</u>.</p> <p>ARTICLE 4. Considerations:</p> <p>4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed \$ <u>385,000</u> in accordance with the provisions of Appendix D.</p> <p>4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:</p>			
11. Department of Natural Resources		Attention: Division of Commissioner's Office	
Mailing Address 550 W. 7 th Ave., Suite 1400 Anchorage, AK 99501		Attention:	
<p>12. CONTRACTOR</p> <p>Name of Firm Audie Setters</p> <p>Signature of Authorized Representative </p> <p>Date 9/10/14</p> <p>Typed or Printed Name of Authorized Representative AUDIE SETTERS</p> <p>Title Owner</p>		<p>14. 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 alternations 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 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.</p>	
<p>13. CONTRACTING AGENCY</p> <p>Department/Division Natural Resources/Commissioner's Office</p> <p>Signature of Project Director </p> <p>Typed or Printed Name of Project Director Bob Swenson</p> <p>Title Deputy Commissioner</p>		<p>Signature of Head of Contracting Agency or Designee </p> <p>Typed or Printed Name Marlys Hagen, C.P.M., CPPB, CPPO</p> <p>Title DNR Procurement Officer</p>	<p>Date 9/10/14</p> <p><i>This contract is exempt from AS 36.30 per SB138 Sec 22.</i></p>

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. Inspections 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, disability, 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, disability, 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, disability, age, sex, marital status, changes in 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, disability, 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 an 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 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. The contractor specifically acknowledges and agrees that provisions in any form contracts it appends hereto that purport to (1) waive the State of Alaska's sovereign immunity, (2) impose indemnification obligations on the State of Alaska that are not conditioned on legislative appropriation, or (3) seek to limit liability of the contractor for acts of contractor negligence, are expressly superseded by this contract and are void.

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, brokerage or contingent fee 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.

Article 15. Limitation of Liability

The Contractor's liability under this agreement is limited to the maximum amount payable under this contract, as may be amended from time to time.



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 notice of cancellation, nonrenewal, or material change of conditions in accordance with policy provisions. 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.

A handwritten signature in black ink, appearing to be 'R. [unclear]', located in the bottom right corner of the page.

Appendix C Scope of Work

Background Information

The Alaska State Legislature recently passed Senate Bill (SB) 138 authorizing the administration to take an ownership position in a major North Slope natural gas export project. The State's decision to become an equity partner in the development of a liquefied natural gas (LNG) project based on marketable North Slope natural gas requires that the State establish a plan for marketing its share of the LNG product taken as royalty-in-kind (RIK) and Tax as Gas (TAG). The State's overarching objective is to obtain the maximum value for its LNG while managing and minimizing its risks and intends to provide preliminary recommendations to the Alaska State Legislature by the last quarter of 2015 and final recommendation by the first quarter of 2016.

The Contractor shall participate as the Marketing Team Manager and participate in (as needed) and support the state's negotiating teams under contract with the Department of Natural Resources.

Contractor Personnel

Marketing Manager: Audie P. Setters
4821 Nasa Parkway, Apt. 21E
Seabrook, TX 77586
(713) 303-4053

State Personnel Involved in Directing the Work

Bob Swenson, Deputy Commissioner

General Scope of Work

The contractor will understand and represent the State's values and assist the Department of Natural Resources' in building its organization for evaluating the marketing aspects of the Alaska LNG (AKLNG) project. The Contractor shall develop and promulgate the State's LNG strategic and management plan and lead evaluation of and identification of the best marketing alternative for the State.

The contractor will act as the Marketing Manager and will assist the Department in building a team involving outside contract consultants as well as personnel from within the Department of Natural Resources (DNR), the Department of Revenue (DOR), and the Department of Law (Law).

