PLAINTIFF'S EXHIBIT

CC-294

FOSTER WHEELER CORPORATION

110 SOUTH ORANGE AVENUE

Livingston, New Jersey

C. J. McMANUS, JR.
VICE PRESIDENT

May 24, 1968

Mr. Harry S. Brown
Coastal States Petrochemical Company
Lincoln Liberty Life Building
Houston, Texas 77002

Re: Isobutane Cracking Process

Dear Harry:

In accordance with our discussions in Philadelphia, I am attaching herewith a copy of a draft of the proposed agreement between our companies for the exploitation of the above process.

We feel that this agreement contains, basically, all of the provisions which are necessary in a case of this type and we have constructed it on the basis of Mr. George Adams' draft plus the results of some further considerations here. Unfortunately, at the present time, due to the absence of Mr. Frank Wentworth and the press of other business, we do not have complete approval to sign the agreement in this form. However, we feel that it will be valuable for finalizing the terms and conditions after due consideration by both of us.

When you have had a chance to study this, we will be happy to get together with you and see if this can be done. In the meantime, it is my intention to press the approval by appropriate parties in Foster Wheeler, and as soon as I have this, I will advise you.

Yours very truly,

C. J. McManus, Jr.

CJM:ejt
attachment

RECEIVED
MAY 27 1968
OFFICE OF
H. A. BROWN

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DRAFT - 5/24/68

# A G R E E M E N T

This Agreement made this day of , 1968, by and between FOSTER WHEELER CORPORATION, a New York corporation having a place of business at 110 South Orange Avenue, Livingston, New Jersey 07039 (hereinafter referred to as "FOSTER WHEELER"), and COASTAL STATES PETROCHEMICAL COMPANY (a subsidiary of Coastal States Gas Producing Company, a Delaware corporation) having its place of business at Corpus Christi, Texas (hereinafter referred to as "COASTAL"),

## W I T N E S S E T H :

WHEREAS, FOSTER WHEELER is a design, engineering, manufacturing and construction organization which, among other activities engages in the sale, design, engineering, construction and erection of chemical plants and other process equipment;

WHEREAS, COASTAL is a manufacturing organization which, among other activities engages in commercial development and has a fundamental interest in new petrochemical processes;

WHEREAS, FOSTER WHEELER and COASTAL desire to cooperate in a program for the manufacture and recovery of isobutylene and propylene from by-product isobutane;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings hereinafter set forth and for other good and valuable consideration, FOSTER WHEELER and COASTAL hereby agree as follows:

## ARTICLE I

## SCOPE OF AGREEMENT

COASTAL represents that it is the owner of proprietary know-how in the art of high pressure isobutane cracking for the production of isobutylene and propylene.

FOSTER WHEELER is providing engineering, procurement and construction service for a Plant at COASTAL's Corpus Chrisit Refinery for high-pressure cracking of isobutane to produce isobutylene and propylene. COASTAL will have available from this Plant operating data relating to the commercial practice of the isobutane cracking process.

FOSTER WHEELER wishes to offer COASTAL's know-how and commercial plant operating data to others for license for the construction of processing units incorporating COASTAL's information.

## ARTICLE II

## RESPONSIBILITY OF THE PARTIES

A. COASTAL undertakes the following:

1. COASTAL hereby appoints FOSTER WHEELER exclusive world-wide agent for the life of this Agreement and any extensions hereof in offering COASTAL's isobutane cracking process for license to others. FOSTER WHEELER shall have the exclusive world-wide rights for the life of this Agreement and any extension hereof to design and erect such plants under COASTAL License.

2. COASTAL shall complete the plant and make available to FOSTER WHEELER all operating data from the isobutane cracking Plant now under construction at COASTAL's Corpus Christi refinery. COASTAL shall permit an engineer on the regular payroll of FOSTER WHEELER to observe the Plant during start-up, and during commercial operation, as required by FOSTER WHEELER to enable FOSTER WHEELER to improve future designs and gather information for the sales and promotion of this process. COASTAL shall give FOSTER WHEELER adequate notice prior to the first "turn-around" so that a FOSTER WHEELER engineer may return for observation of the Plant during the "turn-around".

