

03-20-2002



102023317

Docket No.: AYL-LICENSE-1

ET

U.S. DEPARTMENT OF COMMERCE

Patent and Trademark Office

Tab settings → → → ▼

To the Honorable Commissioner of Patents

... . Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

**COUPLER DEVELOPMENTS LIMITED
MARIS INTERNATIONAL LIMITED**

2/12/02

Additional names(s) of conveying party(ies)

☐ Yes ☒ No

2. Name and address of receiving party(ies):

Name: **VARCO INTERNATIONAL, INC.**

Address: **2835 HOLMES ROAD**

PO BOX 808

3. Nature of conveyance:

☐ Assignment

☐ Merger

☐ Security Agreement

☐ Change of Name

☒ Other **LICENSE**

Execution Date: **7/27/01 - FOR BOTH PARTIES**

City: **HOUSTON**

State/Prov.: **TX**

Country: **U.S.**

ZIP: **77001**

Additional name(s) & address(es)

☐ Yes ☒ No

4. Application number(s) or patent numbers(s):

If this document is being filed together with a new application, the execution date of the application is:

Patent Application No.

Filing date

B. Patent No.(s)

09/807,476

4/14/2001

6,315,051

09/703,178

10/31/2001

Additional numbers

☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: **RONALD B. SHERER**

Registration No. **19,977**

Address: **FEDERAL BUILDING, SUITE 1007**

103 SOUTH SHAFFER DRIVE

City: **NEW FREEDOM**

State/Prov.: **PA**

Country: **U.S.**

ZIP: **17349**

6. Total number of applications and patents involved:

3

7. Total fee (37 CFR 3.41):.....\$ **40.00**

☐ Enclosed - Any excess or insufficiency should be credited or debited to deposit account

☒ Authorized to be charged to deposit account

8. Deposit account number:

50-0765

(Attach duplicate copy of this page if paying by deposit account)

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

RONALD B. SHERER

Name of Person Signing

Ronald B. Sherer

Signature

16 Jan. 02

Date

Total number of pages including cover sheet, attachments, and

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments

PATENT

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

COUPLER DEVELOPMENTS LIMITED
MARIS INTERNATIONAL LIMITED
9-24-01

Additional names(s) of conveying party(ies)

☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☒ Other LICENSE

Execution Date:

7/27/01

2. Name and address of receiving party(ies):

Name: VARCO INTERNATIONAL, INC.Address: 2835 HOLMES ROADPO BOX 808City: HOUSTONState/Prov.: TXCountry: USZIP: 77001

Additional name(s) & address(es)

☐ Yes ☒ No

4. Application number(s) or registration numbers(s):

If this document is being filed together with a new application, the execution date of the application is:

Patent Application No.

Filing date

B. Patent No.(s)

SEE ATTACHED LISTING

Additional numbers

☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: RONALD B. SHERERRegistration No. 19,977Address: FEDERAL BUILDING, SUITE 1007103 SOUTH SHAFFER DRIVECity: NEW FREEDOMState/Prov.: PACountry: USZIP: 17349

6. Total number of applications and patents involved:

22

7. Total fee (37 CFR 3.41):.....\$ 40.00☐ Enclosed - Any excess or insufficiency should be credited or debited to deposit account☒ Authorized to be charged to deposit account

8. Deposit account number:

50-0765

10/01/2001 DBYRNE 00000211 500765 09284449

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9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

RONALD B. SHERER

Name of Person Signing

Ronald B. Sherer

Signature

18

Date

24 SEPT. 01

Total number of pages including cover sheet, attachments, and

THIS DEED OF LICENCE (this "Deed") is dated the **27th** day of **July** 2001 and is made

BETWEEN

- (1) **COUPLER DEVELOPMENTS LIMITED** (Company No. 100485C) a company registered in the Isle of Man and having its registered office at Exchange House, 54-58 Athol Street, Douglas, Isle of Man ("Coupler"); and
- (2) **MARIS INTERNATIONAL LIMITED** (Company No. 3146284) a company registered in England and Wales and having its registered office at Knightway House, Park Street, Bagshot, GU19 5AQ ("Maris"); and
- (3) **VARCO INTERNATIONAL, INC** a corporation organised and existing under the laws of Texas having an address at 2835 Holmes Road, P.O. BOX 808, Houston, Texas TX77001 USA ("Varco").

