

LEGAL SERVICES

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MEMORANDUM

January 2, 2026

SUBJECT: Contractual conflicts of interest: GaffneyCline
(Work Order No. 34-LS1272)

TO: Senator Elvi Gray-Jackson
Attn: Jeff Stepp

FROM: Emily Nauman
Director 

In 2024, the Legislative Budget and Audit (LB&A) Committee hired the consultant Gaffney, Cline & Associates, Inc. (GaffneyCline), to provide analysis related to the state's natural resource fiscal systems, including oil and gas fiscal systems and gas pipeline projects. You asked whether GaffneyCline has a potential conflict of interest given that Baker Hughes, which wholly owns the subsidiary GaffneyCline,¹ has entered into partnership with Glenfarne, the primary company advancing the Alaska liquefied natural gas project.² In sum, whether GaffneyCline has an actual or perceived conflict, and whether to take action related to a conflict is a determination for the LB&A Committee.

GaffneyCline's relationship with the legislature is controlled by the contract entered into by the LB&A Committee. At the time the contract was entered into,³ GaffneyCline was also providing consulting services to the executive branch. To that end, the contract contains an exclusivity and conflict clause that provides:

CLAUSE XXI – EXCLUSIVITY & NON-CONFLICT OF INTEREST.

During the term of this Contract and any renewals under the Contract, the Contractor agrees to not work or agree to perform work that would cause a conflict of interest or perceived or potential conflict of interest with the

¹ Baker Hughes Holdings LLC, which is the primary operating company of and a wholly-owned subsidiary of Baker Hughes, owns Gaffney, Cline & Associates, Inc.

² Press Release. Glenfarne, Baker Hughes Announce Definitive Agreements to Advance Alaska LNG (Nov. 10, 2025), available at <https://glenfarnegroup.com/glenfarne-baker-hughes-announce-definitive-agreements-to-advance-alaska-lng/>.

³ The contract was entered into in July of 2024 and is currently set to expire on June 30, 2026, but has one optional one-year renewal remaining.

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work of the Committee. The Contractor will not accept work, enter into a contract, amend an existing contract, or accept an obligation or duty from a third party that is substantially similar to the scope of work of this Contract. Contractor warrants that there is no other existing contract, agreement, obligation, or duty on its part that is substantially similar to the scope of work of this Contract.

It could be argued that Clause XXI prohibited Baker Hughes from accepting work with Glenfarne. However, it is unlikely a Court would agree, given that the Committee's contract is with GaffneyCline, not Baker Hughes, and that GaffneyCline reportedly is not working directly for or with Glenfarne. In addition, a Court is unlikely to find that the work that Baker Hughes is performing for Glenfarne is "substantially similar to the scope of work" of the contract.⁴

Contract aside, if the Committee determines that Baker Hughes' partnership with Glenfarne does cause a perceived or actual conflict of interest with the Committee's work, the most expedient and least costly remedy is to terminate the contract. Under Clause XXII of the contract, the LB&A Committee may terminate the contract with GaffneyCline at any time and for any reason, simply by providing notice to GaffneyCline of its desire to terminate. When making the determination about whether to terminate the contract, the LB&A Committee might consider the extent to which GaffneyCline and Baker Hughes are intertwined, any firewalls or other protections employed by GaffneyCline to maintain independence,⁵ and the availability of other contractors to perform the work.

If I can be of further assistance, please advise.

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⁴ GaffneyCline was employed to perform fiscal analysis, while Baker Huges has partnered with Glenfarne to supply "refrigerant compressors for the LNG terminal and power generation equipment for the North Slope gas treatment plant" and provide "strategic investment." Note also that pursuit of litigation under this clause for breach of contract would also have to demonstrate some financial harm.

⁵ See, for example, the independence statement in the "Basis of Opinion" section of GaffneyCline Energy Associates, Key Issues: Legislative and Policy Options for Alaska LNG (delivered to the LB&A Committee in December of 2025).