3. COASTAL shall engage FOSTER WHEELER to design and (if mutually agreeable) to build a demonstration recovery unit for production of high purity isobutylene and propylene, using a portion of the product from the Plant now under construction. The demonstration unit shall be operated by COASTAL and shall be utilized to provide commercial operating data for the design of other commercial isobutylene and propylene recovery units, and shall be so designed as to be capable of using an extractive solvent for the isobutylene and propylene recovery which is more selective than that for which COASTAL is currently seeking proprietary rights. The recovery units shall also be capable of using a more conventional extracting solvent, such as furfural. Data from the operation of this demonstration unit shall also be made available to FOSTER WHEELER for licensing purposes.

4. COASTAL shall provide FOSTER WHEELER with continuing progress reports and inform FOSTER WHEELER about any further development of the cracking and recovery processes.

5. COASTAL shall provide when requested sales and proposal assistance to FOSTER WHEELER in the following areas:

   Perform test runs on prospective licensees' feedstock

   Review design of plants proposed for prospective licensees

   Train licensees' operating personnel

   Assist in start-up of licensees' plants

   Assist in selling plants, for example, by receiving prospective licensees for plant visits

   COASTAL shall provide such assistance on a mutually agreeable reimbursable basis.

B. FOSTER WHEELER undertakes the following:

1. FOSTER WHEELER shall perform services valued at $100,000.00 during the initial stages of the design, engineering, and procurement of COASTAL's isobutane cracking plant at Corpus Christi, Texas. The value of FOSTER WHEELER's services shall be determined using the costing basis described in FOSTER WHEELER's proposal dated May 6, 1968. The costs for additional design, engineering and procurement services, and all construction work performed by FOSTER WHEELER shall be for COASTAL's account.

2. For any commercial unit designed and constructed by FOSTER WHEELER and licensed to others as exclusive agent of COASTAL, FOSTER WHEELER shall pay COASTAL license fees, as such are received from licensees.

3. FOSTER WHEELER shall undertake the promotion of this process and shall negotiate the license agreement either as part of its engineering contract or separately.

## ARTICLE III

## CONFIDENTIAL INFORMATION

A. If either party furnishes confidential information to the other party, such information shall be designated in writing as confidential and shall be maintained in confidence by the receiving party for a period of ten (10) years after its receipt by the receiving party. Each party shall use its best efforts to avoid dissemination of such confidential information.

B. However, the receiving party shall not be liable for:

1. Disclosure to others of such confidential information which necessarily results from use of such confidential information in the receiving party's commercial activities in which such party is engaged alone or with others, but the receiving party shall use his best efforts to avoid such disclosure, including,when possible, obtaining confidentiality or secrecy agreements.

2. Disclosure of such information as may have been already known to the receiving party.

3. Disclosure of such information as may be or hereinafter becomes part of the public domain otherwise than as a consequence of breach of the obligation herein undertaken to maintain such information in confidential status.

4. Inadvertent disclosure of such information where reasonable care, consistent with the effort the receiving party exercises with respect to preservation of its own confidential information, has been taken to prevent such disclosure.

5. Disclosure of such information pursuant to judicial or governmental requirements.

C. FOSTER WHEELER and COASTAL shall require potential licensees to sign a secrecy document prior to disclosure of any design related to said process or associated cracking furnace.

## ARTICLE IV

## INVENTIONS AND PATENTS

A. It is anticipated that inventions relating to design, engineering, construction or operation of isobutane-cracking plants will be made or conceived during the program as defined in Article II.

B. Patent or laboratory notebook entries containing first records of such inventions shall be promptly made, witnessed, signed, and dated. Invention disclosure letters describing such inventions shall be promptly prepared by the inventor or inventors, witnessed, signed, and dated.

C. Any disclosure letter describing an invention by an inventor or inventors of COASTAL shall be prepared and reported to COASTAL in accordance with COASTAL's policy respecting such letters, and a copy of each such disclosure letter shall be sent in confidence by the Patent Counsel for COASTAL to the Patent Counsel for FOSTER WHEELER.

