SECOND DECLARATION OF ALI DANESHY

1. My name is Ali Daneshy. I am over the age of twenty-one (21) years, of sound mind, and capable of making the statements set forth in this Declaration. I am competent to testify about the matters set forth herein. All the facts and statements contained herein are within my personal knowledge and they are, in all things, true and correct.

2. I have been asked by Baker Hughes Incorporated ("Baker Hughes") to submit this declaration to rebut certain arguments that I have been informed have been made by Rapid Completions and/or Mr. McGowen.

3. I have reviewed redacted versions of Mr. McGowen's two declarations and redacted versions of the Patent Owner Responses for the '501 Patent (IPR2016-01380) and the '774 Patent involving the Lane-Wells reference (IPR2016-01506). I have also reviewed the transcripts of his two depositions, and the references I discuss below.

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I. Thomson's Operational Issues

4. Thomson discusses plug-setting issues experienced with the M1 and M3 wells.

5. The completion assembly for the M1 well included a pump-out plug that failed after the packers were set. Thomson reported that, as a result, there were "problems in pressure testing of the completion and tubing hanger."

Thomson at 99. However, Thomson reports that testing did get completed and that, afterward, the pumping operations were "continuous." *Id.* Thomson also reports that the completion assembly worked, and that all seven zones were stimulated. *Id.*

6. Thomson then increased the number of stages from seven to ten for the last three wells, and replaced the pump-out plug with a cycle plug. Thomson at 99-100. Thomson reports that the cycle plug on the completion assembly for M3 could not be expelled, and that the assembly's secondary pump-out shear ring also refused to shear. Thomson at 100. However, a leak developed somewhere below the top packer after numerous pressure cycles at the maximum allowable surface pressure, and that allowed the balls to be flowed down to their seats. *Id.* The bottom zone could not be stimulated because the plug did not expel, and the smallest ball did not seat, so the second zone was not stimulated, but the remaining eight zones were stimulated. *Id.*

7. In a section entitled "Important Points to Be Considered for Future Completions," Thomson points out that "the cycle/pump-out plug in the tail pipe is the one area in which problems did occur" and emphasized that "it is actually one of the most crucial" parts of the completion. Thomson at 100. "If the plug expends early, the packers cannot be set, and the completion cannot be tested. If it does not expend, there is no flow path to enable the balls to be pumped to their

mating seat." Thus, Thomson itself provides an explicit motivation to try other types of plugs in its tool string.

8. These were plug issues, not issues with either Thomson's MSAF tools (the ball-activated sliding sleeves) or Thomson's packers, and a person of ordinary skill in the art would not have been dissuaded from using Thomson's tool string as a result of them, though such a person would have considered using a different plug.

9. Thomson also planned on using a "conventional shear-pinned PBR/seal assembly" in its M1 completion assembly. Thomson at 98. PBR stands for polished bore receptacle, a special piece of tubing for landing a seal assembly. But a change was made, based on concerns over induced torque (which could have occurred during installation into the horizontal section of the liner, as explained on page 99), to use a special, annular pressure release that fitted on top of the PBR/seal assembly. *Id.* at 98. Thomson explained that, in the closed (running) position, the PBR and seal assembly were clutched together to handle applied or induced torque. *Id.* Thomson also explained that, as a backup, the assembly had a secondary shear-screw release mechanism that was isolated from any torque that could be applied or induced. *Id.*

10. Thomson described the change as occurring "at the last minute." Thomson at 99. And instead of running the M1 assembly as a single completion,

Thomson ran the assembly from the PBR downward, as described in the "Completion Installation – M1" section. Once that was on depth, the packers were set by pressuring up against the pump-out plug, and the upper half of the assembly was then spaced out and stung into the PBR. Thomson at 99.

11. For the next three assemblies, which were designed for ten zones, Thomson explains that an annular pressure release assembly was fitted to each PBR/seal assembly so that the main completion could be run in one trip, without fear of premature release of the PBR/seal assembly. Thomson at 100.

12. Thomson does not state that there was an actual failure due to the premature release of the PBR/seal assembly when any of the M3, M4, or M5 completion assemblies were run in.

13. As a result, a person of ordinary skill in the art would not have been dissuaded from using Thomson's MSAF tools and packers, even if the same PBR/seal assembly and annular pressure release assembly were used.

14. The fact that Thomson's system was used several times and that the authors considered the use of the system worth publishing is an endorsement of the usefulness of the system. The authors' listing of these plug-setting issues and the addition of a pressure release assembly to the PBR/seal assembly to proactively address the possibility of induced torque during insertion into the horizontal segment indicates thoroughness, and it reflects that authors' preparedness to

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