UNITED STATES P.	ATENT AND TRA	DEMARK OFFICE
BEFORE THE PAT	ENT TRIAL AND	APPEAL BOARD

BAKER HUGHES INCORPORATED and BAKER HUGHES OILFIELD OPERATIONS, INC., Petitioners

Vs.

PACKERS PLUS ENERGY SERVICES INC.,
Patent Owner

EXPERT REPORT OF HAROLD E. McGOWEN III, PE Prepared on Behalf of Patent Owner

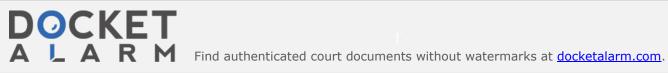
Mail Stop "PATENT BOARD"

Patent Trial and Appeal Board U.S. Patent and Trademark Office P.O. Box 1450 Alexandria, VA 22313-14



Table of Contents

1	9	Summary of Oil and Gas Experience				
2	(Compensation3				
3	9	Scope of Work				
4	ι	Under	Understanding of Patent Law4			
	4.1	L P	Person of Ordinary Skill in The Art ("POSITA")	4		
	4.2	<u>2</u> A	nticipation	4		
	4.3	3 0	Obviousness	5		
5	ſ	Mater	ials Reviewed	6		
6	9	Summ	nary of the Invention Disclosed in the 774 Patent.	7		
7	Background Information			8		
	7.1	L A	nnulus	8		
	7.2	<u> </u>	ackers and Hydraulic Fracturing	8		
	7.3	3 S	olid Body Packer versus Inflatable Packer	10		
	7.4	1 н	lorizontal Borehole	10		
	7.5	5 Т	he 774 Patent and Complex Hydraulic Fracture Networks	12		
	7.6	5 S	econd Open-Hole Segment	16		
8	F	Perspe	ective of Person of Ordinary Skill in the Art Circa 2001	17		
	8.1	L P	OSITA Background and Methodology	17		
	8.2	<u> P</u>	OSITA and Risk Analysis	18		
	8.3	3 P	OSITA and Reliability Analysis	19		
	8.4	l P	OSITA and Engineering Economic Analysis	20		
9	(Conve	entional Wisdom Teaches Away from 774 Patent/Invention	20		
	9.1	L C	Characteristics of Open-hole Teach Away from the 774 Patent	21		
	9.2	<u> P</u>	lug and Perf Acceptance Teaches Away from 774 Patent	22		
			•			



	9.3	Conventional Wisdom Regarding Fracture Initiation Teaches Away from 774 Paten	t23
1	0	The 774 Patent Defied Conventional Wisdom	25
1	1	Analysis of Thomson	27
	11.1	1 Overview of Thompson	27
	11.2	2 Thompson is Not Relevant to the 774 Patent/Invention	27
	11.3	Risk Factors Highlighted by Thompson	28
	11.4	4 Acid Frac Conditions vs. Conventional Hydraulic Stage Fracturing	29
	11.5	5 Thompson's Conclusions Suggest High Risk and High Expense	29
	11.6	6 Conclusions Regarding Thompson	30
1	2	Analysis of Ellsworth	32
	12.1	1 Ellsworth is Very Different From the 774 Patent/Invention	32
	12.2	2 Economic Results of Ellsworth Teaches Away from use of Design Elements	32
	12.3	3 Circulating Corrosion Inhibitor has nothing to do with Hydraulic Fracturing	34
	12.4	4 Ellsworth Does Not Address Hydraulic Fracturing	35
	12.5	5 Ellsworth does not Mitigate the Risk Factors described in Thompson	36
	12.6	6 Conclusions Regarding Ellsworth	37
1	3	Additional Prior Art Discussed in Daneshy	38
1	4	Objective Evidence That Claimed Invention was not Obvious	39
	14.1	774 Patent Inventor Proceeded Contrary to Accepted Wisdom in the Field	39
	14.2	2 Satisfaction of a long-felt need	39
	14.3	3 Invention Achieved Unexpected Results	40
	14.4	4 Commercial Success as Result of the Merits of the Claimed Invention	41
	14.5	5 Others Copied the Invention	42
	14.6	6 Others in the Field Praised the Invention	44
	14.7	7 Schlumberger Acquired a Stake in Packers Plus to Gain Access to Technology	46
1	5	Conclusions	47

16



Expert Report of Harold E. McGowen III, PE

- 2 My name is Harold E. McGowen, III. I have been a Registered Professional Engineer licensed in Texas since
- 3 1989. By my education and experience, reflected in my CV, I am qualified to render the opinions delivered
- 4 in this report. I have been retained by the Patent Owner in this matter.
- 5 The opinions provided herein are based upon the information reviewed by me at the time of the writing of
- 6 this report. Unless stated otherwise, the opinions contained in this report are based on a reasonable
- 7 degree of engineering probability. If I review, receive or discover new and pertinent information related
- 8 to the matter at hand I may augment, adjust, or change my opinions and request to file a supplemental
- 9 expert report.

1

10

1 SUMMARY OF OIL AND GAS EXPERIENCE

- 11 I have been employed in the oil and gas industry since 1983 as a Petroleum Engineer, manager, and
- 12 executive. I am a Registered Professional Engineer in the State of Texas and I received a B.S. in Mechanical
- 13 Engineering from Texas A&M University in 1982. I was initially cross-trained as a Petroleum Engineer over
- 14 a four-year period at Union Pacific Resources Company and I have continued my education through self-
- 15 study and various industry schools ever since. I am a Registered Professional Engineer in the State of Texas
- 16 with decades of experience as a Petroleum Engineer having personally designed numerous hydraulic
- 17 fracturing treatments and/or directed the drilling, completion and operation of numerous wells.
- 18 I have considerable experience with downhole tools having started my career in the engineering
- 19 department at an oil tool/service company and subsequently having analyzed the inner workings of
- 20 numerous pieces of equipment over the years. I have also worked on several multi-million dollar patent
- 21 cases as an expert witness or engineering consultant. Over the past 33 years, I have studied and gained
- 22 considerable experience in various technologies, procedures, processes, and methods related to
- 23 stimulation of oil and gas wells, including but not limited to acidizing and hydraulic fracturing. I have
- 24 recently applied my training and experience to various horizontal drilling and horizontal stage fracturing
- 25 projects where I was the engineer responsible for the completion design, economic evaluation, and
- 26 execution; therefore, I have current knowledge concerning matters relevant to this case.



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.