Coupler, Maris and Varco being together referred to in this Deed as the "**Parties**" and individually as a "**Party**".

RECITALS

- (A) Coupler has developed an invention described as the Continuous Drilling with Jointed Tubulars which comprises a method and device for joining or removing tubulars from a drill string while continuously circulating drilling fluids (the "**Invention**") of which the Continuous Circulation Coupler ("**CCC**") is an essential component.
- (B) Coupler has applied for, received and is the owner of the Patents and acquired and developed and owns all the Intellectual Property Rights relating to the CCC.
- (C) Varco desires to exploit the Invention, Intellectual Property Rights and Patents and Coupler has agreed to grant to Varco an irrevocable and exclusive worldwide licence for the use, assignment, sale and sub-licensing of the Invention and the Intellectual Property Rights and the Patents in consideration for which Varco has agreed to pay to Coupler the Commitment Fees and Licence Fee.

NOW THIS DEED WITNESSES that:

1. INTERPRETATION

1.1 In this Deed unless the context otherwise requires:

"affiliate" means in relation to any party, any company which is a subsidiary of such party or a company of which such party is a subsidiary or a company which is another subsidiary of a company of which such party is a subsidiary. For the purposes of this definition the words "company" and "subsidiary" have the meanings given to them under by the UK Companies Act 1985, as amended by the UK Companies Act 1989;

"Commitment Fee(s)" means the payments to be made by Varco to Maris and/or Coupler as described in Clause 4.1;

"Development Agreement" means the development agreement made between Coupler Developments Limited and Maris International Limited dated 13 December 2000;

"Intellectual Property Rights" means all intellectual property rights existing as at the date hereof and to be developed in the future pertaining to the Invention and/or the CCC and subsisting in any country throughout the world including (but not by way of limitation) any patents (including the Patents), trade marks, service marks, registered designs, design rights and applications for any of the foregoing, copyrights, trade or business names and other like deeds, inventions, discoveries, improvements, designs, techniques, computer programmes and other confidential process and information, know-how, technical knowledge and business acumen;

"JIP Agreement Phase I" means the research agreement entered into between Coupler Developments Limited; Maris International Limited and others dated 28 February 2001;

"Licence Fee" means the quarterly licence fee payable by Varco to Coupler as described in Clause 4.2;

"Net Revenue" means the gross revenue derived by Varco or any Varco affiliate or any company or entity of which Varco has management control from the manufacture, design, use, assignment, sale, sub-licensing or leasing of the Invention and/or the CCC to third parties or of the Intellectual Property Rights and Patents less all relevant Non-Profit Taxes, customary trade discounts and commissions paid to third party agents and other similar "pass through" expenses incurred or suffered by Varco or any affiliate of Varco in effecting the use, sale, delivery, sub-licence, assignment, leasing or manufacture of the Invention or the CCC provided that in the case of a sale, assignment, sub-licensing or leasing to an affiliate of Varco or any company or entity of which Varco has management control no royalty shall be payable;

"Patents" means all patents, related patents, counterpart patents and related counterpart patents, patent applications, related patent applications, counterpart patent applications and related counterpart patent applications owned or controlled by Coupler relating to the Invention and CCC including specifically (without limitation) as detailed in Schedule 2 and the worldwide patents resulting therefrom including where the context so requires, all priority applications relating to the patent applications and all regional and national patent applications deriving from the patent applications together with all divisional continuation applications and continuation-in-part applications thereof and where the context also requires, and patents granted pursuant to any of such applications;

"Successful Test" means a test where a prototype or full scale version of a device incorporating the Intellectual Property Rights, Patents, the CCC and the Invention successfully makes a drillpipe connection to API-recommended

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torque while continuously circulating through the drillpipe and then subsequently breaks the drillpipe connection while continuously circulating through the drillpipe, at rates and pressures typical for offshore drilling operations provided that for the avoidance of doubt any test will not be deemed unsuccessful by Varco if it does not include all Intellectual Property Rights and Patents constituting the subject of this Deed;

"Non-Profit Tax" means taxes including, without limitation, sales taxes and ad valorem taxes (other than taxes on income, profits or capital receipts), duties (including import or customs duties), levies, imposts, charges and withholdings of any nature whatsoever, suffered or incurred by Varco whether created or imposed in the United States of America or elsewhere and at whatever time created or imposed which are collected and administered by any Tax Authority;

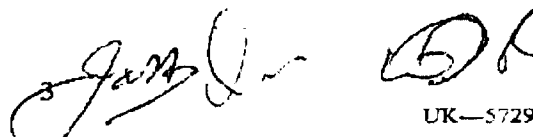
"Tax Authority" means any taxing or other authority (whether within or outside the United Kingdom) competent to impose, administer or collect any Tax;

"Warranties" and/or "Warranty" means the Warranties given jointly and severally by Coupler and the Warrantors contained in Schedule 1.

- 1.2 Any reference in this Deed to any provision or statute shall be construed as a reference to such provisions as amended, re-enacted or extended at the relevant time.
- 1.3 The headings in this Deed are for convenience only and shall not affect its interpretation.
- 1.4 References in this Deed to Clauses and Schedules are references to clauses of this Deed and schedules to this Deed.

2. LICENCE

- 2.1 Subject to Clauses 2.3 and 7, Coupler hereby grants to Varco irrevocable and exclusive licence (the "Licence") to use and/or sell and/or assign and/or sub-licence (either alone or in partnership with or in a consortium with third parties) the Invention, the Intellectual Property Rights and the Patents.
- 2.2 Coupler shall not use or suffer or allow any third party to gain possession of or to use the Invention or the Intellectual Property Rights or Patents. For the purpose of this Clause 2.2 the words "not suffer" shall mean that Coupler has (i) used all reasonable efforts to resist any third party gaining possession or use of the Invention or the Intellectual Property Rights or Patents; (ii) has notified Varco of any attempt by any third party to gain possession or use of the Invention or the Intellectual Property Rights or Patents; and (iii) has allowed Varco unfettered course of conduct to resist such possession or use by any third party.
- 2.3 Notwithstanding the provisions of Clauses 2.1 and 2.2 the Parties agree that the Licence shall be non-exclusive for specific applications not associated with

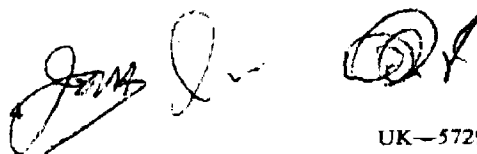


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drilling or workover operations and Coupler covenants that it will be a term of any other non-exclusive licence granted in respect of such specific applications that the Invention, the Intellectual Property and the Patents will not be used in association with any drilling or workover operations.

3. OBLIGATIONS OF THE PARTIES

- 3.1 Coupler shall at all times during the continuance of this Deed in good faith take all reasonable steps to assist and co-operate with Varco in the marketing and utilisation of the Invention and the Intellectual Property Rights and Patents and shall provide all reasonable information and support to Varco to enable Varco to successfully utilise and market the Invention and the Intellectual Property Rights and Patents.
- 3.2 Additional technical support services carried out by Coupler and/or any Coupler affiliate from time to time at the request of Varco or a consortium of which Varco is a member shall be carried out on an independent, arm's length terms of business basis.
- 3.3 Coupler agrees and acknowledges that during the continuance of this Deed Varco shall, notwithstanding the terms of the JIP Agreement Phase I and Development Agreement have the sole right to determine the course of development of the Invention and the CCC.
- 3.4 Coupler shall take all such steps as are required at all times to maintain the validity and enforceability of the Intellectual Property Rights and the Patents during the continuance of this Deed.
- 3.4.1 Coupler shall on behalf of Varco make and actively prosecute the Patent applications detailed in Schedule 2 hereto.
- 3.4.2 Varco shall pay all costs and expenses reasonably and properly incurred by Coupler in making and prosecuting the Patent applications referred to in Clause 3.4.1.
- 3.4.3 At the request of Coupler, Varco shall provide Coupler free of charge with all assistance necessary to enable Coupler to make and progress the Patent applications referred to in Clause 3.4.1. During the pendency of any such Patent applications, Coupler shall report all events to Varco and provide opportunity for Varco to advise and comment.
- 3.4.4 Coupler shall pay all annuities, and/or renewal fees in respect of the Patents as and when due provided that if Coupler wishes to abandon any application for a Patent or not to maintain any patent it shall give three months written notice to Varco and on the expiry of such notice period Coupler may abandon or cease to maintain any Patent application or Patent identified in such notice except to the extent that within the said notice period Varco shall have requested that any of the Patent applications continue or the Patents be maintained and shall



