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Agreement between  
the Federal Minister for Research  
and Technology  
of the  
Federal Republic of Germany  
and  
the United States Department of Energy  
on a Project for the Conversion of Methanol to Gasoline

The Federal Minister for Research and Technology of the Federal Republic of Germany (BMFT) and the United States Department of Energy (DOE), hereinafter are called the Contracting Parties.

WHEREAS DOE and BMFT have signed on October 7, 1977 a Memorandum of Understanding on national planning coordination in the field of coal hydrogenation technology within the scope of the International Energy Agency where they expressed the desirability of extending this cooperation by an agreement within the scope of the research and development program of the International Energy Agency in the field of coal technology,

WHEREAS the Contracting Parties have a mutual interest in a project for the utilization of coal resources and rapid commercialization of the methanol to gasoline process to meet increased worldwide energy demands (the Project),

WHEREAS DOE has been invited by BMFT to participate in the Project to be performed in Germany as it is defined in the baseline document to be prepared and as accepted in the Statement of Intent of 28 June and 12 July 1979, the Contracting Parties agree as follows:

ARTICLE 1  
Subject

1. The Contracting Parties agree on signing this Agreement to cooperate in the Project in accordance with this Agreement.
2. The Project shall consist of a program of research and development for the conversion of methanol to gasoline. The Project shall consist of the following phases:
  - a. preparation of a baseline document with all important scientific, technical, schedule and financial items of the Project, including an annual distribution of work and budget;

- b) design of the plant;
- c) construction of the plant;
- d) operation of the plant, including tests at approximately 100 barrels a day;
- e) evaluation of the test results;
- f) design study for a commercial plant.

The plant shall be located at Wesseling, Federal Republic of Germany.

3. The scope of the Project is outlined in the technical program for a 100 bpd demonstration plant (Annex 1) which is part of this Agreement.

## ARTICLE 2

### Performance

Aside from the undertakings of the Steering Committee as stated in Article 4, Paragraph 3, responsibility and control for the Project shall be exercised by BMFT. All legal and technical acts required to implement the Project in accordance with the baseline document, this Agreement, significant changes to the baseline document, and all applicable laws, regulations and licensing requirements of the Federal Republic of Germany shall be performed by BMFT. Responsibilities of the BMFT shall include, but not be limited to:

- a) executing the program of work as set forth in the baseline document after its adoption;
- b) recording the results of the operation of the plant and performing all analyses of these results for submission to the Steering Committee;
- c) submitting reports to the Steering Committee concerning the carrying out of the Project, including a list of all contracts, at half-yearly intervals;
- d) supplying to the Steering Committee such additional information concerning the Project as the Steering Committee may request;
- e) providing to DOE information and intellectual property rights as stipulated in Annex 2.

ARTICLE 3  
Delegation

Kernforschungsanlage Jülich GmbH (KFA) has been delegated by BMFT to be its representative in the implementation of this Agreement and as such shall be subject to the provisions of this Agreement.

ARTICLE 4  
Steering Committee

1. In order to provide guidance and technical advice to the Project, there is established a Steering Committee consisting of four members of which each Contracting Party shall designate two members. Each Contracting Party shall also designate alternative members who shall represent the Contracting Party if its members are unable to do so. One of the members designated by BMFT shall be the chairman of the Steering Committee. Each Contracting Party shall inform the other Contracting Party in writing of all designations under this paragraph.
2. Up to two advisers designated by each Contracting Party may without further consent of the other Contracting Party attend meetings of the Steering Committee in an advisory capacity.
3. The Steering Committee shall have the following responsibilities:
  - a) adopt the baseline document;
  - b) review semi-annually the status of the Project and adopt any resulting significant changes of the baseline document relating to scientific, technical, schedule or financial items (The definition of the term "significant" shall be established no later than the adoption of the baseline document and shall be included therein);
  - c) propose such rules and regulations, including financial rules, as may be required for the sound management of the Project;
  - d) consider any matters submitted to it by the Contracting Parties.

4. The Steering Committee shall carry out its responsibilities in accordance with the following procedures:
- a) the Steering Committee may establish such subsidiary bodies and rules of procedure as are required for its proper functioning;
  - b) the Steering Committee shall meet at least twice each year. A special meeting shall be convened upon the request of any member which can demonstrate the need therefore. The first meeting of the Steering Committee will take place within eight (8) weeks after signing the Agreement;
  - c) unless otherwise agreed, meetings of the Steering Committee shall be held in the Federal Republic of Germany on a date announced to all members by the chairman and mutually agreed upon;
  - d) at least twenty-eight days before each meeting of the Steering Committee, notice of the time, place and purpose of the meeting shall be given to each Contracting Party and to other persons or entities entitled to attend the meeting. Notice need not be given to any person or entity otherwise entitled thereto if notice is waived before or after the meeting;
  - e) with the agreement of each member of the Steering Committee a decision or recommendation may be made by telex or cable without the necessity for calling a meeting. The chairman of the Steering Committee shall have the responsibility of ensuring that the members are informed of each decision or recommendation made pursuant to this paragraph;
  - f) one member of each Contracting Party shall be present to produce a quorum for the transaction of business in meetings of the Steering Committee;
  - g) the Steering Committee shall make its decisions by unanimity. This shall require the agreement of each member or alternate member present and voting at the meeting at which the decision is made.

## ARTICLE 5

### Observers

DOE shall be entitled to nominate observers (not to exceed two at any one time except in the case of short-term visits not to exceed two weeks) at no cost to BMFT or the participating industry to monitor progress of the Project in accordance with rules determined by the Steering Committee.

