

STATEMENT OF CONSIDERATIONS

REQUEST BY TEXACO EXPLORATION AND PRODUCTION INC.
(TEXACO) FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN
INVENTION RIGHTS UNDER COOPERATIVE AGREEMENT NO. DE-FC22-
93BC14986 - W(A)-94-001, CH-0823

The Petitioner, Texaco, was awarded this Cooperative Agreement in response to its proposal to a PON under the Class II Oil Program: Near-term Activities, as authorized by the Energy Policy Act of 1992 (P.L. 102-486). This Cooperative Agreement is to demonstrate the feasibility of carbon dioxide injection and soak techniques (CO₂ huff and puff) in shallow shelf carbonates. The project will include reservoir characterizations, process simulations, and actual demonstrations. The field demonstrations will be conducted in Lea county, New Mexico.

Texaco has requested a waiver of domestic and foreign rights for all subject inventions under this Agreement. By letters dated 15 February 1994, the request is clarified to include the inventions of the subcontractor, Texaco Inc's Exploration and Production Technology Division (EPTD). EPTD has joined and approved this request for waiver. Accordingly, the waiver is to be for the inventions of the Participant and of its subcontractor, EPTD.

Texaco's response to questions 2, 3 and 8 of the petition show the total estimated cost of the Agreement to be about \$3.02 million with DOE providing about \$1.36 million and Texaco the remainder for 55% cost sharing. In the response to question 8, Texaco indicates it will invest \$0.40 million for technology transfer to other oil producers.

In its response to questions 5 and 7, Texaco explains that it has strong background interest and expertise in the technology of this project. Texaco has conducted CO₂ floods in Louisiana since the early 1980's and holds U.S. Patent No. 4,819,724 "Modified Push/Pull Flood Process For Hydrocarbon Recovery". Also Texaco states it has acquired a computer and software and expended substantial effort to assist in the design and monitoring of the project. This private investment and proposed cost sharing clearly demonstrates Texaco's commitment to the technology and indicates likelihood of effort to commercialize the results of the agreement.

From the response to question 10, it appears there would be only limited effect on competition and market concentration by grant of the waiver. Texaco states it has not used its background patent to prevent other oil producers from performing CO₂ Huff-n-Puff projects and that other operators are active in this field. Also, the results of this project will be made available to interested parties.

The Petitioner has agreed to the standard provisions with respect to invention waivers with the substitution of the march in rights, U.S. manufacturing preference and U.S. government license provided in 35 U.S.C. 202-204. Additionally, Texaco has accepted standard background patent and data provisions of paragraphs (k) and (h) along with a special U.S. Competitiveness provision (attached) to assure substantial manufacture in the United States.

Considering the foregoing, it is believed that granting the waiver will provide the 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 agreement's benefits available to the public in the shortest practicable time. Therefore, in view of the objectives and considerations set forth in 41 CFR 9-9.109-6, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.



Hugh W. Glenn
Intellectual Property
Law Division, CH

Date March 22, 1994

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:



for Sandra L. Waisley, Acting
Director Oil & Gas Exploration
and Production, FE-33

Date 3/24/95

APPROVAL:



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

Date 3-30-95

(FOR INSERTION IN ADVANCE WAIVER OF PATENT RIGHTS)

(c)(3)(ix) U.S. COMPETITIVENESS

The Participant (waiver recipient) 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, ~~to the extent such manufacture involves practicing the waived invention.~~ unless the Participant (waiver recipient) 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 Participant (waiver recipient) 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 Participant (waiver recipient) 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.

WAIVER ACTION - ABSTRACT

<u>REQUESTOR</u>	<u>CONTRACT SCOPE OF WORK</u>	<u>RATIONALE FOR DECISION</u>	<u>DISPOSITION</u>
Texaco Exploration and Production Co. - Contract No. DE- FC22-93BC14986	Class II Oil - Near- Term Activities	55% cost-sharing	