The contractor will:

- Advise State executives on all LNG marketing related issues affecting Alaska LNG
- Represent Alaska LNG to the global LNG market, executives in AKLNG partners, State legislative branches and other stakeholders
- Develop and administer the Alaska LNG's strategic and management plan
- Develop and promulgate State of Alaska LNG marketing strategy
- Develop and administer LNG sales policies and procedures
- Build and maintain portfolio of LNG buyers, develop sales prospects, assist in selecting short list of buyers and negotiating term sheets
- Assist in designing, issuing and administering the State's RFP for LNG marketing alternatives



- Communicate and negotiate with counterparties
- Collaborate with Analytical and Legal Specialists for support of and evaluation of terms and offers
- Lead evaluation of and identification of best marketing alternative for Alaska LNG

Tasks and Schedule

The Contractor shall:

1. Participate as a coordinator and negotiator of the state's AKLNG Marketing Team and as a member of the State's AKLNG management/negotiation team;
2. Draft technical components of the various development agreements and review and comment on agreement drafts as necessary; and
3. Provide coordination for the Marketing Team and supply the Project Manager, State Gas Team, Commissioners and Governor's Office with progress and status reports;
4. Work with Project Manager to establish and coordinate key project milestones and marketing deliverables, assuming royalty-in-kind and equity lifting; and
5. Assist in briefings on project progress with the Legislative Branch and potentially, the public and other stakeholders.
6. The term of this agreement is one year, which can be terminated with 60 days notice by either Party, or unless extended by agreement of DNR and the contractor.

Available Resources

The Contractor will be able to draw on the expertise of DNR, DOR, and Law in understanding of the requirements under SB 138.

Project Control

Work will be performed in close coordination with the state's Project Manager, Bob Swenson.

The Contractor will coordinate the AKLNG Marketing Team and meet frequently with staff and other managers in the AKLNG leadership, the DNR commissioner's office, and Department of Revenue (DOR) commissioner's office. DNR will provide work space for the Contractor in Houston and while the Contractor is in Anchorage.

All changes in the scope of work that will result in cost impacts shall be in writing and approved by both parties via contract amendment. In close coordination with the Contracting Agency, the Contractor will provide project control, budgeting, and scheduling information for his own work.

Entire Agreement

This contract constitutes the entire agreement between the parties.

Other Terms and Conditions

1. **The Contractor must sign an agreement regarding confidentiality before the contractor may review information that is determined confidential under SB 138.** The confidentiality agreement is attached as Appendix E.
2. All activities conducted by the Contractor in performance of this work and proposed in any plans must be in compliance with all governing federal, state and local statutes and regulations.

During the term of this Agreement and for one (1) year thereafter, the State and Contractor agree not to solicit or recruit, either directly or indirectly, any person who is or was an employee of the other party.

Appendix D Consideration

Maximum Contract Amount:

The maximum amount payable under this contract is \$385,000.

Invoicing and Payment

The Contractor will be paid a retainer of \$32,000 per month to cover 150 hours provided by the Consultant each month. The Contractor will be reimbursed for all reasonable and necessary direct expenses incurred in the performance of the work hereunder. Invoices must consist of documentation of actual hours worked on the project, and any reasonable and necessary direct expenses, including necessary travel expenses. Invoices may be submitted monthly or other schedule as agreed upon between the parties. Travel costs will be reimbursed in accordance with the Alaska Administrative Manual Section 60; however, an exception will be made for business class purchases on any flights that exceed 5 hours.

The invoices may be submitted electronically by email to the contact identified in Block 11 of page 1 of this contract. In such event, the electronic copy of the invoice will be considered the official invoice and will not be followed by a hard copy invoice. The invoice should reference the Agency Contract Number. Each invoice shall be accompanied by a letter stating the status of the project to date and which deliverables have been completed. Payment will be made within 30 days of receipt of the invoice and approval of the invoice by the Project Manager.

In the event the State disputes any portion of Contractor's 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 any dispute within ten (10) working days. Contractor is under no obligation to submit any deliverable if an invoice is more than 45 days outstanding.

Electronic payments may be made to the account and financial institution designated by the Contractor.

Additional Work

As the project progresses the State may request the Contractor to perform additional work within the scope of this agreement. If this occurs, the State and the Contractor may negotiate to determine a price for the additional work. If an agreement is reached, the Contractor will provide a written proposal to the State for amendment to the contract. The Contract must be amended before any additional work is commenced. The state is not responsible for any costs incurred by the Contractor for additional work without a written Contract amendment.