## Article 6

### Finance

1. The total cost of the project is estimated at 63 million DM at August 21, 1979 price-levels. These costs shall be borne by the Contracting Parties and industry in the following way:  
BMFT: 33 1/3%  
DOE: 33 1/3%  
BMFT shall arrange for a contribution of 33 1/3% from industry, two thirds of which (14 million DM) shall be in the form of a contribution of catalyst for the Project.
2. The yearly contributions of the Contracting Parties shall be fixed in the baseline document reflecting the need for the Project to have funds to meet commitments as and when they arise in accordance with the yearly program of work.
3. DOE will bring forth its contribution to BMFT by quarterly payments in advance upon receipt of an invoice.
4. The Steering Committee shall adjust pursuant to Article 4 the figure referred to in paragraph 1 above to take account of changing price-levels so as to ensure that the funds available represent a realistic assessment of the funds needed for the purpose of the Project. If there are significant changes in the price-levels, or BMFT is unable to obtain from industry an increased contribution as follows, the Steering Committee shall consider whether to adjust the program of work for the Project to the available funds. Any cost, caused by changing price levels, technical modifications or delay, exceeding the amount of 63 million DM as agreed above and accepted by the Steering Committee for the Contracting Parties shall be borne in proportion to the contributions in paragraph 1, excluding the 14 million DM contribution of the catalyst, with said proportions recalculated to take into account this exclusion.

5. Income accruing to the Project, including that arising from the sale of gasoline resulting from operation of the Project, shall be credited to the Project.
6. Unless decided otherwise by the Steering Committee,
  - a) the financial year of the Project shall correspond to the calendar year;
  - b) BMFT shall maintain complete and separate financial records which shall clearly account for all funds in the custody or possession of BMFT in connection with the Project;
  - c) no charge shall be made to the Project for the site of the plant and access roads.
7. Cash Contributions pursuant to paragraph 1 above shall be paid in Deutsche Mark, except as the Steering Committee provides otherwise. Contributions received by BMFT shall be used solely in accordance with the baseline document and other expenditures approved by the Steering Committee.
8. Each Contracting Party shall bear all costs of its participation in the Project other than the common costs funded by the budget of the Project.
9. BMFT will transmit to DOE a copy of the annual proof for the use of funds within six months following the end of each calendar year and bearing the audit certificate common at BMFT. Overpayments of DOE within a calendar year determined on the basis of the proofs for the use of funds are to be credited to the following year. Overpayments at the end of the Project are to be repaid without delay. For the purpose of this paragraph the contribution of the catalyst shall have the value of 14 million DM

#### ARTICLE 7

##### Information and Intellectual Property

Provisions regarding information and intellectual property are set forth in Annex 2 and Annex 3.

ARTICLE 8  
Legislative Provisions

1. Each Contracting Party shall, within the framework of applicable legislation, use its best endeavors to facilitate the accomplishment of formalities involved in the movement of persons, the importation of materials and equipment and the transfer of currency which shall be required to operate the Project.
2. The participation of each Contracting Party in the Project shall be subject to the appropriation of funds by the appropriate authority, where necessary, and to the constitution, laws and regulations applicable to the Contracting Party including, but not limited to laws establishing prohibitions upon the payment of commissions, percentages, brokerage or contingent fees to persons retained to solicit government contracts, and upon any share of such contract accruing to government officials.
3. The obligation of each of the Contracting Parties (other than any obligation to make payment of any moneys as hereinbefore provided) shall be suspended for any period during which such Contracting Party is prevented or substantially hindered from complying therewith, in whole or in part, by any cause beyond its control including, but not limited to acts of God, unavoidable accidents, laws, rules, regulations or orders of any national, state, governmental or local authority, acts of war or conditions arising out of or attributable to wars, strikes, lockouts or other disputes with employees, shortages of materials, equipment or labor or shortages of or delays in transportation. Such Contracting Party shall use all reasonable endeavors to minimize the effects of such prevention or hinderance and shall notify the other Contracting Party promptly after start and finish thereof.
4. All questions related to this Agreement arising during its term shall be settled by the Contracting Parties by mutual agreement.
5. The Contracting Parties will use all reasonable skill and care in carrying out their duties under this Agreement. BMFT shall be responsible for ensuring that the Project is conducted in accordance with all applicable laws and regulations of the Federal Republic of Germany including the regulations BMFT 1975 concerning funding and procurement.

ARTICLE 9  
Berlin Clause

This Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the United States of America within three months of the date of entry into force of this Agreement.

ARTICLE 10  
Final Provisions

1. Nothing in this Agreement or its Annexes shall be regarded as constituting either a partnership or a contract between any of the Contracting Parties and any of the entities listed therein.
2. Any notice of information required to be served or given to a Contracting Party under this Agreement shall be addressed to the representative of the Contracting Party designated to the Steering Committee and, if sent by first class telex or cable, shall be deemed to be duly given twenty-four hours after being dispatched.
3. Upon termination of Project, BMFT will liquidate the assets of the Project, if any, and the distribution of the value of the assets in the Federal Republic of Germany will be made to BMFT, DOE and industry in proportion of their financial contributions to the assets in the Federal Republic of Germany.
4. This Agreement may be amended any time by the Contracting Parties. Such amendments shall come into force in a manner determined by the Contracting Parties.
5. A copy of this Agreement shall be deposited with the executive director of the International Energy Agency in recognition of that agency's interest in international cooperation in research and development in the field of coal technology.
6. This Agreement shall remain in force for an initial period of five years from the date hereof and shall continue in force thereafter on agreement of the Contracting Parties.

Executed at Bonn in duplicate, in the English and German languages, each text being equally authentic,

this 20th day of March, 1980

Volkmar Haack Klaus Staeckel