

PROFESSIONAL SERVICES CONTRACT BETWEEN

**STATE OF ALASKA
ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET & AUDIT COMMITTEE
120 4th Street, State Capitol, Room 3
Juneau, AK 99801**

AND

**IN3ENERGY, LLC
6634 Wanita Place
Houston, TX 77007**

**CONTRACT NOT TO EXCEED AMOUNT: \$100,000
(amount includes reasonable travel expenses)**

The parties to this Contract are the State of Alaska, Alaska State Legislature, Legislative Budget and Audit Committee, whose address is 120 4th Street, State Capitol, Juneau, Alaska 99801-1182, hereinafter referred to as the "Committee", and IN3ENERGY, LLC whose address is 6634 Wanita Place, Houston, TX 77007, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS CONTRACT is to provide the Committee with oil and gas fiscal systems economic analysis and consulting services.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I – GENERAL: STATEMENT OF SCOPE OF WORK; RELATED PROVISIONS

This Contract is established as a result of Request for Proposals No. 17-33-01 ("Oil and Gas Fiscal Systems Economic Analysis and Expertise") (RFP). The RFP, including the amendments to the RFP, and the Contractor's Cost Proposal and Technical Proposal (both proposals jointly referred to as "Offer") are incorporated into and made a part of this Contract as Exhibits A and B. The Contractor shall provide the products and services requested by the RFP according to and as described in the RFP, the Offer, and the provisions in this Contract document. If there is a conflict between the RFP and the Offer, the RFP will govern. If there is a conflict between the RFP of the Offer and this Contract document, this Contract document

will govern.

CLAUSE II - PERIOD AND DATES OF PERFORMANCE

This Contract shall begin on the date the contract is signed by the Executive Director of the Legislative Affairs Agency or her designee and terminates June 30, 2019, unless terminated earlier as provided under the Contract.

CLAUSE III - COMPENSATION

- (A) The Contractor shall be paid Twenty-Eight Thousand and No/100 Dollars (\$28,000.00) in professional fees for developing the Contractor's expertise and an economic model due by July 1, 2017.
- (B) The Committee will reimburse the Contractor for reasonable and actual travel expenses, but not other expenses.
- (C) In addition to the payment made under (A) of this Clause, the Contractor shall be paid Three Hundred Fifty and No/100 Dollars (\$350.00) per hour for continuing services contingent upon the legislature's needs.
- (D) The Project Director must approve a monthly billing before it may be paid.
- (E) If a payment is not made within 90 days after the Committee has received a proper billing, the Committee shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from, and including, the 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the Contractor.
- (F) Total payments under this Contract, including reimbursements for travel expenses, may not exceed One Hundred Thousand and No/100 Dollars (\$100,000.00).
- (G)

CLAUSE VI – VENUE

In the event that the parties to the Contract find it necessary to litigate the terms of the Contract, venue shall be State of Alaska, First Judicial District, at Juneau, and the Contract shall be interpreted according to the laws of Alaska.

CLAUSE V - PROJECT DIRECTOR

The Project Director is the person appointed by the Committee Chair. The Project Director shall be Katrina Matheny. The Project Director is authorized to oversee and direct the activities of the Contractor under this Contract. The Committee Chair may replace the Project

Director at any time and shall provide notice of the replacement to the Contractor.

CLAUSE VIII – TIME

Time is of the essence for this Contract.

CLAUSE IX - AUTHORIZATION; CERTIFICATION

Execution of this Contract was authorized by a majority of the members of the Committee at a meeting on May 8, 2017.

Execution of this Contract by the Executive Director of the Legislative Affairs Agency hereby constitutes a certification that funds are available in an appropriation to pay for work performed under this Contract through June 30, 2017. Availability of funds to pay for work performed from July 1, 2017 through June 30, 2019 is contingent upon appropriation of funds for the next fiscal year. If, in the judgment of the Executive Director of the Legislative Affairs Agency, sufficient funds are not appropriated for the appropriate fiscal year, the Contract will be terminated under paragraph 3.11 of the RFP, or, if the Committee and Consultant agree in writing to amend the contract, the Contract may be amended in writing by the parties.


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CLAUSE X - MODIFICATION AND PREVIOUS AGREEMENTS

This Contract contains all terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind either of the parties to this Contract. This Contract may not be modified unless in writing and signed by the parties to this Contract.


IN WITNESS WHEREOF, the parties have executed this Contract on the dates indicated below:

CONTRACTOR:
IN3ENERGY, LLC

 7 June 17


Rich Ruggiero Date
CEO
Business License No.: 1052315
Tax Identification No.: 82-0817874

COMMITTEE:
STATE OF ALASKA
LEGISLATIVE BUDGET & AUDIT COMMITTEE

 6/7/17

Senator Gary Stevens Date
Chair
Legislative Budget & Audit Committee
Procurement Officer

ACCEPTED:

 6/9/17

Katrina Matheny
Project Director

APPROVED AS TO FORM:

 6/5/17

Emily Counsel Date

CERTIFYING AUTHORITY:

 6/7/17

Pamela A. Varni Date
Executive Director
Legislative Affairs Agency

EXHIBIT A

REQUEST FOR PROPOSALS



RETURN THIS PROPOSAL TO:

DIVISION OF LEGISLATIVE AUDIT

Issuing Office Mailing Address: State Capitol, Room 3, Juneau, AK 99801-1182

Issuing Office Hand Delivery Address: Terry Miller Legislative Office Building, 129 6th Street, Room 222, Juneau, Alaska 99801

RFP NO. 17-33-01

OIL AND GAS FISCAL SYSTEMS ECONOMIC ANALYSIS AND EXPERTISE

**SEALED PROPOSALS SHALL BE RECEIVED AT THE ABOVE ADDRESS UNTIL
4:00PM ALASKA TIME ON APRIL 24, 2017.**

Offerors Are Not Required To Return This Form

Under AS 36.30.020, the Alaska Legislative Council adopted procurement procedures that were based on competitive principles consistent with AS 36.30 and adapted to the special needs of the Legislative Branch. Therefore, the Legislative Branch follows its own procurement procedures and is not subject to the procurement procedures of the Executive Branch. Copies of the Legislative Branch Procurement Procedures are available upon request.

IMPORTANT NOTICE: You must register with the supply officer listed in this document to receive subsequent amendments, whether you received this request for proposals from the State of Alaska's "Online Public Notice" web site or another source. Failure to register with the supply officer may result in the rejection of your proposal.

Tina Strong, Supply Officer
PH: 907-465-6705
FAX: 907-465-2918
TDD: 907-465-4980
Email: tina.strong@akleg.gov

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SECTION ONE

Introduction and Instructions

1.01 Purpose of the RFP

The Alaska State Legislature Legislative Budget and Audit Committee (LBAC) is seeking sealed proposals from persons or firms for oil and gas fiscal systems economic analysis and expertise.

1.02 Return Mailing Address and Deadline for Receipt of Proposals

Offerors must submit their proposals to the supply officer in a sealed package. The cost proposal included with the package must be sealed separately from the rest of the proposal and must be clearly identified. The sealed proposal package must be addressed as follows:

Division of Legislative Audit
Attention: Tina Strong
Request for Proposal (RFP) Number 17-33-01
State Capitol, Room 3
Juneau, AK, 99801-1182

Hand delivery address:

Terry Miller Legislative Office Building
129 6th Street, Room 222
Juneau, AK, 99801

Proposals must be received no later than 4:00 PM Alaska Time on April 24, 2017. Faxed, emailed, or oral proposals will not be accepted.

It is the responsibility of the offeror to ensure that its proposal and any pertinent amendments are received by the LBAC prior to the scheduled deadline for receipt of proposals. An offeror's failure to submit its proposal by the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

1.03 Photocopies

Photocopied proposals are allowed.

1.04 Award Information

LBAC may select up to four offerors to be awarded contract(s).

1.05 Contract Term and Schedule

The contract term and work schedule set out herein represents the LBAC Chair's best estimate of the schedule that will be followed. If a component of this schedule, such as the deadline for receipt of proposals, is delayed, the rest of the schedule may be shifted by the same number of days, at the discretion of the LBAC Chair. The project schedule may be adjusted by the LBAC project director with written notice to the contractor.

The length of the contract will be from the date the contract is signed by the LBAC Chair until June 30, 2019. The contract may be extended in one-year increments through amendment, with mutual agreement of the contracting parties.

The approximate contract schedule is as follows:

4/3/17	Issue RFP
4/13/17	Pre-Proposal Conference
4/24/17	Deadline for Receipt of Proposals
5/8/17	LBAC issues Notice of Intent to Award a Contract(s)
5/22/17	Contract(s) signed by LBAC
7/1/17	Model must be established

The date the contract is signed through 6/30/19: Respond to requests for analysis and information as needed.

Note: All dates are approximate and subject to change.

1.06 Location of Work

The location of work associated with section 5.01 (Scope of Work) of this RFP is predominantly at the contractor's office. If the contractor is asked to conduct verbal presentations in public committee meetings of the Legislature or to testify as an expert witness before legislative committees, this work will take place in Juneau or Anchorage, Alaska, or via teleconference as determined by the LBAC Chair. Additional work in Juneau or in Anchorage is subject to legislative need and may be a short (two to three days at a time) or a longer term (five to six days per week for two to three weeks at a time). The LBAC will reimburse the contractor for reasonable, actual travel expenses. The LBAC may provide workspace for the successful offeror, if available.

1.07 Human Trafficking

By signature on the proposal, the offeror certifies that the offeror is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

In addition, if the offeror conducts business in but is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report, a certified copy of the offeror's policy against human trafficking must be submitted to the LBAC prior to contract award.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following web site: <http://www.state.gov/g/tip/rls/tiprpt>.

If an offeror fails to comply with this paragraph, the LBAC Chair may reject, without liability, the offeror's proposal as non-responsive, cancel the intent to award to the offeror, or cancel the resulting contract with the offeror.

1.08 Americans with Disabilities Act

The Alaska State Legislature complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services, and/or special modifications

to submit a proposal should contact the supply officer no later than ten days prior to the deadline for receipt of proposals to make any necessary arrangements. If a request for special arrangements is received less than ten days prior to the deadline for receipt of proposals, the LBAC will attempt to accommodate the request.

1.09 Review of RFP; Contact Limited

Offerors should carefully review this solicitation, without delay, for defects and questionable or objectionable material. Comments concerning defects and objectionable material must be made in writing and received by the supply officer prior to the deadline for receipt of proposals. This will help prevent the opening of a defective solicitation and exposure of an offeror's proposal upon which award could not be made. Protests by an offeror based on any omission or error, or on the content of the solicitation, may be disallowed if the offeror has not brought these faults to the attention of the supply officer, in writing, prior to the deadline for receipt of proposals.

Offerors or their agents may not contact any member of the evaluation committee or their staff or any member of the legislature or their staff regarding this RFP. All questions concerning this RFP must be directed to the supply officer listed on the first page of this RFP.

1.10 Questions Received Prior to Deadline for Receipt of Proposals

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone or via email. The second type is a question that would require the supply officer to clarify or interpret part of the RFP or its intent. Response to the second type of question will not be given except in writing via amendment to the RFP. Offerors must put these questions in writing. These questions must be received by the supply officer prior to the deadline for receipt of proposals.

1.11 Amendments

If an amendment to this RFP is issued, it will be posted to the State of Alaska's Online Public Notice web site and will be provided to all who have registered with the supply officer after receiving the RFP from the State of Alaska's Online Public Notice web site, or some other source.

1.12 Number of Proposals; Alternate Proposals

Offerors may only submit one proposal for evaluation. Proposals that offer something different than what is asked for will be rejected.

1.13 Right of Rejection

Offerors must comply with all of the terms of this RFP, Alaska Legislative Procurement Procedures, and all applicable local, state, and federal laws, codes, and regulations. The supply officer may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of this RFP.

Offerors may not qualify the proposal or restrict the rights of the LBAC. If an offeror does so, the supply officer may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

A proposal may be rejected if the proposal contains a material alteration or erasure that is not initialed by the signer of the proposal.

The supply officer may waive minor informalities that:

- a) do not affect responsiveness;
- b) are merely a matter of form or format;
- c) do not change the relative standing or otherwise prejudice other offers;
- d) do not change the meaning or scope of the RFP;
- e) are trivial, negligible, or immaterial in nature;
- f) do not reflect a material change in the work, services, or products requested; or
- g) do not constitute a substantial reservation against a requirement or provision.

Furthermore, a proposal may be rejected in whole or in part when in the best interest of the LBAC, as provided in sec. 130 of the Procurement Procedures of the Alaska State Legislature.

1.14 State Not Responsible for Preparation Costs

This RFP does not obligate the LBAC to award a contract or to pay any costs incurred in the preparation of a proposal when the LBAC does not award a contract as provided in sec. 125 of the Procurement Procedures of the Alaska State Legislature.

1.15 Cancellation of Solicitation

This RFP may be canceled as provided in sec. 120 of the Procurement Procedures of the Alaska State Legislature.

1.16 Disclosure of Proposal Contents

All proposals and other material submitted become the property of the LBAC and may be returned only at the LBAC's option. AS 40.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information.

Trade secrets and other proprietary data contained in proposals may be held confidential if the offeror requests, in writing, that the supply officer do so, and if the supply officer agrees, in writing, to do so. The offeror's request must be included with the proposal, must clearly identify the information the offeror wishes to be held confidential, and include a statement that sets out the reasons for confidentiality. Unless the supply officer agrees in writing to hold the requested information confidential, that information will also become public after the Notice of Intent to Award is issued.

