

STATEMENT OF CONSIDERATIONS

REQUEST BY SCHLUMBERGER TECHNOLOGY CORPORATION FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER COOPERATIVE AGREEMENT DE-FE0001040; W(A)-09-066 ; CH-1537

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, Schlumberger has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above subject cooperative agreement, entitled, "Quantification of Wellbore Leakage Risk Using Non-destructive Borehole Logging Techniques." Referring to item 2 of the attached waiver petition, the purpose of this agreement is to undertake research and collect the data necessary to create a usable relationship between logging and sampling techniques and well leak flow parameters so that CO2 leakage in sequestration wells can be addressed using commercial technologies. A more detailed description of the work to be performed as attached to the waiver petition as Appendix A.

The work under this agreement is expected to take place between January 2010 and March 2012, at a total cost of \$2,363,569. Schlumberger will provide 27% cost share or \$641,805. DOE will provide the remaining 73% or \$1,721,764.

In its response to questions 5 and 6 of the attached waiver petition, Schlumberger has described its technical competence in the field of downhole logging. Schlumberger states it has been on the forefront of this technology since its inception in 1926. Schlumberger further states that it has been developing ultrasonic technologies that can provide well operators with information on the integrity of the cement behind their casings. It has established itself as a principal developer of ultrasonic wellbore imaging technology and interpretation. Schlumberger has listed representative publications and their corresponding ultrasonic tools highlighting its position in response to question 5. Schlumberger has been involved with many of the early CO2 sequestration projects, and a brochure for the current tool is also attached to the waiver petition. Schlumberger's response demonstrates its technical competency in the field of downhole logging.

In its response to question 10 of the attached waiver petition, Schlumberger states that there are multiple competing companies with ultrasonic or sonic cement evaluation tools in the oilfield services industry. These competitors include Halliburton and Baker Hughes, and Schlumberger states that the granting of the waiver will not likely change the competition between Schlumberger and its competitors. 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.

(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.

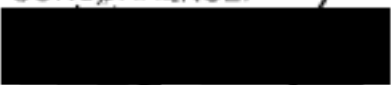
Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the technology *available to the public* in the shortest practicable time. 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
Mark P. Dvorscak
Deputy Chief Counsel
Intellectual Property Law Division

Date:


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:


Victor K. Der
Principal Deputy Assistant Secretary of
Fossil Energy
Office of Fossil Energy, FE-1

Date: 7/25/10

APPROVAL:


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

Date: