

STATEMENT OF CONSIDERATIONS

REQUEST BY SCHLUMBERGER TECHNOLOGY CORP. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-04NT15474; W(A)-04-051, CH-1220

The Petitioner, Schlumberger Technology Corporation (Schlumberger) was awarded this cooperative agreement for the performance of work entitled, "A Built for Purpose Microhole Coiled Tubing Rig (MCTR)" The purpose of the cooperative agreement is to increase recovery from shallow and low-pressure formations, by drilling and completing the reservoir efficiently and with minimal damage. This will ultimately lead to increased oil and gas production in the United States and help to decrease dependence on hydrocarbon imports. The specific objective of the project is to design and produce a commercially viable Microhole Coiled Tubing Rig (MCTR). The MCTR will be designed to dramatically improve the economics for the drilling of shallow reservoirs in the United States with coiled tubing.

The total estimated cost of the cooperative agreement is \$1,836,423. Schlumberger is providing cost sharing of \$636,423, or 35%. DOE is providing the remaining cost share of \$1,200,000 (65%). The period of performance is from October 2004 through May 2006.

In its response to question 5 of the attached waiver petition, Schlumberger has described its technical competence in the field of coiled tubing drilling operations. It has been on the forefront of this technology since 1991, and over the last ten years, Schlumberger has successfully designed and commissioned four built-for-purpose coiled tubing drilling rigs. Schlumberger has thirteen technology centers and five research centers, and through its research and development, it is committed to advanced technology programs that will enhance oilfield efficiency, lower finding and producing costs, improve productivity, maximize reserve recovery, increase asset value and accomplish all these goals in a safe, environmentally sound manner. Schlumberger has listed several SPE publications relevant to coiled tubing drilling technology, and listed some major achievements in this field in response to question 5. Schlumberger's response demonstrates its technical competency in the field of coiled tubing drilling technology.

In its response to questions 9 and 10 of the attached waiver petition, Schlumberger states that grant of the waiver request will allow the development of a far more sophisticated drilling rig that will be much more readily adopted by exploration and operating companies. This increases the likelihood of commercialization of the product proposed for development under this cooperative agreement. In addition, Schlumberger states that coiled tubing drilling has had very limited success in the U.S. drilling market due to economic shortcomings when compared with conventional drilling technologies. The development of more efficient and cost-effective coiled drilling services would be made available by Schlumberger to all oil companies to spur increased levels of oil and gas exploration in the U.S. Thus grant of the waiver will not place Schlumberger in a preferred position, and will have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Schlumberger has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Schlumberger agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Schlumberger agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements.


Considering the foregoing, it is believed that granting the waiver will provide the Petitioner 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.


Mark P. Dvorscak
Assistant Chief Counsel
Intellectual Property Law Division

Date: Oct 4, 2004

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:


Guido Dehoratiis, Jr., FE 32
Product Line Director
Office of Natural Gas and
Petroleum Research and Development
Office of Fossil Energy
Date: 12/13/2004

APPROVAL:


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

Date: 12-15-04

(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.