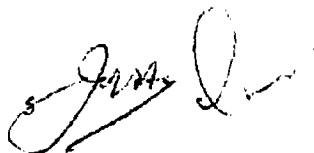
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have provided the funds necessary for their continuance or maintenance.

- 3.5 Without prejudice to the right of Varco or any third party to challenge the validity of any of the Intellectual Property Rights or the Patents, Coupler shall not do or authorise any third party to do any act which would invalidate or compromise the Intellectual Property Rights and/or the Patents and shall not omit (or authorise any third party to omit) to do any act which, by its omission, would have that effect or character. Coupler shall furthermore take all steps necessary to protect and maintain the Intellectual Property Rights and the Patents.
- 3.6 Coupler shall consult with Varco and obtain the consent of Varco (such consent not to be unreasonably withheld) in respect of the use of any monies raised from joint industry partners pursuant to Clause 4.
- 3.7 Varco shall (at its sole discretion) decide whether or not to (i) contest any proceedings and revoke any Patents; or (ii) contest any opposition proceedings in respect of any Patent application.
- 3.8 With respect to the revocation and opposition proceedings referred to in Clause 3.7:
- 3.8.1 Varco shall bear the costs of such proceedings;
- 3.8.2 Coupler shall give such reasonable assistance and co-operation to Varco as may be requested by Varco from time-to-time; and
- 3.8.3 Coupler shall provide its services free of charge when giving the assistance referred to above. However Varco shall reimburse Coupler for its reasonable expenses incurred in providing such assistance.

4. FINANCIAL PROVISIONS

- 4.1 In consideration for the grant of the Licence in Clause 2 by Coupler and Coupler's other obligations under this Deed, Varco shall, subject to Coupler complying with its obligations herein and subject to the provisions of Clause 4.3, pay the following Commitment Fees:
- (a) upon signature of this Deed Varco shall pay _____ to Maris on Coupler's behalf in respect of development fees due by Coupler to Maris;
- (b) upon Coupler/Maris successfully obtaining bona fide funding/support on terms and valuation satisfactory to Varco and agreed prior thereto by Varco in writing of at least _____ value from joint industry sponsors to continue the technical and commercial development of the Invention Varco shall pay _____ to Maris on Coupler's behalf in respect of development fees due by Coupler to Maris



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- (c) upon Varco achieving a Successful Test of a prototype CCC or first commercial use of the CCC, Varco shall pay to Coupler.

Coupler shall have reasonable access at reasonable times to Varco's test results for the purpose of verifying whether a Successful Test has been completed.

- 4.2 In addition to the payment of Commitment Fees described in Clause 4.1 and by way of further consideration Varco shall, subject to the other terms of this Deed, pay a Licence Fee to Coupler for the duration of the Patents (provided that if the Patents do not all expire at the same time Varco will continue to pay the Licence Fee until the expiry of all of the Patents) commencing on the date of this Deed, such Licence Fee to constitute a quarterly royalty payment due on 31 December, 31 March, 30 June and 30 September in each calendar year during the term of this Deed and payable by Varco within thirty (30) days of each respective quarter day of nine point five percent (9.5%) of the Net Revenue. The Parties agree that Coupler shall be entitled at its own cost not more than once in any calendar year during the term of this Deed to carry out an audit of the Licence Fee determination during normal business hours at the offices of Varco in Houston.
- 4.3 Notwithstanding the Licence Fee payment provisions in Clause 4.2, Varco shall receive a credit in respect of the Licence Fee in a sum constituting fifty percent (50%) of the Commitment Fees paid by Varco from time to time pursuant to Clause 4.1. Such amount shall be treated as prepaid Licence Fee amounts ("Licence Fee Credit(s)"). Each quarter such Licence Fee Credit shall be amortised as twenty five percent (25%) of the quarterly Licence Fee payable by Varco to Coupler until the total amount of Commitment Fees paid by Varco constituting Licence Fee Credits is nil. For the avoidance of doubt twenty five percent (25%) of the Licence Fee payable for such quarter shall be deemed paid by the relevant amount of the Licence Fee Credit which shall be reduced accordingly. Any Commitment Fee payment will not imply any equity ownership by Varco in Coupler, nor any future obligation to pay any additional Commitment Fees or Licence Fees whether prepaid or not.
- 4.4 In the event any Licence Fee payment or any part thereof shall remain outstanding beyond the time for payment referred to in Clause 4.2 above such payment or part of such payment shall bear interest at 4% per month or part of a month in favour of Coupler and shall be forthwith recoverable as a debt.
- 4.5 All payments made hereunder shall be made in immediately cleared funds by telegraphic transfer or SWIFT into a bank account nominated from time to time in writing by Coupler and payment to such bank account by Varco will be an absolute discharge of Varco's obligations to pay Coupler pursuant to the terms of this Deed.

5. CONDITIONS

Each and every obligation of Varco, including all payments to be made hereunder, shall be subject to Coupler (i) obtaining all approvals and/or consents of any private person, or any public or governmental agency

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(including, without limitation, The Patents Office), the granting or waiver of which is necessary for the consummation of the transactions contemplated by this Deed and (ii) appointing (and maintaining at the direction of Varco such appointment for the duration of this Deed) Varco or Varco affiliate nominated by Varco as principal sub-contractor under the Development Agreement. Furthermore Coupler hereby represents to Varco that all such approvals and/or consents have been obtained and to fully indemnify and hold Varco harmless at all times in respect of any default or breach of any approval or consent.

6. REPRESENTATIONS AND WARRANTIES

- 6.1 Coupler represents and warrants to Varco that each of the Warranties is accurate in all respects and not misleading at the date of this Deed.
- 6.2 Coupler and Maris agree to fully indemnify and hold Varco harmless at all times from and against all claims, demands, suits, proceedings, judgments, losses, liabilities, damages, cost and expenses imposed upon or incurred by Varco as a result of or in connection with, (i) any breach of any Warranty; (ii) default in the performance by Coupler of any covenant or obligation under this Deed or (iii) the terms of and/or termination of either of the JIP Agreement Phase I and Development Agreement save where the Development Agreement is terminated or maintained in force at the direction of Varco pursuant to Clause 6.4.
- 6.3 Coupler hereby agrees not to create any lien, charge, mortgage, encumbrance or third party interest over or in respect of the Intellectual Property Rights and the Patents and Coupler shall at all times be fully responsible for and shall retain full responsibility for, the prompt payment, discharge and satisfaction of all causes of action, claims, taxes, debts, obligations, liens, mortgages and other liabilities created, arising out of or relating to the Intellectual Property Rights and the Patents. Coupler hereby acknowledges and agrees that Varco shall not be obligated to employ any of Coupler's current or former employees and further agrees to fully indemnify and hold Varco harmless at all times in respect of any liability incurred by Varco under the Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended by the Trade Union and Employment Rights Act 1993) and any further amendment thereof.
- 6.4 Coupler hereby agrees to terminate or maintain in force the Development Agreement from time to time at the direction of Varco.

7. TERMINATION

- 7.1 In the event that Coupler defaults in respect of the performance of any of its obligations under this Deed or an order is made or petition presented for the purpose of winding-up Coupler or any other relevant Coupler companies or parent companies; or a receiver is appointed in respect of Coupler or any relevant Coupler companies or parent companies; or an agreement is entered into by the shareholders of Coupler without the consent of Varco (such consent not to be unreasonably withheld) to dispose of any of their shares in Coupler at any time Coupler agrees to forthwith inform Varco and forthwith upon Varco's request to transfer or procure the transfer to Varco without

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charge the full legal and beneficial title to the Intellectual Property Rights and the Patents and to take all steps necessary to perfect such transfer including execution of all assignments and other documents that may be necessary to achieve such transfer and Coupler hereby grants to Varco an irrevocable and unconditional power of attorney in favour of Varco to perform all such matters and to execute all deeds and documents as Varco may consider necessary to effect the transfer of Coupler's legal and beneficial title to the Intellectual Property Rights and the Patents to Varco. In the event of the completion of such a transfer pursuant to this Clause 7 this Deed will terminate with immediate effect save for the provisions of Clauses 8 and 12.

7.2 In the event that Varco fails to make payment to Coupler in respect of any amount due under this Deed which debt has been finally determined by any court or tribunal or arbitrator is due to Coupler (and Varco has not lodged notice of any appeal against such determination being made) or Varco has agreed in writing that an amount is due to Coupler ("**Determined Debt**") then Coupler shall be entitled (save for the provisions of Clauses 8 and 12) to terminate this Deed forthwith if Varco has not made due payment of Determined Debt within ten days of the date upon which Determined Debt was adjudged by such court, tribunal or arbitrator and notified to Varco.

7.3 In the event a liquidator or receiver is appointed in respect of Varco (or equivalent process and/or appointment is made under the applicable laws of the State of Texas) Coupler shall be entitled by written notice to Varco to terminate this Deed forthwith (save for the provisions of Clauses 8 and 12).

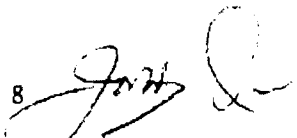
8. **CONFIDENTIALITY**

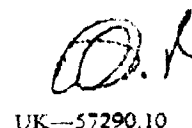
8.1 Save as permitted or contemplated pursuant to or in pursuance of the purposes of this Deed, no Party shall divulge or communicate to any person (other than to and as required by a governmental or regulatory body or by any stock exchange on which the shares of any Party are quoted) the terms of this Deed or any of the trade secrets or confidential knowledge or information or any financial or trading information relating to any Party which the relevant Party may receive or obtain as a result of entering into this Deed or carrying out its terms. This restriction shall continue to apply for a period of five years after the termination of this Deed but shall cease to apply to information or knowledge which may properly come into the public domain through no fault of the Party restricted.

8.2 For the avoidance of doubt it is hereby declared that Varco shall be entitled freely and openly to discuss with and disclose to such third parties as it may see fit any matters relating to the Intellectual Property Rights, the Patents, the Invention and the CCC (including its then current state of development or manufacture).

9. **ENTIRE DEED AND VARIATION**

9.1 This Deed supersedes any previous agreement between the Parties in relation to the matters dealt with herein and constitutes the entire understanding

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between the Parties in relation thereto. There shall be no obligation on any Party other than as expressly stated herein.

- 9.2 Save as otherwise expressly provided, no modification, amendment or waiver of any of the provisions of this Deed shall be effective unless made in writing and duly signed by all the Parties.

10. NO PARTNERSHIP

- 10.1 Nothing in this Deed shall be deemed to constitute a partnership between the Parties nor constitute any Party the agent of the other for any purpose.

- 10.2 No Party shall (save as expressly provided herein) have any authority to bind any other in any way.

11. NOTICES

- 11.1 Any notice given under this Deed shall either be delivered personally or sent by first class recorded delivery post (air mail if overseas), facsimile transmission or comparable means of communication. The address for service of each Party shall be the address set out below or such other address for service previously notified to the other Parties or, its registered office for the time being (if applicable).

Varco International, Inc
2835 Holmes Road
PO Box 808
Houston, TX 77001 USA

Attn: Office of General Counsel

Coupler Developments Limited
Exchange House
54-58 Athol Street
Douglas
Isle of Man

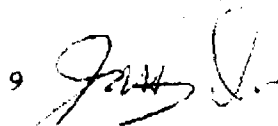
Attn: Company Secretary

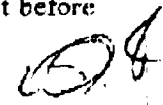
Maris International Limited
Knightway House
Park Street
Bagshot
GU19 5AQ

Attn: Managing Director

- 11.2 A notice shall be deemed to have been served as follows:-

- (a) if personally delivered, at the time of delivery;
- (b) if posted, at the expiration of 48 hours or (in the case of air mail) 7 days after the envelope containing the same was delivered into the custody of the authorities; and
- (c) if sent by facsimile transmission or comparable means of communication, at the time of transmission (if the notice is sent before

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5 p.m. on a normal business day in England) otherwise at 9 o'clock in the forenoon on the next following normal business day.

11.3 In proving such service (without prejudice to any other means of proof) it shall be sufficient to prove:

- (a) in the case of personal delivery, that delivery was made, or
- (b) in the case of service by post, that the envelope containing such notice was properly addressed and delivered into the custody of the postal authority of the country of dispatch as a pre-paid first class recorded delivery or air mail letter (as appropriate), or
- (c) in the case of facsimile transmission or other comparable means of communication, that a confirming copy thereof was personally delivered or sent by first class recorded delivery or air mail letter (as appropriate) within 24 hours after transmission.

12. APPLICABLE LAW AND JURISDICTION

12.1 This Deed shall be governed by and construed in accordance with English law.

12.2 Each Party shall use all reasonable endeavours to resolve any dispute amicably and in good faith.

12.3 Each Party agrees that any dispute arising out of, or in connection with, this Deed in including any question regarding its existence, validity or termination shall be referred to and finally resolved by arbitration under and in accordance with the Rules of the London Court of International Arbitration which rules are deemed to be incorporated into this Deed. The arbitral tribunal shall consist of three (3) arbitrators unless the Parties agree on a tribunal consisting of a sole arbitrator.

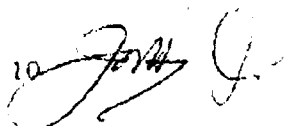
12.4 By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of the arbitration proceedings and the enforcement of any award.

12.5 Without prejudice to Clause 8, the Parties undertake to keep strictly confidential the contents of the arbitral proceedings, except for the purpose of a procedure for enforcement or recognition of any award.

13. GOOD FAITH

13.1 Each of the Parties shall at all times act in good faith towards each other in the fulfilment of their obligations hereunder and in relation to the matters contemplated under this Deed and in particular (but without limitation of the generality of the foregoing) shall act reasonably towards each other in respect of any matter which is within its discretion including when giving or requiring the other to provide any assistance or co-operation hereunder.

13.2 The Parties shall execute all further documents as may be necessary or available to give full force and effect to the provisions of this Deed and to



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protect the rights of the Parties to it, particularly, but without limitation, in relation to providing further documents to record the Licence granted hereunder at the various national and international patent offices.

- 13.3 The Parties shall negotiate with each other in good faith to attempt to resolve any disputes, and in relation to any variation of this Deed necessary or reasonably desirable to address matters relating to the performance of this Deed which may arise after the date of this Deed but which were not addressed, contemplated or anticipated at the date of this Deed.

14. SEVERABILITY

If any provision of this Deed is held to be invalid or unenforceable, then such provision shall (so far as invalid or unenforceable) be given no effect and shall be deemed not to be included in this Deed but without invalidating any of the remaining provisions of this Deed. The Parties shall then use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

15. ASSIGNMENT

- 15.1 The Parties agree that Coupler shall be permitted to assign its rights under this Deed, subject to the prior written consent of Varco such consent not to be unreasonably withheld or delayed, but shall not be permitted to assign its obligations under this Deed.

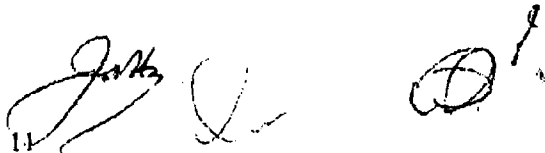
- 15.2 The Parties agree that Varco shall be permitted to sell, assign and sub-licence its benefit and/or obligations under this Deed to any third party, (including for the avoidance of doubt any Varco affiliate company) provided that Varco shall notify Coupler of any such sale, assignment and sub-licence of its benefit and/or obligations.

16. THIRD PARTY RIGHTS

Pursuant to the Contracts (Rights of Third Parties) Act 1999 nothing in this Deed shall confer on any third party any right to enforce any terms of this Deed which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

17. COUNTERPARTS

This Deed may be executed by way of separate counterparts all of which taken together shall be deemed to form a single agreement and each of which shall be deemed to be an original document provided that this Deed shall not be effective until all counterparts have been executed.



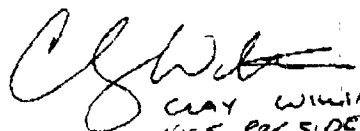
UK—57290.10

IN WITNESS whereof the Parties have hereunto affixed their respective common seals or otherwise executed this Deed of Licence as a deed the day and year first above written

EXECUTED AND DELIVERED AS A DEED)
for and on behalf of)
COUPLER DEVELOPMENTS LIMITED)

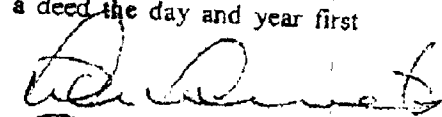
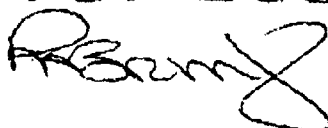
EXECUTED AND DELIVERED AS A DEED)
for and on behalf of)
MARIS INTERNATIONAL LIMITED)

EXECUTED AND DELIVERED AS A DEED)
for and on behalf of)
VARCO INTERNATIONAL, INC)

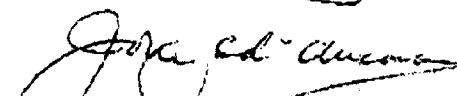
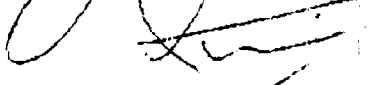

CLAY WILLIAMS
VICE PRESIDENT

IN WITNESS whereof the Parties have hereunto affixed their respective common seals or otherwise executed this Deed of Licence as a deed the day and year first above written

EXECUTED AND DELIVERED AS A DEED
for and on behalf of
COUPLER DEVELOPMENTS LIMITED

) 
) 

EXECUTED AND DELIVERED AS A DEED
for and on behalf of
MARIS INTERNATIONAL LIMITED

) 
) 

EXECUTED AND DELIVERED AS A DEED
for and on behalf of
VARCO INTERNATIONAL, INC

)
)
)

SCHEDULE 1

WARRANTITES

1. Coupler is a corporation duly organised, validly existing and in good standing under the laws of the Isle of Man with full corporate authority to enter into and perform its obligations under this Deed.
2. The execution, delivery and performance by Coupler of this Deed and the consummation of the transactions contemplated hereby will not (with the giving of notice or the passage of time or both): (i) violate any provision of any law, ordinance, rule, regulation, permit or licence applicable to Coupler; (ii) violate any order, judgement or decree applicable to Coupler; or (iii) conflict with, or result in a breach or default under, any agreement or other instrument to which Coupler and/or any of the Warrantors is a party or by which it may be bound.
3. No order has been made or petition presented for the purpose of winding up Coupler and Coupler is not aware of any intention of any person to make such an order or such a petition or such appointment or of any circumstances which could result in the same.
4. Coupler is the sole legal and beneficial owner of the Patents and Intellectual Property Rights, free and clear of any mortgage, charge, lien or other encumbrance of whatsoever nature and the information detailed in Schedule 2 is complete, true and accurate.
5. All patent applications and title documents relating to the Patents and the Intellectual Property Rights have been provided to Varco and are true and complete and accurate in all respects and no other relevant documents exist.
6. Coupler has at all times had and (subject to Clause 2.3) Varco has and will at all times have and enjoy exclusive use and enjoyment of the Patents and Intellectual Property Rights without interference or claim by any third party.
7. The use by Coupler of the Patents and Intellectual Property Rights has not, and the use by Varco will not, infringe the rights of any third party.
8. Coupler has not granted any licence or agreed to do so or assigned or agreed to do so or otherwise dealt with the Patents and/or Intellectual Property Rights in favour of any third party or entered into any other agreement or understanding of any nature in relation to the Invention other than the JIP Agreement Phase I and Development Agreement.
9. Coupler is not engaged in any litigation nor is Coupler aware of circumstances which might lead to it.

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21 SEP 2001 16:27

MARKS AND CLERK

NO. 6183 P 3/19

WE HEREBY CERTIFY THIS DOCUMENT
TO BE A TRUE COPY OF THE ORIGINAL

27th July 2001

Dewey Ballantine
Dewey Ballantine

COUPLER DEVELOPMENTS LIMITED

-and-

MARIS INTERNATIONAL LIMITED

-and-

VARCO INTERNATIONAL, INC

DEED OF LICENCE

DEWEY BALLANTINE
London

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