1.17 Subcontractors

Subcontractors may be used to perform work under the contract. If an offeror intends to use subcontractors, the offeror must identify in the proposal:

- a) complete name of the subcontractor;
- b) complete address of the subcontractor;
- c) type of work the subcontractor will be performing;
- d) percentage of work the subcontractor will be providing; and
- e) evidence that the subcontractor holds a valid Alaska business license.

Subcontractors cannot be used to meet qualifications for this project as described in section 2.08 (Prior Experience) of this RFP, and cannot be used to support the application for purposes of section 6.02 (Technical Proposal Format) items b) (Relevant Firm Experience) and c) (Team Experience and Qualifications).

If a proposal with subcontractors is selected, the offeror must provide the following information concerning each prospective subcontractor within five working days from the date of the LBAC's request:

- a) a written statement, signed by each proposed subcontractor that clearly verifies that the subcontractor has agreed to render the services required by the contract.

An offeror's failure to provide this information, within the time set, may cause the LBAC to consider the offeror's proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and with the prior written approval of the LBAC project director.

All subcontractors that perform work under the contract resulting from this RFP are subject to the requirements of paragraphs 3.05 (Applicable Law) and 3.06 (Insurance Requirements) of this RFP.

1.18 Joint Ventures

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement which identifies the principals involved and their rights and responsibilities regarding performance and payment.

1.19 Offeror's Certification

By signature on the proposal, offerors certify that:

- a) the offeror will comply with the laws of the State of Alaska;
- b) the offeror will comply with the applicable portion of the Federal Civil Rights Act of 1964;
- c) the offeror will comply with the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- d) the offeror will comply with the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- e) the offeror will comply with all terms and conditions set out in this RFP;
- f) the proposal submitted was independently arrived at, without collusion;

- g) the offer shall be good and firm for a period of at least 90 days from the date of deadline for receipt of proposals to the RFP; and
- h) programs, services, and activities provided to the general public under the resulting contract will conform to the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with (a) through (h) of this paragraph, the LBAC reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default under the contract.

1.20 Conflict of Interest

Each proposal shall include a statement indicating whether or not the offeror or any individuals working on the contract has a possible conflict of interest (e.g., currently employed by the State of Alaska or formerly employed by the State of Alaska within the past five years) and, if so, the nature of that conflict. For the purposes of this section 1.20, employment means either direct employment or as an independent contractor or subcontractor with the State of Alaska including all State governmental corporations.

Each proposal shall also include a statement indicating whether or not the offeror currently works for a firm that is engaged in oil or gas exploration, development or production in Alaska or has worked for such a firm over the past five years. The proposal must indicate, for each instance, the nature of the work performed; whether the relationship is ongoing or concluded; the name of the private company, when allowed by existing contractual agreements; and whether the offeror would require a waiver or other authorization from a company in order to contract with the LBAC. For actual or potential conflicts, describe actions the firm will take to alleviate those conflicts to maintain the firm's integrity as independent of the Alaska oil and gas industry in carrying out the work described in section 5.01 (Scope of Work).

Conflicts, potential conflicts, waiver requirements and mitigation means will be evaluated for degree of conflict and whether the conflict, potential conflict, waiver requirement or mitigation plan is of a nature that may impede the offeror's independence or appearance of independence before the Legislature and the public.

The offeror awarded a contract as a result of this RFP shall keep itself free from any potential conflict of interest and maintain its independence.

The LBAC Chair reserves the right to consider a proposal non-responsive and reject it or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the offeror. The LBAC's determination regarding any questions of conflict of interest shall be final.

1.21 Project Director

The administration of the contract issued as a result of this RFP is the responsibility of the individual assigned by the LBAC Chair to be the LBAC project director. The LBAC project director shall be named in the contract issued as a result of this RFP. The LBAC project director may be changed at the LBAC Chair's discretion and, if changed, the LBAC will provide written notice to the contractor.

1.22 Assignment/Transfer

Assignment or transfer of the contract entered into as a result of this RFP is subject to sec. 160 of the Procurement Procedures of the Alaska State Legislature.

1.23 Binding on Successors

Subject to paragraphs 1.22 (Assignment/Transfer) and 1.26 (Severability) of this RFP, the contract issued as a result of this RFP and all the covenants, provisions and conditions contained in the contract shall inure to the benefit of and be binding upon the successors and assigns of the contractor and the LBAC.

1.24 Disputes

A contract resulting from this RFP is governed by the laws of the State of Alaska. If the contractor has a claim arising in connection with the contract that it cannot resolve with the LBAC by mutual agreement, sec. 350 of the Procurement Procedures of the Alaska State Legislature governs contract controversies.

1.25 Venue and Applicable Law

In the event that the parties to the resulting contract find it necessary to litigate the terms of the contract, venue shall be State of Alaska, First Judicial District at Juneau, and the contract shall be interpreted according to the laws of Alaska.

1.26 Severability

If any provision of the contract is declared by a court to be illegal or in conflict with any law, the LBAC and the contractor shall negotiate the continuation of the contract without the provision.

1.27 Procurement Procedures

This RFP is subject to the Procurement Procedures of the Alaska State Legislature.

1.28 Records; Audit

The requirements in this sec. 1.28 are in addition to any other records required by this RFP. The contractor shall accurately maintain detailed time records that state the date of the work, describe in detail the work done, and identify what individual(s) did the work. The contractor shall also keep any other records that are required by the contract issued as a result of this RFP or the LBAC project director. The records required by this paragraph are subject to inspection by the LBAC at all reasonable times.

1.29 Ownership and Reuse of Documents

All data, documents, reports, material, and other items generated as a consequence of work done under the contract resulting from this RFP are the property of the LBAC. To the extent the offeror has any interest in the copyright for these items under the copyright laws of the United States, the offeror transfers any and all interest the offeror has in the copyright for these items to the LBAC, and the LBAC will be the owner of the copyright for these items. Upon completion of the work or termination of the contract resulting from this RFP, all items shall be delivered to the LBAC project director. Offeror acknowledges that all the items are the property of the LBAC. Notwithstanding the above provisions, the LBAC will not have proprietary rights to financial models, databases or

software developed under the contract solely for the purposes of the contract, nor will it prevent the contractor from making publicly available work performed under the contract where such work has already been made publicly available by the LBAC. The LBAC may use these financial models, databases or software items in its present or future legislative work.

1.30 Materials and Processes Covered by Patents, Trademarks, or Copyrights

If the offeror employs any design, device, material, or process covered by a patent, trademark, or copyright not held by the offeror, the offeror shall provide for the use by suitable legal agreement with the owner. The offeror shall indemnify, hold harmless, and defend the Legislature of the State of Alaska, the LBAC and their officers, agents, and employees, and any affected third party from any and all claims for infringement by reason of the use of patented design, device, material or process, or any trademark or copyright, and for any costs, expenses, and damages due to infringement at any time during the work or after the completion of the work.

1.31 Coverage Under the Ethics Law

Certain provisions of AS 24.60 (the Legislative Ethics Act) apply to legislative contractors. It is the responsibility of the offeror to review AS 24.60, determine whether the offeror is in compliance with AS 24.60, and remain compliant throughout the term of the contract.

SECTION TWO

Standard Proposal Information

2.01 Authorized Signature

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least 90 days from the date set as the deadline for receipt of proposals.

2.02 Pre-proposal Conference

A pre-proposal teleconference will be held at 10:00AM, Alaska Time, on April 13, 2017. Potential offerors are invited to participate in the teleconference by calling 1-844-586-9085. The purpose of the teleconference is to discuss the work to be performed with the prospective offerors and allow them to ask questions concerning the RFP. Attendance at the pre-proposal teleconference is not mandatory, but is highly encouraged. Participants should read the RFP and call in to the meeting prepared to discuss any concerns.

Offerors with a disability needing accommodation should contact the supply officer prior to the date set for the pre-proposal teleconference so that reasonable accommodation can be made.

2.03 U.S. Funds

Prices quoted shall be in U.S. funds.

2.04 Taxes

All proposals shall be submitted exclusive of federal, state, and local taxes.

2.05 Amendments to Proposals

Amendments to or withdrawals of proposals will only be allowed if requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the LBAC's request.

2.06 Supplemental Terms and Conditions

Proposals must comply with Section 1.13 Right of Rejection. However, if the LBAC fails to identify or detect in a proposal a term or condition that conflicts with those contained in this RFP or that diminishes the LBAC's rights under any contract resulting from the RFP, the term(s) or condition(s) will be considered null and void. After award of contract, unless otherwise specified in the contract:

- a) if conflict arises between a term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail;
- b) if there is a conflict between (1) the RFP or the proposal, and (2) the contract document, the contract document will govern; and
- c) if the LBAC's rights would be diminished as a result of application of a term or condition included in the proposal, the term or condition will be considered null and void.

2.07 Discussions with Offerors

The supply officer may conduct discussions with offerors for the purpose of clarification. The purpose of these discussions will be to ensure full understanding of the requirements of the RFP and proposal. Discussions will be limited to specific sections of the RFP or proposal identified by the supply officer. Discussions will only be held with offerors who have submitted a proposal deemed reasonably susceptible for award by the supply officer. Discussions, if held, will be after initial evaluation of proposals by the supply officer or the PEC. If modifications are made as a result of these discussions they will be put in writing. Following discussions, the supply officer may set a time for best and final proposal submissions from those offerors with whom discussions were held. Proposals may be reevaluated after receipt of best and final proposal submissions.

2.08 Prior Experience

In order for offers to be considered responsive, offerors must meet the following minimum experience requirements:

- a) Demonstrate high-level experience evaluating and advising on international oil and gas fiscal systems
- b) Performed work related to oil and gas fiscal systems for a government/sovereign
- c) Possess advanced modeling capability and experience for evaluating the effectiveness of oil and gas fiscal systems

An offeror's failure to meet this minimum prior experience requirement will cause the proposal to be considered non-responsive, resulting in rejection of the proposal.

2.09 Evaluation of Proposals

There will be two separate evaluation committees who will independently evaluate and rank all proposals. Each evaluation committee will be made up of at least three state employees or public officials who will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in section Seven (Evaluation Criteria) of this RFP.

It will be at the discretion of each evaluation committee to make a recommendation to the LBAC to award a contract to a) only their number one ranked offeror, *or* b) their number one ranked offeror and their number two ranked offeror. The LBAC may choose to award a contract to one to four offerors based on each of the evaluation committee's recommendations. The LBAC may choose in the following order:

- **If the LBAC chooses to award only one contract:**
 - If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, award will be made to this offeror.
 - If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the LBAC may choose at its discretion between the two number one ranked offerors.

- **If the LBAC chooses to award two contracts:**

- If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the LBAC will award to each of the evaluation committee's number one ranked offerors.
- If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, the first award will be given to this offeror. If each evaluation committee has ranked and recommended the same offeror as their number two ranked offeror, the second award will be given to this offeror.
- If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, the first award will be given to this offeror. If each evaluation committee has ranked and recommended a different offeror their number two ranked offeror, the LBAC may choose at its discretion between the two number two ranked offerors for the second award.

- **If the LBAC chooses to award three contracts:**

- If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the first two awards will be given to these offerors. If each evaluation committee has ranked and recommended the same offeror as their number two ranked offeror, the third award will be given to this offeror.
- If each evaluation committee has ranked and recommended different offerors as their number one ranked offeror, the first two awards will go to these offerors. If each evaluation committee has ranked and recommended a different offeror as their number two ranked offeror, the LBAC may choose at its discretion between the two number two ranked offerors for the third award.
- If each evaluation committee has ranked and recommended the same offeror as their number one ranked offeror, the first award will made to this offeror. If each evaluation committee has ranked and recommended a different offeror as their number two ranked offeror, the second and third award will be given to these offerors.

- **If the LBAC chooses to award four contracts:**

- The LBAC will award to each of the evaluation committees ranked and recommended number one and number two ranked offerors.

It will be at the LBAC's discretion to award one to four contracts based on each of the evaluation committee's recommendations.

After receipt of proposals, if the PEC has technical questions, the PEC may use additional sources to provide essential information to help the PEC complete their evaluations.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

2.10 Federal Tax ID

A valid Federal Tax ID must be submitted to the LBAC within five working days from the date of the LBAC's request.

2.11 Alaska Business License and Other Required Licenses

Prior to the award of a contract, an offeror must hold a valid Alaska business license. However, in order to receive the Alaska Bidder Preference and other related preferences, an offeror must hold a valid Alaska business license prior to the deadline for receipt of proposals. Offerors should contact the Department of Commerce, Community and Economic Development, Division of Corporations, Business, and Professional Licensing, website: www.BusinessLicense.Alaska.Gov; phone: (907) 465-2550; email: businesslicense@alaska.gov; mailing: P.O. Box 110806, Juneau, Alaska 99811-0806, for information on these licenses. Acceptable evidence that the offeror possesses a valid Alaska business license may consist of any one of the following:

- a) copy of an Alaska business license;
- b) certification on the proposal that the offeror has a valid Alaska business license, and inclusion of the license number in the proposal;
- c) a canceled check or other proof of payment of the Alaska business license fee;
- d) a copy of the Alaska business license application with a receipt stamp from the state's occupational licensing office; or
- e) a sworn and notarized affidavit that the offeror has applied and paid for the Alaska business license.

