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# ATTACHMENT 4

## PATENT LICENSE AND NON-ASSERTION AGREEMENT

This Patent License and Non-Assertion Agreement (“Agreement”) is effective as of July 27, 2015 (“Effective Date”), by and among Geoscience Support Services, Inc., a California corporation (“Geoscience”), Dennis Williams, in his personal capacity (“Williams”), and California-American Water Company, a California corporation (“Cal-Am”) (collectively, the “Parties”).

### RECITALS

WHEREAS, Cal-Am is in the business of serving the water needs of the Monterey County District in California. As part of Cal-Am’s business, Cal-Am is engaged in the design, construction, and operation of the Project (defined below) to replace existing supplies that are constrained by legal decisions affecting the Carmel River and Seaside Groundwater Basin water resources. For the Project, Cal-Am investigated and evaluated various technologies for supplying feedwater to a desalination plant and related facilities to serve the Monterey County District. Cal-Am has commissioned the Test Well (defined below) to gather technical data related to the potential hydrogeologic and water quality effects of the Project, and ultimately to determine whether subsurface slant wells are feasible for use as production intake wells for a desalination facility in the area.

WHEREAS, after completing its investigation and evaluation, Cal-Am determined that the use of the slant-well technology offered by Geoscience would be optimal in connection with the Project and the Test Well. The advantages of slant-well technology include avoiding entrainment and impingement impacts to marine life, reducing or eliminating costly reverse-osmosis pretreatment of the feedwater, reducing or eliminating permanent visual impacts on the land surface, providing a reliable supply of feedwater, and minimizing impacts to inland water sources and sensitive habitat.

WHEREAS, the Parties acknowledge that the benefits and results of Geoscience’s services in connection with the Project and Test Well use certain systems and methods that the United States Patent and Trademark Office has recognized as innovative by awarding two patents to Geoscience—U.S. Patent No. 8,056,629, titled “Slant Well Desalination Feedwater Supply System and Method for Constructing Same” (“the ‘629 patent”), and U.S. Patent No. 8,479,815, titled “Desalination Subsurface Feedwater Supply and Brine Disposal” (“the ‘815 patent”).

WHEREAS, Geoscience’s services in connection with the Project and Test Well further use an innovative half-moon well screen design that is patent-pending with the United States Patent and Trademark Office as U.S. Patent Application No. 62/158,382 (“the ‘382 application”). The ‘629 patent, ‘815 patent, and ‘382 application resulted from inventions created by Williams with the rights in such inventions assigned in their entirety to Geoscience.

WHEREAS, the Parties wish to enter into this Agreement in order to make clear that Cal-Am and its Authorized Licensee(s) (defined below) are fully licensed to use, in connection with the existing Project and to the extent necessary the Test Well, the technology

that Geoscience has provided and is providing to Cal-Am in connection with the Project and Test Well, including the technology disclosed and claimed in the '629 patent, the '815 patent, and the '382 application.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **ARTICLE I** **DEFINITIONS**

1.1 “Affiliate” means any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified entity. For purposes of the definition of Affiliate, the terms “control,” “controlling,” and “controlled” as to any entity mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities, the right or ability to appoint directors, by contract or otherwise, and the ownership of 50 percent or more of the voting securities of an entity or the ability to elect a majority of its board of directors (or equivalent governing body).

1.2 “Authorized Licensee” means a contractor of Cal-Am that provides services to Cal-Am in connection with the Project, and to the extent necessary the Test Well, as well as any public entity that oversees the Project or Test Well, and any end-users of water supplied from the Project or Test Well.

1.3 “Covered Patents” means all patents issued at any time in the United States which are owned or controlled by Geoscience or any Affiliate of Geoscience, including without limitation the '629 patent, the '815 patent, and the '382 application.

1.4 “Project” means the Monterey Peninsula Water Supply Project and consists of a source water intake system consisting of slant wells; a desalination plant; a brine discharge system; water conveyance pipelines and storage facilities; and an Aquifer, Storage and Recovery system. The Project includes initial construction and any subsequent construction, re-construction, replacement, rehabilitation, and renewal of Cal-Am’s slant wells to feed water to the desalination project for Monterey County along the coast of Monterey County.

1.5 “Test Well” means Cal-Am’s test slant well project at the CEMEX Lapis Plant sand mining facility on Lapis Road in Marina, California. The Test Well includes the constructed facilities, temporary operation, and decommissioning of a test slant well, monitoring well clusters, and related infrastructure.

**ARTICLE II**  
**LICENSE AND COVENANTS**

2.1 In consideration of the terms and conditions of this Agreement, each of Geoscience and Williams hereby grants to Cal-Am, and its Authorized Licensee(s) for the Project and to the extent necessary the Test Well, a royalty-free, fully paid-up, non-exclusive, non-transferable, non-assignable license, without right to sublicense, to make and use, in connection with the Project and to the extent necessary the Test Well, the slant well systems and methods disclosed and claimed in the Covered Patents.

2.2 In consideration of the terms and conditions of this Agreement, each of Williams and Geoscience hereby covenants not to assert, under the claims of the Covered Patents, any claim of patent infringement against Cal-Am, or its Authorized Licensee(s) for the Project and to the extent necessary the Test Well, respecting the slant well systems and methods being made and used in connection with the Project and Test Well.

2.3 In Sections 2.1 and 2.2 above, Cal-Am and its Authorized Licensee(s) for the Project and to the extent necessary the Test Well are provided the specified license and covenant only for the purposes of the Project and the Test Well. No other licenses or covenants are granted, whether by implication, estoppel, or otherwise.

**ARTICLE III**  
**TERM**

3.1 This Agreement, including the license and covenant set forth herein, shall continue until the expiration of the last-to-expire of the Covered Patents.

3.2 For the avoidance of doubt, each of Geoscience and Williams agree that it is receiving no direct or indirect compensation from Cal-Am in connection with the license and covenants provided under this Agreement.

**ARTICLE IV**  
**WARRANTIES**

4.1 Geoscience represents and warrants that it owns the entire right, title, and interest in and to the '629 patent, the '815 patent, and the '382 application. Geoscience makes no representations or warranties that any of the Covered Patents are valid, or that the slant well systems and methods being made and used in connection with the Project and Test Well do not infringe upon any patent or other rights of a third party.

4.2 Williams represents and warrants that Williams has assigned all right, title and interest that Williams might have in and to the '629 patent, the '815 patent, and the '382 application to Geoscience.

4.3 GEOSCIENCE MAKES NO WARRANTIES WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OF OR FITNESS

OF THE COVERED PATENTS OR LICENSED TECHNOLOGY FOR A PARTICULAR PURPOSE.

**ARTICLE V**  
**MARKING**

5.1 Cal-Am agrees to mark all slant well systems covered by the claims of the Covered Patents made and used in connection with the Project and to the extent necessary the Test Well with an identification of the '629 patent, the '815 patent and patent pending, as applicable.

**ARTICLE VI**  
**MISCELLANEOUS**

6.1 This Agreement may not be amended except by written agreement signed by both Parties. This Agreement is the complete and exclusive statement of the mutual understanding of the Parties and supersedes all previous written and oral agreements and communications relating to the subject matter of this Agreement.

6.2 The Parties shall comply with all federal, state, and local laws, regulations, rules, and orders applicable to the license granted hereunder and the subject matter set forth herein. The Parties agree that they are each independent contractors, and nothing in this Agreement will be deemed to establish a joint venture, partnership, agency, or employment relationship between the Parties. Neither Party has the right or authority to assume or create any obligation or responsibility on behalf of the other.

6.3 Neither this Agreement nor any licenses or other rights granted under this Agreement may be transferred, assigned, or otherwise hypothecated by Cal-Am, directly or indirectly, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, without the express prior written consent of Geoscience, which shall not be unreasonably withheld, and any attempted transfer or assignment without such consent shall be void.


6.4 This Agreement shall be governed by and construed under the laws of the State of California and the United States without regard to conflicts of laws provisions thereof. Both parties consent to the jurisdiction and venue of the California state and U.S. federal courts in Los Angeles County for all actions related to the subject matter hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate originals by their authorized representatives.

GEOSCIENCE SUPPORT SERVICES, INC.

CALIFORNIA-AMERICAN WATER  
COMPANY

By:   
Name: Dennis E. Williams  
Title: President

By:   
Name: Richard C. Svindland, P.E.  
Title: Vice President - Operations


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