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1 UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF TEXAS 2 HOUSTON DIVISION 3 * 09-CV-1827 4 WESTERNGECO LLC * Houston, Texas 5 * VS. * 6 * ION GEOPHYSICAL 7:39 a.m. * CORPORATION, FUGRO 7 * July 27, 2012 GEOTEAM, INC., ET AL 8 JURY TRIAL 9 Volume 5 10 11 BEFORE THE HONORABLE KEITH P. ELLISON UNITED STATES DISTRICT JUDGE 12 13 APPEARANCES: 14 15 FOR THE PLAINTIFF: Lee L. Kaplan 16 SMYSER, KAPLAN & VESELKA, LLP 700 Louisiana, Suite 2300 17 Houston, Texas 77002 713.221.2300 18 19 Gregg F. LoCascio KIRKLAND & ELLIS LLP 20 655 Fifteenth Street Northwest Washington, DC 20005 21 202.879.5290 2.2 Sarah Tsou 23 Timothy K. Gilman KIRKLAND & ELLIS LLP 24 Citigroup Center 153 East 53rd Street 25 New York, New York 10022 212.446.6435

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	1	and where you're going with it. In every day language
	2	usually we say, now is the beginning is now, and future
	3	is ahead. But if you defined the beginning to be the
	4	depression, the future was rise forward from the
09:00:27	5	depression. Okay?
	6	${\tt Q}.$ If we can go to the next slide. Can you give us an
	7	example of some types of software that do this prediction
	8	to determine based on information you know, what a system
	9	will or what the mathematics at now or some point after
09:00:44	10	the measurement?
	11	A. So there are a number of methodologies. Some of them
	12	you're going to hear. That's why I put some of them down.
	13	These are mathematical methods to do exactly what we spoke
	14	before, take something from a time and move it forward.
09:01:01	15	So there's a system called an observer because it observes
	16	the system and looks forward.
	17	There's an ultimate observer, which is
	18	called the Kalman filter because Professor Rudy Kalman
	19	developed it.
09:01:14	20	Q. We've heard that term I think a little bit yesterday,
	21	something called a Kalman filter?
	22	A. Yes.
	23	Q. And that's this optimal observer?
	24	A. Yes. It's an optimal observer.
09:01:24	25	Q. And it's named after a scientist?

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1 We have no idea.

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2 So if you have the Kalman filter on your 3 car, what would that Kalman filter do? Would get your speedometer to see how fast you go, and which direction 4 you go, west, north and south, and will say, based on your 5 09:04:34 6 speed you have to be where this green place is. Makes a 7 very simple calculation, velocity 30 miles per hour, times 8 half an hour, so much in which direction. 9 So it finds -- it gives you an estimate. 10 It makes a prediction. Why is it a prediction? Why do 09:04:52 11 you call it prediction? You don't have any data to

12 corroborate. All you do is you take your own speed. You13 say, hey, I must be there.

14 So what happens? The GPS comes in and the 09:05:06 15 GPS is the yellow dot. The GPS is very accurate and the 16 Kalman filter says hey, last week this guy changed the 17 tires, so the speedometer doesn't work very well. The GPS 18 is what I will believe. So, yes, I'm here. You got lucky 19 this time.

09:05:2620In the other example on the right, the GPS21comes and shows you you are there. There's no way you're22on the highway. You know that that's not the case.23What I predict this green spot is good

enough for me. So you feel confidence at least of whereyou are. That's what a predictor does for you. Okay? It

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buy a television they give you the manual. They have such
 detailed manuals, which are very well written, both by
 Q-FIN and as we see from DigiFIN, they write very nice
 manuals and explain how things work.

- 09:10:425So in this case they say explicitly, "Due6to low sample rate of the position observations," meaning7the GPS is another example, doesn't come very often. "The8software runs also a position predictor. The Kalman9filter predicts where you are."
- 09:10:57 10 Q. So looking at the sentence that you've highlighted, 11 the low sample rate of the position observations, is that 12 explaining that you don't always get an actual measurement 13 of where the bird is?
- 14 A. Exactly. It takes several seconds before the new
 09:11:12
 15 observation comes. In the meanwhile, as we know those
 16 waves don't wait for you. They keep traveling. So you do
 17 this prediction to see where everything is to keep tab.
 - 18 **Q.** And based on your analysis, was the WesternGeco
 - 19 Q-Marine system covered by its own patent?
- 09:11:28 20 A. Yes. So it contains those elements.

RM

- 21 Q. If we can now look at the next slide, did you take a22 look at ION's Q systems?
- A. Yes. I looked at the manuals of the DigiFIN and therelated technology to the DigiFIN. And also, I went to
- 09:11:51 25 the Websites of ION and looked at the product. And also I

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