UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BAKER HUGHES, A GE COMPANY, LLC and BAKER HUGHES OILFIELD OPERATIONS LLC Petitioners

v.

PACKERS PLUS ENERGY SERVICES, INC.
Patent Owner

Case IPR2016-01506 Patent 7,861,774

PETITIONERS' CORRECTED REPLY¹

¹ As authorized by the Board (by email) on July 9, 2018, this Paper replaces Paper 62 in IPR2016-00598 (Petitioners' Reply for joined proceeding IPR2016-01506) and corrects citation errors therein.



Petitioners' Exhibit List

| Exhibit | Description |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1001 | U.S. Patent No. 7,861,774 ("the '774 Patent") |
| 1002 | Affidavit of Margaret Kieckhefer, of the Library of Congress, regarding excerpts from Composite Catalog of Oil Field and Pipe Line Equipment, Vol. 2 (21st ed. World Oil 1955) ("Lane-Wells") |
| 1003 | B. Ellsworth, et al., Production Control of Horizontal Wells in a Carbonate Reef Structure, 1999 Canadian Institute of Mining, Metallurgy, and Petroleum Horizontal Well Conference ("Ellsworth") |
| 1004 | U.S. Patent No. 5,449,039 ("Hartley") |
| 1005 | Declaration of Ali Daneshy, Ph.D. ("Daneshy1") |
| 1006 | KATE VAN DYKE, FUNDAMENTALS OF PETROLEUM ENGINEERING (4th ed. 1997) |
| 1007 | RON BAKER, A PRIMER OF OIL WELL DRILLING (5th ed. (revised) 1996) |
| 1008 | U.S. Patent No. 4,099,563 ("Hutchison") |
| 1009 | U.S. Patent No. 5,375,662 ("Echols") |
| 1010 | U.S. Patent No. 6,257,338 |
| 1011 | Excerpts of Prosecution History of the '774 Patent |
| 1012 | U.S. Provisional Application No. 60/404,783 |
| 1013 | Excerpts of Prosecution History of U.S. Patent No. 7,134,505 ("the '505 Patent") |
| 1014 | Declaration of Christopher D. Hawkes, Ph.D., P.Geo., regarding the proceedings of the 7th One-Day Conference On Horizontal Well Technology Operational Excellence (Canada November 3, 1999) (including Ex. 1003 at 102-110) |
| 1015 | M.J. Eberhard, et al., Current Use of Limited-Entry Hydraulic Fracturing in the Codell/Niobrara Formations—DJ Basin, SPE (Society for Petroleum Engineering) 29553 (1995) |
| 1016 | Affidavit of Nancy Chaffin Hunter, regarding the proceedings of the 10th Middle East Oil Show & Conference (Bahrain March 15-18, 1997) (including D.W. Thomson, et al., Design and Installation of a Cost-Effective Completion System for Horizontal Chalk Wells Where Multiple Zones Require Acid Stimulation, SPE (Society for Petroleum Engineering) 37482 (1997)) ("Thomson") |



