

STATEMENT OF CONSIDERATIONS

REQUEST BY WMPI, INC., AND TEXACO, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-00NT40693, W(A)-00-026, CH-1041

The Petitioner Waste Management and Processors, Inc. (WMPPI), was awarded this cooperative agreement for the performance of work entitled, "Early Entrance Coproduction Plant--Decentralized Gasification Cogenerating Transportation Fuels and Steam from Available Feedstocks". Petitioner Texaco Power & Gasification (Texaco) is a subcontractor to WMPPI. The overall purpose of the cooperative agreement is to prove the feasibility of an Early Entrance Coproduction Plant (EECP) which produces ultraclean fuels of Fischer-Tropsch naphtha and diesel with either power or steam as the major co-product. The objective includes the design and cost estimates of cost effective and environmentally clean systems to reclaim low cost feedstocks, to gasify the coal waste and convert the synthesis gas to valuable liquid fuels and other products. Under its subcontract with WMPPI, Texaco will test the efficiency of Texaco's proprietary technology in gasifying the feedstocks WMPPI hopes to utilize to produce ultra clean liquid fuels. WMPPI and Texaco are each seeking a waiver of their employee's inventions for work performed in the course of this cooperative agreement¹.

The total estimated cost of the cooperative agreement is \$11,996,752, with WMPPI and Texaco cost sharing a total amount of \$4,773,217, or thirty-seven (37%). The DOE share is \$7,550,267. The planned performance period is August 30, 2000 through March 1, 2003.

In its response to questions 4 and 5 of the attached waiver petition, WMPPI and Texaco have detailed their technical competencies in producing ultraclean fuels. Specifically, WMPPI has experience in the reclamation of anthracite coal waste products, and states that it has pioneered efforts to generate electricity from anthracite coal waste and cogenerate steam or other useful thermal outputs with the electricity. A list of patents is provided in support of WMPPI's response to question 4. Texaco states that it is recognized as being the worldwide leader in the gasification process and integration of technology into combined cycle power systems. Texaco further states that its gasification process is a well established technology with over one hundred licensed facilities in operation throughout the world. Texaco has attached a list of United States patents relating to the gasification process to its waiver petition. In addition, WMPPI and Texaco have partnered with Sasol Synfuels International, a South African corporation that owns and utilizes the Fischer-Tropsch technology to liquefy gases produced from coal and other feedstocks in South Africa (Sasol is not a party to this waiver petition). WMPPI's and Texaco's response fully demonstrates their respective technical competencies in the field of ultraclean fuels.

In response to questions 8 and 9 of the attached waiver petition, WMPPI and Texaco state that grant of the waiver is unlikely to place either firm in a preferred or dominant market position. This is due to the fact that there are competing technologies that will prevent problems with market concentration. Therefore grant of the waiver will have a positive effect on competition and market concentration.

¹ Texaco's waiver petition states that "Contractor [WMPPI] has already requested, and been approved for, an advance waiver." This statement is erroneous; both WMPPI's and Texaco's waiver requests are being addressed in this Statement of Considerations.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which both WMPI and Texaco agree to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, WMPI and Texaco agree to not transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioners have further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data

Considering the foregoing, it is believed that granting the waiver will provide the WMPI and Texaco with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

[Redacted]
Mark P. Dvorscak
Assistant Chief Counsel
Office of Intellectual Property Law

Date: June 12, 2001

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE: [Redacted]

George Rudins
Deputy Assistant Secretary
Coal and Power Systems
Office of Fossil Energy

Date: 7/9/01

APPROVAL: [Redacted]

Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: 7-12-01

DESIGN RESOLUTIONS WITH THE DOE ON 030 202 2113 TO ACCT-TRB P.04/04

(t) U. S. COMPETITIVENESS The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.