1. Any invention shall be the joint property of both parties, and may be patented for the joint benefit and at the joint expense of both parties upon agreement by both parties that patent protection should be sought. In the event that one party determines that patent protection on a particular invention should not be sought at all or in a particular country, the other party may proceed as though the invention were the sole property of that party.

2. In the preparation, filing, and prosecution of patent applications on inventions, the Patent Counsel for the respective parties shall keep each other currently advised and shall establish mutually agreeable arrangements for accomplishing these objectives.

D. It is further anticipated that COASTAL may own or control patents covering inventions which are incorporated in the design of plant produced in the work under this Agreement and which may be infringed by FOSTER WHEELER's manufacture, use, or sale of such a plant. In order that FOSTER WHEELER may freely use the information produced under this Agreement, COASTAL hereby grants to FOSTER WHEELER an irrevocable, non-exclusive, world-wide fully-paid license under any such patent.

## ARTICLE V

## USE OF INFORMATION AND LICENSE FEES

A. As COASTAL's exclusive licensing agent for, and with exclusive rights to sell and build, isobutane cracking and product recovery plants in accordance with Article II, FOSTER WHEELER shall utilize information produced under Article II and shall, in submitting proposals for such plants to prospective licensees, present the information in accordance with the requirements of Article III.

B. License fees for the isobutane cracking and product recovery processes shall be as follows:

1. For units designed for high pressure isobutane cracking only, without separation of high-purity isobutylene and propylene: a paid-up royalty of $100.00 per daily barrel of design isobutane conversion capacity.

2. For units designed for separation of high-purity isobutylene and propylene: a paid-up royalty of $250.00 per daily barrel of design capacity of separated isobutylene and propylene.

3. In addition to cash license fees, licensees shall grant back technical data and rights to improvements developed by licensees.

C. Licensees shall pay license fees in U.S. dollars as follows:

1. 25% within one month after date of signing the project contract.

2. 65% within one month after completion of erection.

3. 10% within one month after a successful performance test to meet guarantees has been performed or the project has been accepted, but not later than one year after termination of erection.

D. License fees shall be divided as follows:

1. FOSTER WHEELER shall pay to COASTAL as payment is received from licensee 75% of the fee specified in Paragraph B of this Article V for each plant completed utilizing the information developed under Article II of the Agreement and licensed by FOSTER WHEELER as agent for COASTAL. FOSTER WHEELER shall retain the remaining 25% of such licensee fee.

2. Inevent of cancellation by licensee of an order or requisition for a project subject to the licensee fee as provided under Paragraph B of this Article V, each party shall receive its share of the initial payment expressed in Paragraph C.1 of this Article V.

E. Royalty rates presented in Paragraph B of this Article V are established prior to verification of final process economics obtainable from operation of the first commercial unit. Such royalty rates may be adjusted by mutual agreement of the parties after commercial operation is obtained and process economics confirmed.

## ARTICLE VI

## TERMS OF AGREEMENT

This Agreement shall be for a period of ten years from the date of signing hereof and thereafter from year to year unless terminated by either party giving written notice to the other at least six months prior to an anniversary date. However, either party hereto shall have the right to terminate this Agreement upon six months' written notice to the other party on the following conditions:

A. If the other party hereto shall become insolvent, enter voluntary or involuntary bankruptcy or receivership proceedings.

B. Failure by the other party to comply with the provisions of this Agreement, if not cured within sixty days after notice to the party failing so to comply.

C. If no commercial sale is made hereunder by FOSTER WHEELER within any three-year period involving an executed license of COASTAL's isobutane cracking or product recovery processes, but such three-year period shall not commence until successful commercial demonstration of COASTAL's Corpus Christi plant.

D. Under this Agreement, FOSTER WHEELER reserves the right to design and construct for others alternate processes not using confidential information received from COASTAL. Further, upon mutual agreement between the parties hereto, FOSTER WHEELER shall have the privilege to negotiate with others to sell and build plants which involve a joint process concept utilizing both information obtained from others and COASTAL's information.

Projects previously undertaken which are incomplete at the time of termination of this Agreement shall be completed notwithstanding such termination, and any credits or liabilities attributable to such subsequently completed projects shall be distributed upon completion of the said project in accordance with the terms of the individual agreement covering such project. Any licenses granted pursuant to Article II which are required to complete such projects shall be continued so long as required for such completion notwithstanding termination of this Agreement.