Prior to the deadline for receipt of proposals, all offerors must hold any other necessary applicable professional licenses required by Alaska Statute or regulations.

2.12 Alaska Bidder Preference

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive a preference of five percent. The preference will be given to an offeror who:

- a) holds a current Alaska business license prior to the deadline for receipt of proposals;
- b) submits a proposal for the contract under the name appearing on the offeror's current Alaska business license;
- c) has maintained a place of business within the state staffed by the offeror, or an employee of the offeror, for a period of six months immediately preceding the date of the proposal;

- d) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company (LLC) organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.06 or AS 32.11 and all partners are residents of the state; and
- e) if a joint venture, is composed entirely of ventures that qualify under (a) – (d) of this subsection.

In order to receive the Alaska Bidder Preference, the proposal must include a statement certifying that the offeror is eligible to receive the Alaska Bidder Preference.

If the offeror is a LLC or partnership as identified in (d) of this subsection, the affidavit must also identify each member or partner and include a statement certifying that all members or partners are residents of the state.

If the offeror is a joint venture which includes a LLC or partnership as identified in (d) of this subsection, the affidavit must also identify each member or partner of each LLC or partnership that is included in the joint venture and include a statement certifying that all of those members or partners are residents of the state.

2.13 Contract Negotiation

After issuing the Notice of Intent to Award, the LBAC Chair may elect to initiate contract negotiations. The option of whether or not to initiate contract negotiations rests solely with the LBAC Chair.

The LBAC Chair may terminate negotiations with a successful offeror who has been selected for award on the Notice of Intent to Award, and may commence negotiations with another offeror, if the successful offeror:

- a) fails to provide the information required to begin negotiations in a timely manner; or
- b) fails to negotiate in good faith; or
- c) indicates they cannot perform a contract within the budgeted funds available for the project;
or
- d) simply cannot come to terms after a good faith effort to negotiate with the LBAC.

2.14 Notice of Intent to Award – Offeror Notification of Selection

Upon selection of an apparent successful offeror(s), the supply officer will issue a written Notice of Intent to Award and send copies to all offerors. The Notice of Intent will set out the names of all offerors and identify the proposal(s) selected for award.

2.15 Protest

If an offeror wishes to protest a solicitation, the award of a contract, or the proposed award of a contract, the protest must be filed as required by sec. 230 and 240 of the Procurement Procedures of the Alaska State Legislature.

SECTION THREE

Standard Contract Information

3.01 Format of Contract

The contract entered into as a result of this RFP will be in the contract format desired by the LBAC Chair.

3.02 Contract Approval

The contract(s) to be entered into as a result of this RFP is subject to approval by the LBAC. The LBAC will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the signing of the contract.

3.03 Proposal as a Part of the Contract

Part or all of this RFP and the successful proposal may be incorporated into the contract.

3.04 Additional Terms and Conditions

The LBAC Chair reserves the right to include additional terms and conditions in the contract.

3.05 Applicable Law

The contractor must comply with all applicable federal and state labor, wage/hour, safety, and any other laws which have a bearing on the contract, and must have all licenses and permits required by the LBAC, and any municipality that is applicable, for performance of the contract that is covered by this RFP.

3.06 Insurance Requirements

Without limiting indemnification responsibilities under section 3.13 (Indemnification) and section 1.30 (Materials and Processes Covered by Patents, Trademarks, or Copyrights), the 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 LBAC shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the project director prior to beginning work and must provide for notice of cancellation, nonrenewal, or material change of conditions in accordance with policy provisions. Failure of the contractor to furnish the LBAC with satisfactory evidence of insurance, or to notify the LBAC of the lapse of, or material change in, the policy, is a material breach of the contract resulting from this RFP and shall be grounds for termination of the contractor's services. All insurance policies shall comply with, and be issued by insurers authorized in Alaska or another state to transact the business of insurance.

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 as required by any other applicable statute. The policy must waive subrogation against the state.

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.

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 Liability Insurance: covering all errors, omissions or negligent acts in the performance of professional services under this agreement with minimum coverage limits of \$500,000 per occurrence/Annual Aggregate.

All insurance shall be considered to be primary and non-contributory to any other insurance carried by the LBAC through self-insurance or otherwise.

In addition to providing the above coverages, the contractor shall require that all indemnities obtained from any subcontractors be extended to include the LBAC as an additional named indemnitee. The contractor shall further require that the LBAC be named as an additional insured on all liability insurance policies maintained by all subcontractors under their contracts with the contractor, and that an appropriate waiver of subrogation in favor of the LBAC be obtained with respect to all other insurance policies.

The contractor shall provide evidence of continuous coverage by submitting, without reminder, annual renewal certificates for the required insurance to the LBAC project director.

3.07 Contract Funding

Funds are contingent upon the approval of the LBAC to award a contract. Upon committee approval, funds will be available in an appropriation to pay for the LBAC's monetary obligations under the contract through June 30, 2017. The availability of funds to pay for the LBAC's monetary obligations under the contract after June 30, 2017 is contingent upon appropriation by the legislature of funds for the particular fiscal year involved. In addition to any other right of the LBAC Chair under the contract to terminate the contract, if, in the judgment of the LBAC Chair, sufficient funds are not appropriated, the contract will be terminated by the LBAC Chair without liability of the LBAC for the termination. To terminate under this section, the LBAC project director shall provide written notice of the termination to the contractor and the contract will be terminated under paragraph 3.11 (Termination of Contract) of this RFP.

3.08 Contract Payment

No payment will be made until the billing is approved by the LBAC project director. If a payment is not made within 90 days after the LBAC has received a properly approved billing, the LBAC shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from, and including, the 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the contractor.

The LBAC is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

3.09 Informal Debriefing

When the contract is completed, an informal debriefing may be performed at the discretion of the LBAC project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.

3.10 Contract Personnel

During the contract, any change of the project team members or subcontractors named in the proposal must be approved, in advance and in writing, by the LBAC project director. Personnel changes that are not approved by the LBAC project director may be grounds for the LBAC Chair to terminate the contract.

3.11 Termination of Contract

Upon delivery of written notice to the contractor, the contract may be terminated by the LBAC Chair with or without cause. To terminate, the LBAC project director shall provide notice by email or delivery of a hard copy to the contractor, whichever method is selected in the sole discretion of the LBAC project director. If the contract is so terminated and the termination is not based on a breach by the contractor, the LBAC shall compensate the contractor for services provided under the terms of the contract up to the date the termination notice is delivered, provided the contractor provides the LBAC with a statement in writing containing a description, including, but not limited to, the detailed records required by section 1.28 (Records; Audit) of the services provided prior to contract termination.

3.12 Breach of Contract

In case of a breach of the contract, for whatever reason, by the contractor, the LBAC Chair may procure the services from other sources and hold the contractor responsible for damages resulting from the breach.

3.13 Indemnification

The contractor shall indemnify, hold harmless, and defend the Legislature of the State of Alaska and the LBAC, and their officers, agents, and employees (“contracting agency”) from and against any claim of, or liability for error, omission, or negligent act of the contractor under the contract resulting from this RFP, including, but not limited to, any costs, attorney fees, and other expenses relating to the contractor’s performance of its contract obligations. 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 contracting agency, the contractor’s indemnification and hold harmless obligation under this section 3.13 (Indemnification) shall be apportioned on a comparative fault basis. “Contractor” and “contracting agency”, as used within this section, 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.

3.14 Contract Amendments

In addition to any other amendment the parties may be allowed to make under the contract, the terms of the contract entered into as a result of this RFP may be amended by mutual agreement of the parties.

3.15 Contract Changes – Unanticipated Amendments

During the course of the contract, the LBAC may request the contractor to perform additional work. That work will be within the general scope of the initial contract and may not amount to a material amendment of the contract. When additional work is requested and the contractor agrees to perform the additional work, the LBAC project director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments.

The contractor may not commence the additional work until the LBAC project director has secured any required approvals necessary for the amendment and the LBAC Chair and the contractor have signed a written contract amendment, approved by the LBAC, or the committee's designee.

3.16 Nondisclosure and Confidentiality

Contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified herein and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, the confidential information. "Reasonable care" means compliance by the contractor with all applicable federal and state law, including the Social Security Act and the Health Insurance Portability and Accountability Act (HIPAA). The contractor must promptly notify the LBAC in writing if it becomes aware of any improper storage, disclosure, loss, unauthorized access to, or unauthorized use of the confidential information.

Confidential information, as used herein, means any data, files, software, information or materials (whether prepared by the state, the LBAC, or their agents, advisors, or contractors) in oral, electronic, tangible or intangible form and however stored, compiled, or memorialized, that is classified confidential as defined by the State of Alaska Information Security Policies adopted by the Department of Administration and provided by the LBAC to the contractor or a contractor agent or otherwise made available to the contractor or a contractor agent in connection with the contract, or acquired, obtained, or learned by the contractor or a contractor agent in the performance of the contract. Examples of confidential information include, but are not limited to, personal information, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc.).

SECTION FOUR

Background Information

4.01 Background Information

The Legislature has under consideration, proposals to modify Alaska's oil and gas production tax system. Proposals include modifications to royalty structures and rates on oil and/or gas, tax credits, and other changes to Alaska's oil and gas fiscal system. These proposals come in the form of legislation, which the Legislature is currently reviewing, analyzing, and deliberating. Due to these proposals, the Legislature requires a consultant to thoroughly understand Alaska's current oil and gas fiscal system as it applies to the oil and gas basins of the North Slope, Cook Inlet and Middle Earth, including but not limited to the most recent changes enacted during the 28th and 29th Legislatures; to develop and vet a quantitative model of the State's current fiscal system; to analyze proposed changes and inform the Legislature, in public forums, as to the effects of proposed changes on the State's finances, oil and gas industry investment, basin development and the State's relative competitiveness to other jurisdictions internationally in attracting oil and gas investment dollars. The Legislature may also request that the consultant provide information on improvements to the oil and gas fiscal system, and to provide education to the Legislature on various topics related to oil and gas fiscal systems.

SECTION FIVE

Scope of Work

5.01 Scope of Work

The LBAC is soliciting proposals for one to four consultants to provide expert economic analysis and advice related to Alaska's oil and gas fiscal system, and to evaluate proposed changes to the fiscal system. The Contract work includes all work necessary to ensure that the consultant is immediately prepared to evaluate proposed changes to the system and their effects if implemented. This will require an in-depth understanding of Alaska's current fiscal system, as it applies to the oil and gas basins of the North Slope, Cook Inlet and Middle Earth, and recent changes made during the 28th and 29th Legislatures, as well as changes made over the last decade. This would include, but is not limited to: House Bill 3001 of 2006 (Petroleum Production Act, "PPT"), House Bill 2001 of 2007 "Alaska's Clear and Equitable Share "ACES"), HB 280 of 2010 (Cook Inlet Recovery Act), Senate Bill 21 of 2013 (More Alaska Production Act, "MAPA"), House Bill 247 of 2016, and any oil and gas fiscal legislation that passes the 2017 legislature. It will also require the consultant to develop an economic model with which to conduct evaluations of the fiscal system and may include a request for the consultant to provide information on improvements to the oil and gas fiscal system and the effects of proposed changes.

The Consultant is required to be available to the Legislature on an as-needed basis to review proposed changes; provide quantitative and qualitative analysis through written reports and visual and verbal presentations in public committee meetings of the Legislature; testify as an expert witness before legislative committees meeting in public; provide education on oil and gas fiscal systems; respond to questions from Legislators and requests for information; and potentially to conduct periodic reviews of the competitiveness of Alaska's fiscal system. The amount of work will be largely dependent upon the amount of legislation introduced proposing changes during the Legislative sessions, which begin in January each year and last for at least 90 days. In addition, one or more special sessions may be called to address specific matters and may be called at any time of the year.

5.02 Deliverables

The contractor will be required to develop an economic model on or before July 1, 2017, to evaluate Alaska's current oil and gas fiscal system and potential proposed changes. The consultant shall have project life cycle models that measure the impact of fiscal system changes on common investor metrics such as NPV (Net Present Value), IRR (Internal Rate of Return), and EMV (Estimated Monetary Value), which should be completed as soon as possible following the contract award.

Future deliverables are contingent on legislative need and LBAC request.

5.03 Procedure for Assigning Work to the Contractor

Offeror(s) selected by each evaluation committee and awarded a contract will be paid to develop an economic model to evaluate Alaska's current oil and gas fiscal system and potential proposed changes.

The project director must approve in writing to the contractor any additional work to be done by the contractor beyond the expertise development and the economic model.

When the legislature has a need for continuing services, the members and committees may request at their sole discretion, with the approval of the project director, from the contract(s) awarded, regardless of rank.

SECTION SIX

Proposal Format and Content

6.01 Proposal Format and Content

The LBAC discourages overly lengthy and costly proposals. In order for the LBAC to evaluate proposals fairly and completely, offerors must follow the format set out in this RFP and provide all information requested.

Offerors must submit one original hard copy and a USB flash drive containing a print-ready electronic PDF version of their proposal to the Issuing Office address listed on Page 1 of this RFP.

The proposal must be split into two parts: 1) a technical proposal and 2) a cost proposal.