Late Payments

The State has 30 days from date of receipt of a true and correct invoice to pay that invoice. If the State does not pay within said 30 days, the Contractor can charge the State interest on any unpaid balance.



Appendix E Confidentiality Agreement

1. This Agreement ("Agreement") is effective on SEPT. 8, 2014, by and between the State of Alaska (State) and AUDIE SETTERS (Receiving Party).
2. Except as otherwise provided in this Agreement, "Confidential Information" means any work product, software, analyses, or other information made available to Receiving Party as a result of this agreement and that State designates as confidential.
3. Confidential Information may be provided by State to Receiving Party solely for use in supporting the State in development of agreements and contracts under AS 38.05.020(b)(10) and (11).
4. In consideration of the disclosure of Confidential Information, Receiving Party agrees to keep all Confidential Information strictly confidential and shall not sell, trade, publish, or otherwise disseminate it to any third party, in any manner, including by photocopy or other reproduction, without the prior written consent of State.
5. Receiving Party agrees that the Confidential Information is the valuable property of State. Unless State gives its express prior written consent, Receiving Party shall not use the Confidential Information or any part of it for any purpose other than the limited purposes stated in this Agreement.
6. Receiving Party shall take all reasonable precautions to prevent disclosure of the Confidential Information to any third party. Receiving Party shall limit access to the Confidential Information to employees, consultants, agents, and representatives who have a need to know the Confidential Information for the express limited purposes of this Agreement, and shall require each of those employees, consultants, agents, and representatives to agree to keep the information confidential and comply with the terms of this Agreement.
7. Unless otherwise agreed in writing, Receiving Party shall return the Confidential Information to State immediately upon request or completion of the business purpose for delivering the information,



whichever occurs first. Originals and copies of Confidential Information in any form shall be returned to State.

8. Receiving Party may disclose information without State's prior written consent only if such information satisfies any of the following criteria:

8.1. Prior to the disclosure, the information was already lawfully in Receiving Party's possession, free of restrictions on its disclosure and use, and it was not acquired directly or indirectly from State.

8.2. The information was received from a third party after execution of this Agreement, free of restrictions on its disclosure and use, and was not acquired directly or indirectly from State.

8.3. The information becomes generally available to the public in printed publications of general circulation through no act or omission on the part of Receiving Party or its employees, consultants, agents, or representatives.

8.4. The information was independently developed by Receiving Party and not derived from Confidential Information acquired directly or indirectly from State.

8.5. The Confidential Information must be disclosed under compulsion of law, for example, to governmental agencies. However, in such instance, Receiving Party shall provide adequate advance written notice to State to allow State to take actions necessary to protect its interest.

9. Except as expressly provided in this Agreement, no immunity, license, or right is granted to Receiving Party by implication or otherwise.

10. The parties shall comply with the laws and regulations of the State of Alaska.

11. The confidentiality obligations in this Agreement shall terminate five (5) years after the effective date of this Agreement. State may terminate the confidentiality obligations in this Agreement earlier at its discretion by written notice. Termination shall not affect Receiving Party's obligations regarding Confidential Information disclosed to Receiving Party prior to termination.

A handwritten signature or set of initials, possibly 'AR', located in the bottom right corner of the page.

12. This Agreement and the disclosure of Confidential Information shall not create any obligation on the part of either party to enter into any further agreements.

13. This Agreement reflects the entire agreement between the parties with respect to its subject matter. No modification of this Agreement shall be of any force or effect unless it (a) is in writing, (b) reflects the effective date of the modification, (c) is signed by both parties, and (d) expressly indicates that it modifies this Agreement.

14. SIGNATURES:

(RECEIVING PARTY)
Signature: Audie Setters

Signature: _____

Name: AUDIE SETTERS

Name:

Title: MARKETING MANAGER

Title:

Date: SEPT. 8, 2014

Date: