

PetroChina CPP/CNPC Approves STWA Applied Oil Technology for Phase II Testing

Results of AOT Lab Test Conducted at PetroChina CNPC Pipeline R&D Center Unlock Commercialization Approval Process for Entire Country

SANTA BARBARA, CA -- (MARKETWIRE) -- 07/13/12 -- [STWA, Inc.](#) (OTCBB: ZERO) ("STWA" or the "Company"), a developer of [applied solutions](#) for oil and fuel delivery systems in the multi-billion dollar oil pipeline and diesel engine markets, today announced that due to successful results generated during recent Applied Oil Technology™ (AOT™) testing at the China Petroleum Pipeline Administration's (CPP) PetroChina (CNPC) Pipeline R&D Center in Langfang China, AOT™ oil pipeline efficiency technology has been approved for Phase II Field Loop Test with CPP & CNPC.

The lab tests conducted at the CPP/CNPC Pipeline R&D Center were to evaluate AOT™'s effectiveness in reducing the viscosity of three of the most widely consumed crude oil grades in China: Daqing crude oil, Changqing crude oil, and Venezuela crude oil. The agency is interested in the technical advantages AOT™'s viscosity reduction presents to the Chinese oil industry, through its ability to reduce the costs and improve the energy efficiency of transporting crude in the fastest growing oil consuming nation in the world.

The upcoming Phase II Field Loop testing is to be followed by Phase III, the final stage, which is a commercial implementation Pilot Program. These three phases are the regulatory requirement process in China for all new domestic and imported pipeline technologies. According to STWA's Chinese commercialization partner Beijing Heng He Xing Ye Technology (TDC), CPP/CNPC has indicated interest in installing STWA AOT™ systems on a 300 km, 27" pipeline being built in the Shandong Province, near Beijing.

CPP/CNPC has published a report summarizing the STWA AOT™ lab testing at its CNPC Pipeline R&D Center, and authorized STWA to begin field testing AOT™ 1.2v in China at the CNPC Pipeline Flow Assurance Test Center. This testing is scheduled to take place upon installation of AOT™ to the PetroChina Pipeline R&D Center Flow Assurance Facility. CPP's report can be read in full in its original Chinese at:

<https://d1io3yog0oux5.cloudfront.net/stwa/media/da44e1432e71850cfbf79b5f1fed1ceb.pdf>

The English translation can also be viewed at:

<https://d1io3yog0oux5.cloudfront.net/stwa/media/4131749a8539852ec12e83d1ad5622ad.pdf>

The following statements are taken directly from the CPP/CNPC PetroChina R&D Center Report about the STWA AOT™ Lab Test:

- "The above test results clearly show that the viscosity reduction technology, AOT, has the ability to significantly reduce the viscosity of Daqing crude oil, Changqing crude oil,

and Venezuela crude oil. Especially, the viscosity reduction for Daqing crude oil and Changqing crude oil is extremely effective. For Daqing crude oil, the AOT can reduce its viscosity by more than 80% at 35°C, and 40°C. For Changqing crude oil, the AOT can reduce its viscosity by more than 78% at 26°C. The tests also show that the viscosity reduction effect lasts more than 24 hours. The technology reduces the viscosity very fast, in a couple of seconds, and consumes little energy."

- "Based on the above, AOT has made a breakthrough in crude oil viscosity reduction, and is an internationally leading new and high technology. It is widely applicable to reduce viscosity in both paraffin and asphalt based crude oil. The application of AOT will bring in remarkable and long lasting effect in changing China's high energy consumption and high risk crude oil transportation industry. Its application will eventually bring in major economic and social effects for the business and the State alike."
- "The experts from both CPP and US side will work closely to propose solutions that are tailored to China's peculiar crude oil transportation situation."

"The Daqing oil region is the largest oil region in China and one of the most prolific oil and gas properties in the world," [according to PetroChina Company](#), as detailed in its documents filed with the U.S. Securities and Exchange Commission. [According to CNPC](#), China's largest oil and natural gas producer and supplier, "In 2011, Changqing Oilfield produced 20 million tons of crude oil, representing one-fifth of CNPC's annual production and one-tenth of China's total annual crude output..." A [U.S. Energy Information Administration report states](#), "One of the fastest growing destinations of Venezuelan crude oil exports has been China. In 2010, China imported 125,900 bbl/d of crude oil from Venezuela, up from only 39,000 bbl/d in 2005."

"We conducted lab tests at CPP's PetroChina Pipeline R&D Center that were very specific to China's needs. By testing exactly the oils that are widely used in China, we were able to provide critical information that may help the country meet its goal to reduce energy intensity 16% by 2015. Governmental and industrial leaders in China are looking for energy efficiency tools that will help them meet that goal and we believe we offer one solution that can make a material difference," stated STWA CEO Mr. Cecil Bond Kyte.

CPP testing is being conducted in conjunction with STWA's commercialization partner in China, TDC. As per the terms of STWA's [Cooperation Framework Agreement](#), TDC is responsible for the full costs of implementing the testing and certification of AOT™ with CPP.

About STWA, Inc.

STWA, Inc. develops and commercializes energy efficiency technologies that assist in meeting increasing global energy demands, improving the economics of oil extraction and transport, and reducing greenhouse gas emissions. The Company's intellectual property portfolio includes 24 domestic and international patents and patents pending, which have been developed in conjunction with and exclusively licensed from Temple University. STWA's technologies include Applied Oil Technology™ (AOT™), which is designed to improve oil flow through pipelines. AOT™ has been proven in U.S. Department of Energy

tests to increase the energy efficiency of oil pipeline pump stations. ELEKTRA™ improves diesel engine efficiency for industrial diesel engines, as well as diesel-powered trucks, trains, marine vessels, military fleets and jet turbines. More information including a company Fact Sheet, logos and media articles are available at: <http://www.stwa.com>.

Safe Harbor Statement

This press release contains information that constitutes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from any future results described within the forward-looking statements. Risk factors that could contribute to such differences include those matters more fully disclosed in the Company's reports filed with the Securities and Exchange Commission. The forward-looking information provided herein represents the Company's estimates as of the date of the press release, and subsequent events and developments may cause the Company's estimates to change. The Company specifically disclaims any obligation to update the forward-looking information in the future. Therefore, this forward-looking information should not be relied upon as representing the Company's estimates of its future financial performance as of any date subsequent to the date of this press release.

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