6.02 Technical Proposal Format

The offeror must provide sufficient information related to the following six areas. All qualified proposals will be evaluated and scored as described in Section Seven (Evaluation Criteria) of this RFP, with the final selection made by the LBAC. Offerors should include in their submissions all information as required below to allow for the evaluation using the criteria described in Section Seven (Evaluation Criteria) of this RFP. Information included may be used to evaluate the offeror as part of any criteria regardless of where that information is found within this proposal. Information obtained from the proposal and from any other relevant source may be used in the evaluation and selection process.

All proposals should include the following items in the order as shown below. Please be as concise and clear as possible. Each section should be titled with the corresponding section in the RFP, with all relevant information included.

Each page should be numbered consecutively.

The proposals received by the stated deadline will be ranked according to the following criteria:

a) Cover Letter

Provide a cover letter on the offeror's letterhead signed by a person with the authority, including fiscal authority, in the organization to bind the offeror, certifying the accuracy of all information in the proposal, that the proposal will remain valid for at least 90 days from the deadline for receipt of proposals, that the offeror meets all minimum requirements of the RFP, and that the offeror will comply with all provisions in this RFP.

The cover letter should have the offeror's complete legal name, type of entity, address, telephone number, fax number, and website address, and should state whether, and how, the offeror qualifies as an Alaska Bidder. If applicable, the offeror shall provide the offeror's Alaska business license number or other forms of evidence of the license allowed under section 2.11 (Alaska Business License and Other Required Licenses) with the cover letter. The cover letter must also include the name, title, mailing address, email address and telephone number of the person the LBAC should contact regarding the proposal.

b) Relevant Firm Experience

- 1) Applicant's overall reputation, service capabilities and quality as it relates to this project.
- 2) Demonstration that the offeror has both analytical expertise and global oil and gas fiscal systems and industry knowledge sufficient to supply analysis and advice to the LBAC.
- 3) Demonstration that the offeror meets the minimum experience requirements described in section 2.08 (a), (b) and (c) (Prior Experience) of this RFP.
- 4) Where applicable, provide previous addresses if the offeror's business has moved within the last ten years.
- 5) List and briefly describe three comparable projects completed by the firm, including key staff anticipated to work on this project or currently in progress over the last five years and how the projects demonstrate expertise and experience in projects similar to the scope of work described in section 5 of this RFP; include the staff's role, and discuss contract amendment history, if applicable. For each project, include: contract value (original value plus all contract amendments, if applicable), project owner, project location, contact name and title, address, current/accurate telephone number, fax number, and email address of the client (if available). The supply officer may contact the client to verify the nature of the work and degree the contract was fulfilled.
- 6) List all projects in the last five (5) years that were with the State of Alaska including all State governmental corporations, or provide a statement that there were no projects in the last five (5) years with the State of Alaska including all State governmental corporations.
- 7) List offeror capacity and intent to proceed without delay if selected for this work.
- 8) Provide photocopies (attached as a clearly marked Appendix to this response) of all relevant licenses, certifications, and professional memberships, etc.
- 9) Include the required statements and information as required by section 1.20 (Conflict of Interest) of this RFP. Conflicts, potential conflicts, waiver requirements and mitigation plans will be evaluated individually for degree of conflict and whether the conflict, potential conflict or waiver requirement is of a nature that may impede the offeror's independence or appearance of independence before the Legislature and the public.
- 10) Provide specific offeror experience in developing analytic models of oil and gas fiscal systems.

c) Team Experience & Qualifications

- 1) Describe the team which will be assigned to this contract, including the role of each team member within the firm. Provide resumes of each proposed team member, including education.
- 2) Briefly describe each team member's role on this project and experience on similar projects. Please note, once listed in your RFP submission, these members would not be able to be reassigned without the approval of LBAC and any reassignments would have to have equivalent qualifications. Please choose individuals with this in mind. In each member's experience, please include experience in providing expert witness testimony in public on oil and gas matters.
- 3) Identify proposed subcontractors, if any, as described in section 1.17 (Subcontractors).
- 4) Individually list any current employees who have previously been employed by the State of Alaska within the last five years. Include the government entity, position title, and dates of such employment.

d) Project Understanding and Approach

- 1) Describe your understanding of the project including purpose and scope including time schedule.
- 2) Provide ability to comply with the timeline detailed in section 1.05 (Contract Term and Schedule) of this RFP.
- 3) Describe the expertise that your firm possesses to develop the model required in the project and how you intend to gain any additional necessary expertise.
- 4) Identify and discuss any potential problems you foresee including relevant factors that impact the quality and value of work.
- 5) Identify and discuss methods you would recommend to mitigate those problems.
- 6) Describe and discuss applicant areas of strength, as they would apply to this project.
- 7) Describe applicant limitations, as they would apply to this project.

e) Approach to Project Management

- 1) Describe your firm's project management approach and team organization during all phases for similar projects, and how the management plan will accomplish the work and meet LBAC's schedule and needs.

f) Other Factors & Required Information

- 1) List any special contract terms and conditions the firm/team would like to be considered for inclusion in any contract it might execute with LBAC under this RFP.

6.03 Cost Proposal

Offerors must provide a cost proposal on Attachment 1 (“Cost Proposal Form”) that includes the below information. Only one (1) copy of the COST PROPOSAL FORM should be submitted in a **separate** sealed envelope marked COST PROPOSAL FORM with the RFP number on the outside of the envelope.

- 1) Total cost in professional fees to develop the contractor’s expertise and an economic model.
- 2) An hourly cost for continuing services as requested by the Legislature.
- 3) Cost of a monthly retainer, if applicable. No retainer is required. A maximum retainer the LBAC will allow is \$10,000 per month.

Monthly Retainer If Required (not to exceed \$10,000) (a) _____
Retainer Number of Hours per month (b) _____
Retainer Hourly Rate: (a) divided by (b) = (c) _____
(c) will be used for the evaluation of this section, if a retainer is proposed

If, during a calendar month, services rendered is less than the number of hours the retainer provides, the actual number of hours not rendered shall be rolled forward. Hours rolled forward shall be used in the order they are accrued, oldest first.

NOTE: THE LBAC DOES NOT GUARANTEE ANY MINIMUM OR MAXIMUM VOLUME OF WORK UNDER THIS CONTRACT.

All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out in Section Seven.

SECTION SEVEN

Evaluation Criteria

It is the LBAC Chair's intent to conduct a comprehensive, fair, and impartial evaluation of all proposals. All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out below. The total number of points used to score the responses is 100. A sample evaluation form is also included which lists the questions that will be used by the Proposal Evaluation Committee to evaluate the proposals.

7.01 Firm experience and Qualification and Experience of Project Team– 40 Percent
(Maximum Point Value for this Section – 40 Points [100 Points x 40% = 40 Points])
Scale Rating 1:40 where 1=lowest and 40=highest; Median Score = 20

- a) How well has the firm demonstrated expertise and experience in projects comparable to this?
- b) What is the degree of experience the firm has in working for governments/sovereigns?
- c) How well has the firm demonstrated an understanding of and experience with oil and gas fiscal systems of a variety of types (production sharing, concessions, mature basins, prospective basins, etc.) internationally?
- d) Does the offeror have both analytical expertise and global oil and gas fiscal systems and industry knowledge sufficient to supply analysis and advice to the LBAC?
- e) How much depth does the firm offer in its experience developing analytic models of oil and gas fiscal systems?
- f) How well has the firm demonstrated its ability to provide expert testimony before legislative committee meetings in public?
- g) How well has the firm identified a team that brings well-rounded depth in personal qualifications and experience to this project?
- h) Do the individuals assigned to the project have experience on similar projects? How sufficient is this experience in meeting the LBAC's needs?
- i) Are resumes complete and how well do they demonstrate backgrounds desirable for individuals engaged in the project work?
- j) Has the offeror supplied the required statements and information in section 1.20 (Conflict of Interest) in a manner sufficient to evaluate potential and actual conflicts? Are mitigation plans for actual or potential conflicts such that they should be reasonably sufficient to maintain the contractor's integrity before the Legislature and the Alaska public? Based on statements of conflicts and potential conflicts of interest, how well can the firm maintain its integrity as independent of oil and gas industry influence in carrying out the work under this RFP?

7.02 Understanding of the Project and Management Plan for the Project– 10 Percent
(Maximum Point Value for this Section – 10 Points [100 Points x 10% = 10 Points])
Scale Rating 1:10 where 1=lowest and 10=highest; Median Score = 5

- a) How well does the offeror demonstrate an understanding of the purpose and scope of the project?
- b) How well has the offeror identified relevant issues and potential problems related to the project? Has the offeror presented well-developed plans to mitigate potential problems?
- c) How well does the offeror understand the deliverables LBAC requires?
- d) Does the offeror understand the LBAC's time schedule, and is the offeror able to meet this schedule?
- e) Is the offeror able to commence work without delay?
- f) How well does the management plan support project requirements and result in the deliverables?
- g) To what extent does the offeror already possess or have access to a comprehensive set of oil and gas fiscal system terms for many, if not most, oil and gas jurisdictions worldwide, to use in carrying out comparisons of Alaska's oil and gas fiscal system and gauging its competitiveness?
- h) Is the proposal practical and feasible?

7.03 Contract Cost:

- 1) Contract Cost in professional fees to develop the contractor's expertise and an economic model: 10 percent.
(Maximum Point Value for this Section – 10 Points [100 Points x 10% = 10 Points])
- 2) Hourly rate for continuing services contingent upon the legislature's needs: 30 percent
(Maximum Point Value for this Section – 30 Points [100 Points x 30% = 30 Points])
- 3) Monthly Retainer Cost: 10 points

Monthly Retainer If Required (not to exceed \$10,000) (a) _____
Retainer Number of Hours per month (b) _____
Retainer Hourly Rate: (a) divided by (b) = (c) _____

(c) will be used for the evaluation of this section, if a retainer is proposed

Scored as follows:

- i. No Retainer: 10 points
- ii. Hourly rate \$1.00 to \$650.00: 5 points
- iii. Hourly rate over \$650.00: 0 points

Converting Cost to Points: For subsections 1-2 above, the lowest cost proposal will receive the maximum number of allocated points to each section. The point allocations for the other proposals will be determined through the formula listed below. All offerors that qualify as an Alaska Bidder will receive a five (5) percent bidder's preference. This preference will be given before converting the cost to points. The supply officer will be calculating this section of the evaluation criteria.

Formula for Converting Cost to Points for each section 1 and 2 under 7.03 ("Contract Cost") listed above.

([PRICE OF LOWEST COST PROPOSAL] X [MAXIMUM POINT FOR COST]) DIVIDED BY
(COST OF EACH HIGHER PRICED PROPOSAL)

COST PROPOSAL FORM

RFP Number:	17-33-01
RFP Title and Description:	Oil and Gas Fiscal Systems Economic Analysis and Expertise

Company or Person(s) Submitting proposal: _____

Address: _____

City, State, Zip Code: _____

Telephone No.: _____ Fax No.: _____

Email: _____ Alaska Business License No.: _____

Indicate if you qualify as an Alaskan Offeror. ☐ Yes ☐ No (See RFP for criteria to qualify.)

The Offeror hereby offers the price(s) listed below in accordance with the RFP Specifications:

Total Contract Price in professional fees for developing the Contractor's expertise and an economic model under RFP 17-33-01(10 percent):

(1) \$ _____

Hourly rate for continuing services contingent upon the legislature's needs (30 percent):

(2) \$ _____

(3) Monthly Retainer If Required (not to exceed \$10,000) (a) _____

Number of Hours per month (b) _____

Retainer Hourly Rate: (a) divided by (b) (c) _____

(c) will be used for the evaluation of this section, if a retainer is proposed (see sec. 6.03 and 7.03 for criteria)

The LBAC does not guarantee any minimum or maximum volume of work under this contract.

Travel Expenses will be paid separately from professional services. Do not include travel expenses in your Proposal.

AUTHORIZED SIGNATURE: _____

PRINTED SIGNATURE: _____

DATE: _____

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 6, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: "In Section 5.02 (Deliverables) the RFP says that the contractor shall develop an economic model on or before July 1, 2017, and that the consultant "shall have project life cycle models that measure the impact of fiscal system changes ...""

"The Cost Proposal (Section 6.03) is required in the first cost breakdown to break out the "professional fees to develop the contractor's expertise and an economic model.""

A: "Is the economic model due on July 1 the same or different than the project life cycle models?"

Answer: *The economic model shall include, but not be limited to, the project life cycle models. Please see the amended section 5.02 below.*

B: "Insofar as a myriad of different life cycle models are possible depending on different developmental situations, how many different life cycle models are required?"

Answer: *The RFP does not require a maximum or minimum number of project life cycle models as part of the proposal.*

C: "Are the life cycle models also due on July 1? Should that first cost breakdown include the life cycle models?"

Answer: *Yes. Please see the amended section 5.02 below.*

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1**

2. Question: Regarding the insurance requirements (Section 3.06), would it be acceptable to have the arrangements in place to acquire the insurance, but not actually purchase it until, pending contract award, a definitive notification to proceed on actual work is issued?

Answer: **No. Please see AS 23.30.045 (d).**

3. On Page 22, section 5.02 (Deliverables) has been amended to now read:

The contractor will be required to develop an economic model on or before July 1, 2017, to evaluate Alaska's current oil and gas fiscal system and potential proposed changes. The economic model shall include, but not be limited to, project life cycle models that measure the impact of fiscal system changes on common investor metrics such as NPV (Net Present Value), IRR (Internal Rate of Return), and EMV (Estimated Monetary Value).