## ARTICLE VII

## LIABILITY PROTECTION

A. COASTAL shall indemnify and save FOSTER WHEELER harmless from all liability growing out of any patent infringement, or claims thereof, based upon the use and operation of any:

1. Isobutane cracking and product recovery plants erected by FOSTER WHEELER and licensed by COASTAL,

2. Process in such plant, or

3. Equipment or equipment groups in such plant,

provided FOSTER WHEELER designs and erects such plant in accordance with data and services supplied by COASTAL and the plant is operated as specified by COASTAL.

FOSTER WHEELER agrees to notify COASTAL promptly in writing of any warning about, claim of, or institution of a suit for, any patent infringement in connection with such plant.

B. FOSTER WHEELER shall indemnify and save COASTAL harmless from all liability growing out of any patent infringement, or claims thereof, based upon the use and operation of an FW furnace, provided furnace is operated as specified by FOSTER WHEELER. COASTAL agrees to notify FOSTER WHEELER promptly in writing of any warning about, claim of, or institution of a suit for, any patent infringement in connection with such furnace.

C. If, because of faulty or insufficient design information, a plant erected by FOSTER WHEELER pursuant to the provisions of Article II, fails to meet performance guarantees, maximum make-good liability to the licensee shall be limited to 50% of the license fees received. Each party hereto shall participate in such liability in the same proportion as license fees are divided in accordance with Paragraph D of Article V.

## ARTICLE VIII

## PUBLICATION

Any publication by one party of information produced by, or furnished by the other party, in the work under this Agreement, including public announcements respecting the work, shall be made only after consideration of the confidential information requirements of Article III, and after approval by the other party. Each party will use its best efforts to accommodate in any such publication comments and suggestions by the other party.

COASTAL agrees, however, after the commencement of commercial operation of the Plant to permit FOSTER WHEELER to publicize its association with the Plant.

## ARTICLE IX

## NO THIRD PARTY BENEFICIARIES

This Agreement is solely for the benefit of FOSTER WHEELER and COASTAL, and not for the benefit of any other party.

## ARTICLE X

## ASSIGNMENT

Any assignment or transfer of this Agreement or of any rights hereunder by one party shall be void in the absence of the written consent of the other party.

## ARTICLE XI

## NO EXPRESS OR IMPLIED AGENCY

Neither party hereto shall have the right to act for the other party hereto other than as agreed upon under the terms of this Agreement, and neither party shall in any way pledge the other party's credit nor incur any obligation on behalf of the other party excepting only for the purpose, and under the terms, of this Agreement.

## ARTICLE XII

## GOVERNING LAW

This Agreement shall be interpreted and governed in all respects by the law of the State of New York.

## ARTICLE XIII

## REPRESENTATION AND NOTICES

A. Upon execution of this Agreement, COASTAL shall assign its

and FOSTER WHEELER shall assign its

Vice President and General Manager, Process Plants Division, as their

respective representatives to implement the purposes of this Agreement and to consult on projects of mutual interest on a regular and routine basis.

B. Any written notice required by this Agreement shall be by mail, postage prepaid, and shall be forwarded to the respective addresses set forth in the preamble of this Agreement or to such other address as may have been substituted by prior written notice. The effective date of such notice shall be the date of mailing.

## ARTICLE XIV

## SUBSIDIARY CORPORATIONS

Each party hereto agrees to permit the subsidiary corporations of the other party to use the information acquired according to the terms and conditions of this Agreement provided each party guarantees the performance by its subsidiaries in conformance with this Agreement.

## ARTICLE XV

## ENTIRETY OF AGREEMENT

This Agreement constitutes the entire contract between the parties hereto and there are no other promises, contracts or warranties affecting it. All previous contracts and correspondence relative to work which is the subject of this Agreement are hereby superseded. The headings in this Agreement shall not be deemed a part hereof.

Amendments to this Agreement shall be in writing and signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

COASTAL STATES PETROCHEMICAL CO.

_____
(Title)

ATTEST:

_____
Secretary

FOSTER WHEELER CORPORATION

_____
(Title)

ATTEST:

_____
Secretary