| Exhibit | Description |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1017 | Affidavit of Nancy Chaffin Hunter, regarding the proceedings of the Production Operation Symposium (Oklahoma City, OK April 2-4, 1995) (including R. Coon and D. Murray, Single-Trip Completion Concept Replaces Multiple Packers and Sliding Sleeves in Selective Multi-Zone Production and Stimulation Operations, SPE 29539 (1995)) ("Coon") |
| 1018 | Howard, G. C. & Fast, C. R., HYDRAULIC FRACTURING (AIMMPE 1970) |
| 1019 | Hyne, Norman J., DICTIONARY OF PETROLEUM EXPLORATION, DRILLING, & PRODUCTION (1991) |
| 1020 | U.S. Patent 4,018,272 ("Brown") |
| 1021 | U.S. Patent No. 4,279,306 |
| 1022 | K.W. Lagrone, et al., A New Development in Completion Methods, SOCIETY OF PETROLEUM ENGINEERING, Paper 530-PA (1963) |
| 11232 | Affidavit of Velma J'Nette Davis-Nichols, regarding Lane-Wells (see Ex. 1002) (including Lane-Wells at Appendix A) |
| 1124 | Affidavit of Debbie Caples, regarding Ex. 1006 and Ex. 1007 (including Ex. 1006 at Appendix B and Ex. 1007 at Appendix D) – NOT FILED |
| 1125 | Affidavit of Rodolfo Diaz, regarding Ex. 1022 (including Ex. 1022 at Appendix A and related materials at Appendix B) – NOT FILED |
| 1126 | Declaration of Rebekah Stacha, regarding Ex. 1015 (including Ex. 1015 at Exhibit A) – NOT FILED |
| 1127 | Affidavit of Troy Price, regarding Ex. 1018 (including Ex. 1018 at Appendix A) – NOT FILED |
| 1128 | Affidavit of Troy Price, regarding Ex. 1019 (including Ex. 1019 at Appendix A) – NOT FILED |
| 1129 | Table Associated with qrySumNetValuebyFamily from Ex. 2051 (contains PROTECTIVE ORDER MATERIAL) |
| 1130 | March 1, 2017 email from Justin Nemunaitis, confirming RE Packer revenue in Ex. 1129 was included in revenue figure reported at Ex. 2050 at 42:9 |
| 1131 | Transcript of February 28, 2017 Deposition Testimony of Harold R. McGowen III ("McGowen1") |

² Exs. 1023 et seq. have been renumbered 1123 et seq. for clarity, given joinder.



| Exhibit | Description |
|---------|----------------------------------------------------------------------------------------------------------------------------------------|
| 1132 | Second Declaration of Ali Daneshy, Ph.D. ("Daneshy2") |
| 1133 | UNREDACTED Transcript of July 27, 2017 Deposition Testimony of Harold R. McGowen III ("McGowen2") (contains PROTECTIVE ORDER MATERIAL) |
| 1134 | U.S. Patent No. 5,360,066 ("Venditto") |
| 1135 | U.S. Patent No. 5,499,678 ("Surjaatmadja") |
| 1136 | U.S. Patent No. 6,508,307 ("Almaguer") |
| 1137 | U.S. Patent No. 2,689,009 ("Brainerd") |
| 1138 | REDACTED Transcript of July 27, 2017 Deposition Testimony of Harold R. McGowen III ("McGowen2") |



Table of Contents

| I. | STRONG EVIDENCE OF OBVIOUSNESS | | |
|------|--------------------------------------------------------------------------------|--------------------------------------------------------------------|----|
| II. | LANE-WELLS DID NOT FREEZE POSITA IN 1955 (POR 18-20, 45-48) | | |
| III. | STRONG OPEN-HOLE MOTIVATIONS (POR 61-67) | | |
| IV. | RC MISCHARACTERIZES POSITA'S VIEWS (POR 7-20) | | |
| | A. | Cemented Casing: Not Required | 7 |
| | В. | POSITA Did Not Fear OHMS Fracturing (POR 16-18, 43-45) | 11 |
| V. | RC'S SECONDARY CONSIDERATIONS ARE TOO WEAK TO OVERCOME OBVIOUSNESS (POR 20-44) | | |
| | A. | The Claimed Methods Did Not Contravene Accepted Wisdom (POR 22-25) | 12 |
| | В. | RC Has Not Established Nexus (POR 41-44) | 14 |
| | C. | RC's Industry Praise Lacks Nexus (POR 26-31) | 18 |
| | D. | RC's Commercial Success Lacks a Nexus (POR 37-41) | 20 |
| | E. | RC's Copying Evidence Is Meritless (POR 31-37) | 23 |
| | F. | Length of Intervening Time (POR 44) | 24 |
| VI. | | S "PRINTED PUBLICATION" ARGUMENTS ARE RITLESS | 25 |
| VII | SBP SHOULD BE DEFINED | | 26 |



DOCKET

Explore Litigation Insights



Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time** alerts and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

