

STATEMENT OF CONSIDERATIONS

REQUEST BY CONOCOPHILLIPS FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER COOPERATIVE AGREEMENT DE-FC26- 08NT0006553 (DE-NT0006553); W(A)-2009-005 ; CH-1472

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, ConocoPhillips has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above subject cooperative agreement, entitled, ConocoPhillips Gas Hydrate Production Test." Referring to item 2 of the attached waiver petition, the purpose of this agreement is a field trial of ConocoPhillips' carbon dioxide/methane exchange technology on Alaska's North Slope. The primary objectives of the field test are to exchange carbon dioxide with methane within the hydrate reservoir to produce free methane and to determine the rate and efficiency at which carbon dioxide can be injected into the hydrate reservoir. The waiver will apply only to inventions made by ConocoPhillips employees. Although the petitioner has previously partnered with the University of Bergen (Norway), in this area of technology, the University of Bergen is not currently participating in this project. This cooperative agreement is directed to Production Test work, and the University of Bergen is not involved in production test work (please see attached e-mail from ConocoPhillips).

The work under this agreement is expected to take place between October 1, 2008 and February 1, 2011, at a total cost of \$16,020,500. ConocoPhillips will provide 26% cost share or \$4,154,770. DOE will provide the remaining 75% or \$11,865,730.

In its response to questions 5 and 6 of the attached waiver petition, ConocoPhillips has described its technical competence in the field of carbon dioxide and methane hydrates. ConocoPhillips is the third largest integrated oil and gas company in the United States. It produces 2.2 million barrels oil equivalent per day (BOED) in 16 countries around the globe. The petitioner states that its engineering laboratory is a world-class facility that covers a wide range of disciplines that provide laboratory support for the analysis of conventional and non-conventional reservoirs. Its methane hydrates research team has investigated hydrate growth in porous media and the exchange of methane for carbon dioxide for more than five years. It has received U.S. Patent 7,222,673 in this technical area, and ConocoPhillips states it has at least four additional invention disclosures that may lead to additional patents. ConocoPhillips' response demonstrates its technical competency in the field of carbon dioxide and methane hydrates.

In its response to questions 9 and 10 of the attached waiver petition, ConocoPhillips states that grant of the waiver will allow it to pursue development of technology that will add to the science and knowledge of methane hydrates and potentially provide a competitive alternative to the predominant technology being developed-depressurization. ConocoPhillips states that granting this waiver will not place it in a dominant position in the field of methane hydrates. Grant of the waiver will have a positive effect on competition and market concentration.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver licensing provisions, and the government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause (paragraph t), which requires products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The contractor further agrees to make the above condition binding on any assignee, licensee, or other entity acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or

other such entity receiving rights in any waived 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 DOE.

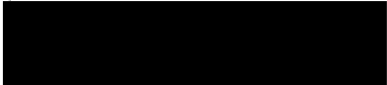
Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR Part 784, all of which have been considered, it is recommended that the requested waiver be granted.


Mark P. Dvorscak
Deputy Chief Counsel
Intellectual Property Law Division

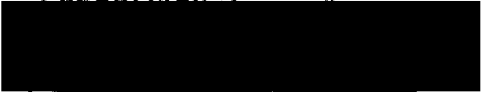
Date: Sept 24 2009

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

CONCURRENCE:


Edith C. Allison
Office of Future Oil and Gas Resources
Office of Fossil Energy
FE-35

Date: October 20, 2009

APPROVAL

Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property, GC-62

Date: Oct. 21, 2009

(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.