4. All other terms and conditions of Request for Proposal 17-33-01 will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

NAME OF COMPANY

AUTHORIZED SIGNATURE

TITLE

PRINTED SIGNATURE

DATE

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 12, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: Does the company just need to understand the background associated with ELF, ACES, SB21 and HB247 or does the model delivered need to be able to run profiles under each of those systems?

Answer: *The company only needs to understand the background associated with the prior tax systems, as questions often arise in committee that seek to understand proposed changes in terms/context of past practices. It is not necessary to develop a model to run profiles under these systems; except, the current system is SB 21, with changes per HB 247, so that current system is the one on which a model must be based – so that proposed changes can be compared to the status quo.*

2. Question: The world of petroleum fiscal systems has dozens of different structures in play. Does the model need to be able to handle any structure or are you mainly looking to be able to compare Alaska to a defined set of fiscal structures?

Answer: *The model does not need to handle other structures in play in other parts of the world; however, the contractor must be able to compare Alaska's regime to other jurisdictions, in terms of total government take and other, similar metrics, including the interaction between a national government and a federated sovereign. Knowledge of other fiscal jurisdictions should be sufficient so that the contractor is able to discuss how various jurisdictions handle certain aspects – for example, how regimes treat new oil that is higher cost to develop, or how*

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2**

regimes allow for cost recovery. It is possible proposals would contemplate a shift from a profits to a gross tax system.

3. Question: Is it the intent of the government to run the model and cases? If so, should our price for building the model include the time it will take to train people how to use it properly?

Answer: *The government would not have possession of the model and is not expected to run scenarios. That is expected of the contractor, who has the background and subject matter expertise to not only 'run' the model but also to provide meaning and context to the results.*

4. Question: Do you need a breakdown anywhere in the proposal as to each person's hourly rate and how the blended hourly rate is derived?

Answer: *The RFP does not require a breakdown in the proposal as to each person's hourly rate and how the blended hourly rate is derived.*

5. Question: Once that blended rate is established, will that become the billable rate for all the continuing services regardless of what the task is and who does it?

Answer: *Yes.*

6. On Page 4, section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals), the fourth paragraph has been amended to now read:

Proposals must be received no later than 4:00 PM Alaska Time on April 24, 2017. Faxed or oral proposals will not be accepted. Proposals may be emailed to tina.strong@akleg.gov, no later than the date and time listed on page one of this RFP as the deadline for receipt of proposals, and must contain the RFP number in the subject line of the email. Emailed proposals must be submitted as an attachment in PDF format. The technical proposal and the cost proposal must be separate attachments in PDF format. Please note that the maximum size of a single email (including all text and attachments) that can be received by the Division of Legislative Audit is 20mb (megabytes). If the email containing the proposal exceeds this size, the proposal must be sent in multiple emails that are each less than 20 megabytes and each email must comply with the requirements described above in this section 1.02. The Division of Legislative Audit is not responsible for unreadable, corrupt, or missing attachments. It is the offeror's responsibility to contact the issuing office at (907) 465-6705 to confirm that the proposal has been received. Failure to follow the above instructions may result in the proposal being found non-responsive and rejected.

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2**

7. On Page 24, section 6.01 (Proposal Format and Content), the second paragraph has been amended to now read:

Offerors who do not wish to email their proposal per the instructions in amended section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals) must submit one original hard copy and a USB flash drive containing a print-ready electronic PDF version of their proposal to the Issuing Office address listed on Page 1 of this RFP.

8. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

NAME OF COMPANY

AUTHORIZED SIGNATURE

TITLE

PRINTED SIGNATURE

DATE

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 14, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: I would like you to describe in greater detail the expected granularity, for lack of a better way of describing it, of the fiscal analysis model. How much detail do we expect in terms of various credits, the changes in tax policy over time, deductions, whether distributions or property tax issues are a part of this fiscal model, just generally how much granularity do you anticipate is to be provided by the work. Requests that we do it in the context of the components of the analysis as that will impact a proposer's cost proposal. More detail has cost implications.

Answer: *Changes in tax policy over time are not necessary in a model; however, credits, deductions, property tax, etc. need to be fully incorporated.*

A model does not need to show how ELF, PPT, ACES worked; but the current regime in place today (SB21) should be the basis of comparison for future changes – so the current system (amended per any legislation passed this session) will need to be very granular. As the system has a number of complex features that interact with each other in extreme ways, the model needs to be calibrated to that and there will be opportunities to prove up assumptions in models with Revenue, others.

It may be helpful to go to the LBA website, <http://lba.akleg.gov/>, where you can look at specific presentations for the type of analysis that the legislature requires.

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

2. Question: Please indicate what type of time constraints will be placed on the different models that participants that are the successful bidders, based on what happens with the legislature. The tax regime that is under debate right now in our legislature is not finalized and Sunday is the last day of session. If we go into Special Session, or if this is delayed over the course of the summer, will that be a trigger for an automatic delay in order to incorporate the most recent tax information into the model.

Answer: *There is a possibility that we would need to allow latitude with the due date depending on the final adjournment of the Legislature; however, that decision will most likely be made after a contract is awarded, so we would amend the contract for that purpose, if needed.*

3. Question: I would be interested in a description as to the availability of detailed tax and royalty data, whether there will be any confidentiality issues in terms of releases of source data, the time series over which detailed data would be available, and any other data issues such as format or changes in your information systems that would affect the availability of detailed data.

Answer: *A consultant may or may not have access to confidential data kept by the administration or by individual companies. Assume publicly available information is all that will be available. This data is available through the Alaska Department of Revenue, the Alaska Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission. If you go to their websites, you will see the depth of data immediately available. The Legislature does not keep this data and so format and other changes are questions that you may want to ask of the state departments.*

As a note, in Alaska, DOR may release data only in a manner that does not compromise taxpayer confidentiality; so, data released is aggregated. Occasionally data is not available because too few companies comprise that data set to be able to aggregate.

4. Question: Provide a description of your expectations as to required interviews and contact with State personnel in order to explore the tax and royalty policy issues to be addressed. Mostly focused on some ability to estimate some costs and requirements for those type of interviews. This is in the course of developing the understanding described by the RFP of the proposals at existing tax policies specifically as related to preparing this initial fiscal analysis model.

**DIVISION OF LEGISLATIVE AUDIT
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AMENDMENT NUMBER 3**

Answer: *This is entirely contingent on the offeror's baseline knowledge and needs. Interviews with administration personnel, and in some cases industry companies themselves, can be critical in understanding how a system in statute plays out in application. Interviews should be based on an applicant's need. We are not requiring these interviews, but recommend that a consultant conduct them to develop and confirm their understanding of the system.*

5. Question: Under 2.08 to be able to qualify. It says work performed for government or sovereign related to fiscal systems does that mean one has had to actually worked for a foreign government or other sovereign directly on fiscal work or if someone just modeled for example Norwegian fiscal system would that qualify.

Answer: *2.08 does NOT mean that you have to have consulted for a foreign government. The Legislature seeks a consultant with experience consulting on behalf of a sovereign (government) – and not just for an oil and gas company. Ideally, the Consultant should have an understanding of government's needs, motivations, priorities, concerns, from a government's perspective, and not solely from an industry perspective.*

6. Question: The ongoing part of this contract, if someone is awarded a contract through 2019 or even through fiscal year 2018 how would that award affect the potential that that firm engages in other contract work with other oil and gas entities in the State. Would that be seen as a conflict of interest automatically or would it be on a case by case basis.

Answer: *The LBAC Chair will evaluate potential conflicts, on a case by case basis. There are no absolutes. Generally speaking, the Legislature expects its consultants to avoid potential conflicts while under contract with the Legislature. Conducting work for an oil and gas company operating in Alaska would be a potential conflict; especially if the work relates to Alaska. If the work conducted is unrelated to Alaska, it is a potential conflict, but the nature of the work will be looked at in greater detail to determine the likelihood of a conflict.*

DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3

7. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

NAME OF COMPANY

AUTHORIZED SIGNATURE

TITLE

PRINTED SIGNATURE

DATE

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 20, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: As I understand it, a sole proprietorship with no employees (other than the owner) is not required to have workers compensation insurance. Is this correct?

Answer: *Yes.*

2. Question: Would a joint venture participant with one owner and one employee located outside the United States be required to have workers compensation insurance?

Answer: *Yes, because there is an owner and an employee.*

3. Clarification: All insurance coverage required by the RFP must be met and the contractor must maintain in force at all times during the length of the contract.

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4**

4. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

NAME OF COMPANY

AUTHORIZED SIGNATURE

TITLE

PRINTED SIGNATURE

DATE

EXHIBIT B

RFP NO. 17-33-01
OIL AND GAS FISCAL SYSTEMS ECONOMIC
ANALYSIS AND EXPERTISE

DIVISION OF LEGISLATIVE AUDIT
STATE OF ALASKA

IN3ENERGY LLC
TECHNICAL PROPOSAL
24 APRIL 2017

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24 April 2017

Division of Legislative Audit
Attention: Tina Strong
Request for Proposal Number 17-33-01
State Capitol, Room 3
Juneau, Alaska 99801-1182

I. RE: RFP 17-33-01

IN3nergy is pleased to present this proposal in response to the above referenced RFP to provide petroleum fiscal system consulting services to the Alaska Legislature. Although recently formed, IN3nergy team members as detailed in our proposal have extensive world-wide experience in the design, optimization, reformation, compliance and implementation of petroleum fiscal systems in North America, South America, Europe, Middle East, Africa and Asia Pacific.

IN3nergy has the people and the experience to model fiscal systems, as well as the extensive experience working within those systems and understanding the interactions and implications of how interdependent components affect the overall structure. All team members have worked previously as consultants to the State of Alaska (2007 – 2012, two members for 2017 session) on oil and gas tax matters. We understand and have previously delivered the depth of analysis and recommendations as required for designing changes to Alaska's oil and gas taxation statutes.

IN3nergy brings unmatched first-hand experience, meets all the RFP requirements, and certifies the accuracy of the information in this proposal. IN3nergy is prepared to accept the award of the contract and comply with its terms in delivering the defined scope of work. Unfortunately, we do not qualify as an Alaska entity.

IN3nergy hereby states that it:

- ✓ Does and will comply with the laws of the State of Alaska
- ✓ Does and will comply with the applicable portion of the Civil Rights Act of 1964
- ✓ Does and will comply with the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government
- ✓ Does and will comply with the Americans with Disability Act of 1990 and the regulations issued thereunder by the federal government
- ✓ Will comply with all the terms of RFP 17-33-01
- ✓ Developed this proposal independently, without collusion
- ✓ Does not have any conflict of interest in submitting this proposal or performing under a contract should it be awarded

IN3nergy is a limited liability corporation (LLC). Details for the company are as follows:

IN3ENERGY LLC
6634 Wanita Place
Houston, TX 77007
www.in3nergy.com
Alaska Business License #1052315
Alaska Certificate of Registration #10056026

All communication related to this proposal should be directed to:

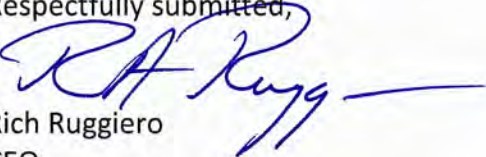
Rich Ruggiero
CEO
Rich@IN3nergy.com
+1 (832) 768-3082

As you will note from the attached technical qualifications, we have experience in building numerous models of the structure and complexity requested and are confident in our ability to exceed expectations in delivering a model as proposed in this RFP by the July 1, 2017 deadline. Our cost proposal for the model reflects the fact that the basics of the model have already been developed as part of our current contract and work on HB 111 with the Alaska State Legislature (via our prior name of Castle Gap Advisors).

Our offer is valid for 90 days from the date written above.

Please do not hesitate to call should you have any questions.

Respectfully submitted,



Rich Ruggiero
CEO
IN3nergy

II. RELEVANT FIRM EXPERIENCE

The IN3energy team has extensive experience with sovereign fiscal system design and economic modeling. While IN3energy is a newly formed entity, the team members that comprise the company have worked together for over a decade at Gaffney, Cline & Associates, Baker Hughes and Castle Gap Advisors and have all previously advised the State of Alaska on petroleum fiscal matters.

Aside from the consulting work performed for the state in 2007 to 2012 and 2017, IN3energy has no other business in the state of Alaska and has not worked for the state in any other capacity in the last five years. IN3energy has no conflict of interest submitting this bid.

IN3energy meets the minimum requirements as detailed in section 2.08 (a), (b), and (c) of this RFP:

- ✓ Demonstrate high-level experience evaluating and advising on international oil and gas fiscal systems
- ✓ Performed work related to oil and gas fiscal systems for a government/sovereign
- ✓ Possess advanced modeling capability and experience for evaluating the effectiveness of oil and gas fiscal systems

The breadth and depth of our individual and collective experience in providing fiscal advice to sovereigns is summarized in the table below. We have shown by category the type of work performed for one or more government entities within the named country. The type of work performed and deliverables are defined in the following category definitions:

Fiscal Strategy – Collaboration with oil ministries to develop long term strategies, goals and priorities, and shortlisting best companies to deliver the agreed goals. This is generally a country wide exercise but in some instances the focus can be on one major producing basin.

Legislation – Author petroleum legislation, or suggest amendments to existing petroleum legislation, all consistent with the country’s long term plan and charter or constitution.

Regulation – Author upstream and midstream regulations to give more specific detail and instruction to enacted petroleum legislation. Provide recommendations on changes to create desired activity. Respond and testify in hearings on proposed changes.

License/Bid Round – Design of rules and documentation for license or acreage rounds, tailored specifically to the geology, drivers and needs of the offering sovereign. Author associated contracts and facilitate the ultimate opening and award of bid winners.

Contract – Design and negotiate production sharing, service or enhanced service contracts including possible involvement with contracts for gas purchase, gas, oil and LNG sale, joint operating agreements and project development. Includes assistance with contract review and compliance.

Modeling – Economic modeling of fiscal regimes, specific contracts, and projects from single well to full field development. Design and development of complex models, including those running multiple regimes at once, able to instantaneously deliver results of changing parameters. Additionally, modeling expertise includes extensive work required for certification of reserves as per stock exchange rules.

Gas Master Plans – Gas focused, country-wide strategies for predominately resource rich countries to understand the proper balance and use between residential heating, cleaner power generation, desalination, petro-chemicals, and LNG export target market growth.

Reserve Audits and Certification – Reserve report preparation according to various stock exchange requirements, life-cycle modeling for numerous regimes and contract variations from the present to the future point when an economic limit of a project is reached. Correct results require not only knowledge of contracts and fiscal structures but also a sense of reasonable operating costs and associated production.

Training & Workshops – Design training material for government bodies and executive level corporate management to enhance knowledge of fiscal systems, contracts, license rounds, and general commercial topics related to oil and gas.

Our experience by country is summarized in the table below using the above categories of types of projects and deliverables:

Country	Fiscal Strategy	Legis.	Reg.	License Rounds	Contract	Model	Master Plans	Res. Audits	T&W
Asia Pacific									
Australia	X		X		X	X			
Brunei	X				X		X		
China			X		X				X
East Timor	X	X	X	X	X	X	X		X
Indonesia					X	X	X		
Malaysia					X	X			
Middle East									
Abu Dhabi	X				X	X			
Iraq	X	X	X	X	X	X			
Kuwait	X		X	X	X	X	X		
Saudi Arabia	X		X		X	X			
Europe									
European Union		X	X		X	X			
Netherlands			X		X	X			
Norway			X		X	X			
Spain			X		X	X			
United Kingdom		X	X	X		X			
North America									
Alaska	X	X	X			X			X
Canada			X	X	X	X		X	
Kansas			X			X		X	

Country	Fiscal Strategy	Legis.	Reg.	License Rounds	Contract	Model	Master Plans	Res. Audits	T&W
Mexico				X	X	X		X	X
Oklahoma			X			X		X	
Texas			X			X		X	
South America									
Argentina				X	X	X		X	
Brazil	X		X	X		X		X	
Colombia	X					X		X	
Ecuador				X	X	X		X	
Peru			X			X		X	
Trinidad & Tobago	X		X		X	X	X	X	
Venezuela	X		X	X	X		X	X	

As evidenced in the table above, IN3energy has extensive experience working directly for governments in a wide breadth of tasks to advance and improve their stewardship of the resources in their country. This work has been performed for the executive branch, energy ministries, regulatory agencies and national oil companies. Example assignments (multi-years contracts,>\$1 million) and associated activities included:

- Kuwait – Redesigned their service contract to attract the help and investment of very large oil companies, who were not allowed to own or book Kuwait reserves. Put together the first country wide master gas plan and designed and facilitated the first workshop that brought together the energy ministry, water, power, gas, refining and petrochemical leaders to forge a unified plan.
- East Timor – Became a country in 2002. An island covered with oil and gas seeps, the new government was interested in putting together the necessary industry infrastructure. Developed legislation, regulations, a production sharing contract and designed and ran the country's first bid round. In addition, negotiated for the country and its role and financial interests in the Darwin LNG Project.
- Iraq – Assisted with contract design, bid round design and implementation and the award of contracts for the country's first two license rounds post armed conflict. Terms necessarily needed to address unusual aspects such as limited port time for import of equipment, land mine clearing, personnel safety, unknown infrastructure capacity, etc. while still attracting \$10s of billions in investment.

Not only does IN3energy bring extensive sovereign experience, we bring a detailed understanding of Alaska and its oil and gas fiscal structure. All team members were key participants of the Gaffney, Cline & Associates team that worked under contract with the Department of Revenue from roughly 2007 through 2012. We are for the most part up to speed with the evolution of Alaska's petroleum tax structures from the ELF based system, to PPT, ACES, MAPA and their modifications. IN3energy is a cohesive team, with a decade of experience working together not only for the State of Alaska, but globally as well. If awarded this contract, the company is able to proceed without delay to deliver the model by July 1, 2017, as well as any additional analysis and deliverables needed in the interim. As noted previously, due to current work completed under contract in the 2017 legislative session (under prior name Castle Gap Advisors), the initial structure for the model is already complete.

III. TEAM

We are pleased to provide a team with extensive prior Alaska and world-wide experience relevant to the letter and intent of the RFP. The team will be led by our CEO, Richard Ruggiero (“Rich”). He will be supported by two experienced modelers: Christina Ruggiero (“Christina”) and Pierangela D’Addosio (“Piera”). Detailed resumes for each are attached.

The team has worked directly for numerous countries as detailed in the previous section, bringing the uniqueness of having advised governments in all aspects of petroleum fiscal design and implementation. Clients range from countries beginning to develop their petroleum industry to the large sophisticated OPEC members. This broad and comprehensive background allows advice, and more importantly recommendations, to be made on both a macro and a micro basis as the interactions and consequences of proposed steps are based on knowledge of past projects coupled with current analysis and research. The team’s ability to analyze ‘what if’ scenarios and run proper sensitivities has been proven throughout past projects.

Although no team members have been direct employees of the State of Alaska, while working for Gaffney Cline and Associates, Rich, Christina and Piera all were heavily involved in the work on behalf of the administration from 2007 to 2012. We have working knowledge of, and have designed models for PPT, ACES, separate oil and gas taxation, gas related pipeline and LNG options, and HB111.

Rich is co-founder and CEO of IN3energy and will lead our Alaska effort. He has over 40 years of oil industry experience from hands on field work to large project general management experience (PGM of Trinidad LNG) with a major producer, to sovereign advisory service with a leading consultancy and finally as Vice President of field development and Vice President of strategic planning for one of the largest oil field service companies. Rich has led or had a key role in over a dozen different sovereign advisory projects as detailed in the previous section. He has spent over two decades negotiating with or negotiating on behalf of governments, national oil companies and oil ministries. Additionally, Rich has provided expert reports and testimony in arbitration and bankruptcy cases. In addition to extensive past testimony before the Alaska legislature Rich has prepared position papers and/or testified for state regulatory bodies and FERC in the US, the competition and energy directorates of the European Union, and over 10 other countries.

Christina is co-founder and President of IN3energy, primarily responsible for analysis and modeling. She has 9 years of energy industry experience, beginning her career working on a midstream natural gas construction project. After obtaining her MBA degree, she joined Gaffney, Cline & Associates as a petroleum economist, developing economic models and performing analysis and recommendation regarding government energy policy, asset valuation, reserves reporting, and bid round administration and participation. Following, Christina spent 4 years at Baker Hughes, first as an analyst in global operations of the Completions product line, and then transitioning into her role in Latin America as a Business Analyst Manager, responsible for Latin America Region profit maximization, including strategy design and implementation, process and systems management, contract reviews, and region reporting.

While at Baker Hughes, Christina participated as an analyst on special projects under corporate M&A, including both strategic alliances, as well as potential asset sales. Christina has prepared material for expert witness testimony throughout her career and has delivered testimony during the 2017 State of Alaska legislative session.

Piera is a commercial and economics consultant at IN3energy. Piera has been engaged in studies for both public entities and international oil companies, including fiscal and economic analysis, economic modeling, and valuation. Pierangela has worked as an economist/commercial analyst on a number of project-based teams and has gained experience in economic modeling for valuations in a variety of applications including acquisitions, debt/equity issues and litigation support. In addition, she has developed economic models and performed economic tests for reserves assessments. This work was performed for a number International oil companies and formed the basis for their filings to the Securities and Exchange Commission (SEC) and/or the national energy ministry. Prior to studying and working in the United States, Pierangela was employed by Petroleos de Venezuela S.A (PDVSA) as a project engineer in their E&P division. As a participant in their management training program, she rotated throughout all the sections of the engineering and construction department.

Rich will be leading the work on behalf of IN3energy and will be the primary testifier. Christina and Piera will provide analysis, modeling and when appropriate, testimony. We do not anticipate using subcontractors to perform under this contract.

IV. PROJECT UNDERSTANDING

The scope of work outlined in this RFP matches the abilities and experiences of the IN3energy team, with each team member able to execute the components of required and potential deliverables.

Based on our prior work in 2007 through 2012 and our current work this legislative session for LB&A, IN3energy not only fully understands the scope of the project, but has delivered against a similar scope in the past. Meeting timeline expectations has been proven and will not be a problem under this RFP.

Besides understanding fiscal systems and being able to build models, Alaska has the continued concern of declining production and TAPS throughput falling below the technical limit for transportation of oil. IN3energy's operational background will help support recommendations are relevant and targeted at the small handful of possible new North Slope projects, as well as the smaller operations in the Cook Inlet necessary for energy to the Southeast.

IN3energy brings appreciation for the Alaska legislative processes and an understanding of how the process works. Balancing the health of the state finances with attracting oil and gas investment and production from producers requires a continual process of design, evaluation, execution and revision as well as an appreciation for the unpredictable industry which is constantly changing.

Choosing IN3energy as one of your consultants will ensure that the scope of work will be performed to a level that will likely exceed expectations. IN3energy is prepared to:

- Utilize its knowledge of and experience with the state's current and past oil and gas taxation legislation to comprehensively understand the state's perspective, current situation, and approach to future change. This knowledge includes the historical progression leading to the complexities of the fiscal system today, which has multiple mechanisms for individual considerations whose interdependencies are causing unintended consequences to the state and producers.
- Update our current HB 111 Alaska life-cycle model to produce real time outputs of proposed changes and varied scenarios. The model will be predominantly set up with every key metric as a variable, meaning input variables can all be changed to run real-time analysis of parameters within the fiscal system. Input variable examples include production profiles, cost profiles, varied tax types and rates, GVR and non-GVR fields, varied credit types and values, NOL recovery options, and multiple price forecasts.
- Provide outputs of scenario modeling. Example state outputs would include overall revenues to the state, effect on state revenue due to the interaction of gross and net tax based system, forgone revenue due to incentives, state Net Present Value (NPV), and investment effect on production and production decline rate. At the same time, we will be able to model the producer economics including producer revenue and profits, total tax paid, Internal Rate of Return (IRR), NPV, incentive utilization and effect on project economics, and NOL recovery effects.
- Continually evaluate state competitiveness for capital investment utilizing many factors. The first step is identifying state goals and balancing state achievement of these goals with producer profitability. Second, we will utilize insights from our prior work in other fiscal regimes globally to understand the current competitive landscape. This evaluation digs deeper than marginal tax rates to study individual components of other host regime's fiscal systems from a micro perspective and its role in the global macro oil and gas market.
- Deliver results of any requested modeling and analysis in the format determined by the legislature. IN3energy is experienced in building simple individual models for analysis and education, complex models for detailed analysis, writing formal reports and responses to questions, creating and presenting PowerPoint slides, and giving expert witness testimony to the legislature.
- Perform necessary research and modeling, combined with past knowledge and expertise, to make recommendations to the state regarding improvements to the fiscal system. These recommendations could be on an individual item basis for certain mechanisms or parameters, or total redesign of the structure. Our background allows us to see potential impacts or issues with suggested changes.
- Create materials to help the legislature's understanding of general principles of oil and gas industry and fiscal systems, as well as specific components of both. In addition, we are experienced at hosting training sessions and workshops to deliver the material.

IN3energy understands the contract term is 2 years, with the first defined deliverable of an economic model on July 1, 2017. Subsequent requests will come over the two-year period at the discretion of the

legislature to aid in evaluation and decisions in regards to the oil and gas tax in Alaska. We are committed to the legislature for the full two-year timeline, free of any conflict of interest, and are confident in our ability to deliver the economic model by July 1, 2017 due to the following factors:

- Currently well-versed in the history of the tax systems in Alaska over the last 10 years, with intent to continually improve mastery of the nuances.
- Have working relationships developed over the last 10 years, most notably the 2017 legislative session, with state representatives and senators, as well as staff in their offices. These relationships allow for immediate insight and dialogue regarding all matters related to oil and gas taxation, and the role it plays in the broader scope of the economy of Alaska.
- As a result of the work done under contract in the current 2017 legislative session, the base structure of the required model in this RFP is complete. While there is still work to be done to optimize the model, we are not starting from scratch.

As described in team experience and qualifications, as well as evidenced in the 2017 legislative session, IN3energy's team are experts in economic modeling, specifically models of fiscal systems and oil and gas developments.

We consider our unique strengths to be global experience of design, revision, and modeling of fiscal systems. In addition, the depth of our analysis is able to uncover and foresee potential future downfalls of a system as well as unintended consequences to the state and producers. We accomplish these results partly through the depth of our analysis, as well as the capabilities built into our models to visualize nuances and interactions in legislation components. With experience in-house as operators, consultancies, and service companies, we can understand the implications of a system's structure on all parties involved.

One limitation to performing the duties under the contract is being located in Houston, Texas. For urgent requests to be in Juneau or other locations in Alaska, it will require 24 to 48 hours before we can arrive. In the case where this time frame is too long, we are experienced prepared to present and manage meetings remotely.

The biggest limitation to best success is access to real world data. Working off of averages has its limitations, and Alaska has suffered from the effects of building policy on average data. We would suggest partnering with the legislature, DNR, AOGCC, AOGA, and other Alaska operators to reach an agreement on what granularity of indicative profiles can be shared by the operators and used by consultants to best advise the state on oil and gas tax policy decisions. While producers are concerned with maintaining discretion for maximum competition, stability of the fiscal system relies on accurate modeling.

V. APPROACH TO PROJECT MANAGEMENT

As we are a small firm, project management is relatively simple and straightforward. All three team members have led both internal and client projects and we have all worked together for over a decade. Project management and team-based projects have been pillars in each members' career.

IN3nergy is well versed in working and delivering on expectations for petroleum fiscal policy design and improvement. As such, we have a very good understanding of the process and can help advise our clients on work flow and timing. We have advised very sophisticated clients as well as worked with countries where the decision makers had very little understanding of the petroleum business, and have adapted our approach and deliverables to fit the situation.

At IN3nergy we share a common philosophy of workflow. All team members:

- Understand what is expected to be delivered as all have previously worked for the State of Alaska on fiscal projects
- Understand how to build models that not only generate the current deliverables but are built for the many new requests that come from a natural evolution of the dialog
- Understand the importance of deadlines especially for a legislature working with a 90 day session
- Work interchangeably so the client receives the same level and quality of service at all times

Upon award, Rich Ruggiero will become the project manager and key contact person for communications between IN3nergy and the State of Alaska.

Being a small team also allows for intimate contact with the client and the sharing and maintenance of information between team members. The ability to interact with legislators and their aides will help to ensure that deliverables meet the broadest range of expectations and where important, IN3nergy can suggest alternative pathways and deliverables to achieve desired goals.

VI. OTHER/REQUIRED INFORMATION

At this time, we do not have any special terms to be included in the contract. We would suggest that the scope of work be expanded to include the following:

As a state with a citizen legislature, every year we have worked for Alaska we notice that there are many new legislators that have limited knowledge of the very complex oil and gas industry market, operations, and taxation. As such, we would suggest that an annual oil and gas background workshop of two to three half days be part of the deliverables and offered each election year between election day and the start of the next legislative season.

VII. ATTACHMENTS

The attachments contained within this document:

1. Signed RFP 17-33-01 Amendment Number 1
2. Signed RFP 17-33-01 Amendment Number 2
3. Signed RFP 17-33-01 Amendment Number 3
4. Signed RFP 17-33-01 Amendment Number 4
5. Alaska Business license
6. Alaska Business Certificate of Registration
7. Rich Ruggiero CV
8. Christina Ruggiero CV
9. Pierangela D'Adossio CV

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 6, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: "In Section 5.02 (Deliverables) the RFP says that the contractor shall develop an economic model on or before July 1, 2017, and that the consultant "shall have project life cycle models that measure the impact of fiscal system changes ..."

"The Cost Proposal (Section 6.03) is required in the first cost breakdown to break out the "professional fees to develop the contractor's expertise and an economic model."

A: "Is the economic model due on July 1 the same or different than the project life cycle models?"

Answer: *The economic model shall include, but not be limited to, the project life cycle models. Please see the amended section 5.02 below.*

B: "Insofar as a myriad of different life cycle models are possible depending on different developmental situations, how many different life cycle models are required?"

Answer: *The RFP does not require a maximum or minimum number of project life cycle models as part of the proposal.*

C: "Are the life cycle models also due on July 1? Should that first cost breakdown include the life cycle models?"

Answer: *Yes. Please see the amended section 5.02 below.*

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 1**

2. Question: Regarding the insurance requirements (Section 3.06), would it be acceptable to have the arrangements in place to acquire the insurance, but not actually purchase it until, pending contract award, a definitive notification to proceed on actual work is issued?

Answer: *No. Please see AS 23.30.045 (d).*

3. On Page 22, section 5.02 (Deliverables) has been amended to now read:


The contractor will be required to develop an economic model on or before July 1, 2017, to evaluate Alaska's current oil and gas fiscal system and potential proposed changes. The economic model shall include, but not be limited to, project life cycle models that measure the impact of fiscal system changes on common investor metrics such as NPV (Net Present Value), IRR (Internal Rate of Return), and EMV (Estimated Monetary Value).

4. All other terms and conditions of Request for Proposal 17-33-01 will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

IN3nergy LLC
NAME OF COMPANY


AUTHORIZED SIGNATURE

CEO
TITLE

RICHARD RUSGIERE
PRINTED SIGNATURE

22 April 2017
DATE

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 12, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: Does the company just need to understand the background associated with ELF, ACES, SB21 and HB247 or does the model delivered need to be able to run profiles under each of those systems?

Answer: *The company only needs to understand the background associated with the prior tax systems, as questions often arise in committee that seek to understand proposed changes in terms/context of past practices. It is not necessary to develop a model to run profiles under these systems; except, the current system is SB 21, with changes per HB 247, so that current system is the one on which a model must be based – so that proposed changes can be compared to the status quo.*

2. Question: The world of petroleum fiscal systems has dozens of different structures in play. Does the model need to be able to handle any structure or are you mainly looking to be able to compare Alaska to a defined set of fiscal structures?

Answer: *The model does not need to handle other structures in play in other parts of the world; however, the contractor must be able to compare Alaska's regime to other jurisdictions, in terms of total government take and other, similar metrics, including the interaction between a national government and a federated sovereign. Knowledge of other fiscal jurisdictions should be sufficient so that the contractor is able to discuss how various jurisdictions handle certain aspects – for example, how regimes treat new oil that is higher cost to develop, or how*

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2**

regimes allow for cost recovery. It is possible proposals would contemplate a shift from a profits to a gross tax system.

3. Question: Is it the intent of the government to run the model and cases? If so, should our price for building the model include the time it will take to train people how to use it properly?

Answer: *The government would not have possession of the model and is not expected to run scenarios. That is expected of the contractor, who has the background and subject matter expertise to not only 'run' the model but also to provide meaning and context to the results.*

4. Question: Do you need a breakdown anywhere in the proposal as to each person's hourly rate and how the blended hourly rate is derived?

Answer: *The RFP does not require a breakdown in the proposal as to each person's hourly rate and how the blended hourly rate is derived.*

5. Question: Once that blended rate is established, will that become the billable rate for all the continuing services regardless of what the task is and who does it?

Answer: *Yes.*

6. On Page 4, section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals), the fourth paragraph has been amended to now read:

Proposals must be received no later than 4:00 PM Alaska Time on April 24, 2017. Faxed or oral proposals will not be accepted. Proposals may be emailed to tina.strong@akleg.gov, no later than the date and time listed on page one of this RFP as the deadline for receipt of proposals, and must contain the RFP number in the subject line of the email. Emailed proposals must be submitted as an attachment in PDF format. The technical proposal and the cost proposal must be separate attachments in PDF format. Please note that the maximum size of a single email (including all text and attachments) that can be received by the Division of Legislative Audit is 20mb (megabytes). If the email containing the proposal exceeds this size, the proposal must be sent in multiple emails that are each less than 20 megabytes and each email must comply with the requirements described above in this section 1.02. The Division of Legislative Audit is not responsible for unreadable, corrupt, or missing attachments. It is the offeror's responsibility to contact the issuing office at (907) 465-6705 to confirm that the proposal has been received. Failure to follow the above instructions may result in the proposal being found non-responsive and rejected.

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 2**

7. On Page 24, section 6.01 (Proposal Format and Content), the second paragraph has been amended to now read:

Offerors who do not wish to email their proposal per the instructions in amended section 1.02 (Return Mailing Address and Deadline for Receipt of Proposals) must submit one original hard copy and a USB flash drive containing a print-ready electronic PDF version of their proposal to the Issuing Office address listed on Page 1 of this RFP.

8. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

IN3energy LLC
NAME OF COMPANY

RA Ruggiero
AUTHORIZED SIGNATURE

CEO
TITLE

RICHARD RUGGIERO
PRINTED SIGNATURE

22 April 2017
DATE

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 14, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: I would like you to describe in greater detail the expected granularity, for lack of a better way of describing it, of the fiscal analysis model. How much detail do we expect in terms of various credits, the changes in tax policy over time, deductions, whether distributions or property tax issues are a part of this fiscal model, just generally how much granularity do you anticipate is to be provided by the work. Requests that we do it in the context of the components of the analysis as that will impact a proposer's cost proposal. More detail has cost implications.

Answer: *Changes in tax policy over time are not necessary in a model; however, credits, deductions, property tax, etc. need to be fully incorporated.*

A model does not need to show how ELF, PPT, ACES worked; but the current regime in place today (SB21) should be the basis of comparison for future changes – so the current system (amended per any legislation passed this session) will need to be very granular. As the system has a number of complex features that interact with each other in extreme ways, the model needs to be calibrated to that and there will be opportunities to prove up assumptions in models with Revenue, others.

It may be helpful to go to the LBA website, <http://lba.akleg.gov/>, where you can look at specific presentations for the type of analysis that the legislature requires.

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AMENDMENT NUMBER 3

2. Question: Please indicate what type of time constraints will be placed on the different models that participants that are the successful bidders, based on what happens with the legislature. The tax regime that is under debate right now in our legislature is not finalized and Sunday is the last day of session. If we go into Special Session, or if this is delayed over the course of the summer, will that be a trigger for an automatic delay in order to incorporate the most recent tax information into the model.

Answer: *There is a possibility that we would need to allow latitude with the due date depending on the final adjournment of the Legislature; however, that decision will most likely be made after a contract is awarded, so we would amend the contract for that purpose, if needed.*

3. Question: I would be interested in a description as to the availability of detailed tax and royalty data, whether there will be any confidentiality issues in terms of releases of source data, the time series over which detailed data would be available, and any other data issues such as format or changes in your information systems that would affect the availability of detailed data.

Answer: *A consultant may or may not have access to confidential data kept by the administration or by individual companies. Assume publicly available information is all that will be available. This data is available through the Alaska Department of Revenue, the Alaska Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission. If you go to their websites, you will see the depth of data immediately available. The Legislature does not keep this data and so format and other changes are questions that you may want to ask of the state departments.*

As a note, in Alaska, DOR may release data only in a manner that does not compromise taxpayer confidentiality; so, data released is aggregated. Occasionally data is not available because too few companies comprise that data set to be able to aggregate.

4. Question: Provide a description of your expectations as to required interviews and contact with State personnel in order to explore the tax and royalty policy issues to be addressed. Mostly focused on some ability to estimate some costs and requirements for those type of interviews. This is in the course of developing the understanding described by the RFP of the proposals at existing tax policies specifically as related to preparing this initial fiscal analysis model.

**DIVISION OF LEGISLATIVE AUDIT
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AMENDMENT NUMBER 3**

Answer: *This is entirely contingent on the offeror's baseline knowledge and needs. Interviews with administration personnel, and in some cases industry companies themselves, can be critical in understanding how a system in statute plays out in application. Interviews should be based on an applicant's need. We are not requiring these interviews, but recommend that a consultant conduct them to develop and confirm their understanding of the system.*

5. Question: Under 2.08 to be able to qualify. It says work performed for government or sovereign related to fiscal systems does that mean one has had to actually worked for a foreign government or other sovereign directly on fiscal work or if someone just modeled for example Norwegian fiscal system would that qualify.

Answer: *2.08 does NOT mean that you have to have consulted for a foreign government. The Legislature seeks a consultant with experience consulting on behalf of a sovereign (government) – and not just for an oil and gas company. Ideally, the Consultant should have an understanding of government's needs, motivations, priorities, concerns, from a government's perspective, and not solely from an industry perspective.*

6. Question: The ongoing part of this contract, if someone is awarded a contract through 2019 or even through fiscal year 2018 how would that award affect the potential that that firm engages in other contract work with other oil and gas entities in the State. Would that be seen as a conflict of interest automatically or would it be on a case by case basis.

Answer: *The LBAC Chair will evaluate potential conflicts, on a case by case basis. There are no absolutes. Generally speaking, the Legislature expects its consultants to avoid potential conflicts while under contract with the Legislature. Conducting work for an oil and gas company operating in Alaska would be a potential conflict; especially if the work relates to Alaska. If the work conducted is unrelated to Alaska, it is a potential conflict, but the nature of the work will be looked at in greater detail to determine the likelihood of a conflict.*

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 3**

7. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

IN3nergy LLC
NAME OF COMPANY

RA Ruggiero
AUTHORIZED SIGNATURE

CEO
TITLE

RICHARD RUGGIERO
PRINTED SIGNATURE

22 April 2017
DATE

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4**



RETURN THIS AMENDMENT TO THE ISSUING OFFICE AT:

Division of Legislative Audit
State Capitol, Room 3
Juneau, AK 99801-1182
Attn: Tina Strong

DATE AMENDMENT ISSUED: April 20, 2017

RFP TITLE: Oil and Gas Fiscal Systems Economic Analysis and Expertise

RFP CLOSING DATE & TIME: 4:00PM Alaska Time on April 24, 2017

The following changes/additions/clarifications are made:

1. Question: As I understand it, a sole proprietorship with no employees (other than the owner) is not required to have workers compensation insurance. Is this correct?

Answer: *Yes.*

2. Question: Would a joint venture participant with one owner and one employee located outside the United States be required to have workers compensation insurance?

Answer: *Yes, because there is an owner and an employee.*

3. Clarification: All insurance coverage required by the RFP must be met and the contractor must maintain in force at all times during the length of the contract.

**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 17-33-01
AMENDMENT NUMBER 4**

4. All other terms and conditions of Request for Proposal 17-33-01, as subsequently amended, will remain as written.

In order for your proposal to be considered responsive, a signed copy of this amendment, in addition to your proposal, must be received by the issuing office prior to the closing date and time.

Tina Strong, Supply Officer
PHONE: (907) 465-6705
FAX: (907) 465-2918
TDD: (907) 465-4980

IN3 energy LLC
NAME OF COMPANY

RA Ruggiero
AUTHORIZED SIGNATURE

CEO
TITLE

RICHARD RUGGIERO
PRINTED SIGNATURE

22 April 2017
DATE

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing

P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

IN3ENERGY, LLC

6634 WANITA PLACE HOUSTON TX 77007

owned by

IN3ENERGY, LLC

is licensed by the department to conduct business for the period

April 11, 2017 through December 31, 2018

for the following line of business:

54 - Professional, Scientific and Technical Services



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Chris Hladick

State of Alaska
Department of Commerce, Community, and Economic Development
Corporations, Business, and Professional Licensing

Certificate of Registration

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

IN3ENERGY, LLC
to transact business in this state under the name of
IN3ENERGY, LLC



IN TESTIMONY WHEREOF, I execute the certificate
and affix the Great Seal of the State of Alaska
effective **April 11, 2017**.

A handwritten signature in black ink, appearing to read "Chris Hladick", is written over a faint circular watermark that matches the Great Seal of the State of Alaska.

Chris Hladick
Commissioner

RICHARD A. RUGGIERO, PE

📍: Houston, TX 77007 | 📞: 832-768-3082 | ✉: worldlymrr@hotmail.com

- IN3nergy, LLC - Houston, TX** **2017 – Present**
CEO, Co-Founder
- Created entity to provide commercial and management consulting.
- Castle Gap Energy Partners, LLC - Houston, TX** **2015 – 2017**
Managing Partner, Founder
- Created entity and affiliates to assist clients with project financing and general consulting.
- Baker Hughes Incorporated - Houston, TX** **2010 – 2015**
Vice President – Strategic Planning **2014 – 2015**
- Led newly created group to evaluate industry trends and map out strategic pathways.
 - Performed multiple reviews, evaluation of scenarios and analytic thought pieces.
- Vice President – Field Development** **2010 – 2013**
- Created and led newly created group to design, identify, capture and operate projects on behalf of national oil companies and small operators
 - Captured medium to long term deals in the US, Latin America and Southeast Asia.
- Gaffney, Cline & Associates - Houston, TX** **2001- 2010**
Group Management Executive
- Member of leadership team for 150+ consulting organization with offices in 10 countries.
 - Led major government fiscal policy projects in Alaska, Saudi Arabia, Kuwait, Iraq, East Timor.
 - Specialized skills in fiscal, tax and contract design, modelling and negotiation.
- Ruggiero & Associates - Houston, TX** **1998 - 2001**
President
- Economic and Commercial consulting services.
- Pros Revenue Management - Houston, TX** **1998 - 1999**
Vice President Energy
- Created Energy division and developed solutions for transportation and storage pricing.
- Amoco Production Company – Various US and International** **1978 - 1998**
College Graduate through to Executive Level
- Engineer specializing in natural gas development, processing and transportation.
 - Helped respond to and design suggestions for price deregulation in the US, UK and EU.
 - Actively led management of over 40 joint ventures.
 - Project General Manager for Trinidad LNG, closing Train 1 and negotiating commercial solution for Trains 2 & 3.

EDUCATION

- Colorado School of Mines, BSc in Chemical Engineering and Petroleum Refining Engineering
- Amoco Leadership Academy
- INSEAD – Finance for Executives

PROFESSIONAL AFFILIATIONS:

- Licensed Engineer, State of Colorado since 1978
- Society of Petroleum Engineers since 1978
- American Institute of Chemical Engineers since 1976
- Association of International Petroleum Negotiators since 2003

CHRISTINA M. RUGGIERO

832.276.0101 ■ CHRISTINA@IN3ENERGY.COM

SUMMARY OF QUALIFICATIONS

Consultant providing commercial and economic services within oil and gas industry, with past experience including International Oil Companies, National Oil Companies, Oilfield Service and Government Entities

- Strategic and commercial advisory
- Fiscal and economic analysis
- Economic modeling
- Market research and valuation

PROFESSIONAL EXPERIENCE

IN3ENERGY, Houston, Texas

President, Co-Founder

2017-Present

- Created entity to provide consulting services in the oil and gas industry

CASTLE GAP ENERGY PARTNERS, Houston, Texas

Principal

2016-Present

- Perform consulting services for Castle Gap Advisors' clients, including potential asset and technology sales, as well as fiscal policy advisory
- Provide initial investment review and screening of potential investment opportunities
- Conduct modeling, including sensitivity analysis, to support potential investment opportunities

BAKER HUGHES, Houston, Texas

Business Analyst Manager, Latin America Region

2014-2016

- Maximize profits in all product lines throughout the region
- Managed team responsible for region data
- Advised region president and leadership regarding strategy and key business decisions
- Maintained identification and progression of profitability opportunities within the region
- Conducted contract reviews for improvement opportunities
- Provided monthly analysis of region performance in conjunction with Finance
- Designed and maintained Spotfire Dashboards for reporting and analysis

Market Analyst, Completions Business Development & Marketing

2013– 2014

- Researched market, financial, and economic data for various projects, including customer segmentation, market segment snapshots, and profitability
- Completed market study and business case for two potential M&A transactions
- Provided Completions & Production executive leadership team support during Annual Plan, Technology Review, and various presentations
- Designed model for internal use of market position and competitiveness estimation

GAFFNEY, CLINE & ASSOCIATES, BAKER HUGHES, Houston, Texas

Commercial Business Consultant/Petroleum Economist

2010– 2013

- Provided economic modeling and cash flow analysis for upstream projects, designing in-house models and utilizing external software
- Researched financial, economic, and market data for various projects, including asset acquisitions, investment opportunities, and energy policy
- Designed economic model for cash flow analysis and bid strategy in Baker Hughes Mexico bid round participation
- Delivered full valuation of 6 US unconventional assets for client bidding for ownership

CHRISTINA M. RUGGIERO

- Performed economic and fiscal analysis of royalty and tax regimes for State of Alaska during legislative session
- Compiled North American natural gas market research study for investment and monetization opportunities for Canadian shale gas assets
- Developed and maintained model for worldwide senior management internal use of business reporting, including financial, personnel, and project metrics
- Provided support in Petroleum Licensing Rounds, including website administration and participation in preparing draft contracts
- Provided cash flow analysis for reserve audit/certification

ATLANTA GAS & LIGHT, Houston, Texas

Supply Chain

2009– 2010

- Coordinated procurement activities and contracts for equipment, materials, and services for three major natural gas construction projects
- Collaborated with project team and contractors on strategy, logistics, and budget items
- Built and maintained model for project supply tracking
- Built and maintained working relationships with suppliers; established myself as a contact for suppliers to AGL

GAFFNEY, CLINE & ASSOCIATES, Houston, Texas

Intern

2007 – 2008

- Conducted research for multiple projects, prepared data analyses and created report support graphics/presentations
- Supported month-long Alaska special energy legislative session by providing research and analysis for GCA's testifying consultants
- Maintained well production data and developed detailed reports for management regarding East African field
- Assisted with economic modeling of client data

EDUCATION

Houston Baptist University—College of Business and Economics

2008-2010

Degree: Masters in Business Administration
Graduation: May 2010

The University of Texas—College of Liberal Arts

2003-2007

Degree: Bachelor of Arts
Major: Psychology
Minor: Spanish*
Graduation: May 2007

Pierangela D'Addosio

pdatx@yahoo.com

Pierangela is engaged in studies for both public entities and international oil companies, including fiscal and economic analysis, economic modeling, and valuation as an economist / commercial analyst on project-based teams.

Professional Experience

2013 – Present – **Consultant** – International upstream oil industry – PDA Analytics, LLC

- Analyzed reserves cash flows and economic limit tests for 53 producing areas in Colombia and Peru under different royalty/tax fiscal arrangements.

2011 – 2013 – **Commercial Specialist** – Reservoir Development Services, Baker Hughes Inc.

- Economic modeling and analysis for BHI participation in several bid rounds. This included PEMEX bid rounds 2 and 3, Trinidad and Tobago, and Ecuador

2005 – 2011 – **Economist / Commercial Analyst** – Gaffney, Cline & Associates

- Interpreted E&P contracts to accurately model multi period cash flows. Economic modeling for valuations in a variety of applications, such as acquisitions, debt/equity issues, reserves and litigation support in countries such as Venezuela, Colombia, Brazil, Ivory Coast, Germany, Turkey and Canada
- Assisted the Alaska legislature to better understand the impacts of possible changes to the tax levied to oil and gas production by modeling various alternatives tax regimes and production and price sensitivities
- Edited and improved existing models developed to run reserves cash flow analysis and economic limit tests for multiple producing areas in each of the following countries: Argentina, Mexico, Ecuador, Germany, and United Arab Emirates
- Compared and contrasted various royalty and tax regimes for producing countries including United Kingdom, Norway and Australia
- Prepared reserves training course explaining key elements of fiscal systems and their impact on field production economics
- Coordinated contractor activities for the development of a standardized system of costing E&P work
- Analyzed bid results in a number of exploration plays for a government agency
- Economic modeling for midstream projects, including pipeline ratemaking

2004 – 2005 – **Assistant** – University of Texas at Austin

- Taught Resource Economic & Valuation, Macroeconomy of Petroleum, and International Petroleum Concessions & Agreements
- Interdisciplinary research at the Center for Petroleum Asset Risk Management (CPARM) to improve capital efficiency while reducing risks of the petroleum exploration and production industry
- Maintained wells database at Bureau of Economic Geology

2001 – 2003 – **Project Engineer** – PDVSA Petróleo S.A., Eastern Venezuela

- Coordinated project development phases, contributed detailed engineering and implementation, and developed quality plans
- Performed scoping of project options and analyzed economic, safety, environmental and other operational aspects
- Estimated project costs and evaluated bids using PDVSA's economics evaluation matrix.
- Accountable for project planning, execution and budget control
- Analyzed and projected key business indicators

Pierangela D'Addosio

pdatx@yahoo.com

1999 – 2001 – **Project Engineer** – Ingenieria CAURA S.A

- Advised and assisted line managers on environmental issues to assure compliance with the guidelines of the Venezuelan government's and those of any international protection organizations
- Developed technical reports, performed impact studies, registered activities likely to impact or damage the environment, issued certificates of compliance for handling hazardous waste, and prepared reports to be presented to the government regulatory agency

1997 – 1998 – **Undergraduate Internship** – PDVSA Petróleo S.A., Western Venezuela

- Analyzed and surveyed the environmental impact of the PDVSA Miranda Port location
- Designed and implemented a program to upgrade the water treatment plant for the crude offloading tank system and ballast water

Patents and Publications

- (2005): "An analysis of projected and actual returns on Petroleum Exploration and Production Projects"
- (1998): Undergrad thesis: "Bacteria selection for improving production of viscous crude oils with problems of asphaltene flocculation through Microbial Enhancement Oil Recovery (M.E.O.R.)".

Languages

- Spanish (native)
- English

Education

- 2005 MA Energy and Mineral Resources, University of Texas, Austin
- 1998 BSc. Chemical Engineering, Universidad Rafael Urdaneta, Venezuela

RFP NO. 17-33-01
OIL AND GAS FISCAL SYSTEMS ECONOMIC
ANALYSIS AND EXPERTISE

DIVISION OF LEGISLATIVE AUDIT
STATE OF ALASKA

IN3ENERGY LLC
COST PROPOSAL
24 APRIL 2017

COST PROPOSAL FORM

RFP Number: 17-33-01
RFP Title and Description: Oil and Gas Fiscal Systems Economic Analysis and Expertise

Company or Person(s) Submitting proposal: IN3energy LLC
Address: 6634 WANDA PL
City, State, Zip Code: HOUSTON, TX 77007
Telephone No.: 832 768 3082 Fax No.: N/A
Email: rich@in3energy.com Alaska Business License No.: 1052315
Indicate if you qualify as an Alaskan Offeror. ☐ Yes ☒ No (See RFP for criteria to qualify.)

The Offeror hereby offers the price(s) listed below in accordance with the RFP Specifications:

Total Contract Price in professional fees for developing the Contractor's expertise and an economic model under RFP 17-33-01(10 percent):

(1) \$ 28,000.00

Hourly rate for continuing services contingent upon the legislature's needs (30 percent):

(2) \$ 350.00

(3) Monthly Retainer If Required (not to exceed \$10,000) (a) None
Number of Hours per month (b) _____
Retainer Hourly Rate: (a) divided by (b) (c) _____
(c) will be used for the evaluation of this section, if a retainer is proposed (see sec. 6.03 and 7.03 for criteria)

The LBAC does not guarantee any minimum or maximum volume of work under this contract.
Travel Expenses will be paid separately from professional services. Do not include travel expenses in your Proposal.

AUTHORIZED SIGNATURE:

Richard Ruggiero

PRINTED SIGNATURE:

RICHARD RUGGIERO

DATE:

24 April 2017