

February 10, 2016



QS Energy's AOT(TM) Crude Oil Viscosity Reduction System to Be Re-Deployed on Primary Eagle Ford Pipeline

SANTA BARBARA, CA -- (Marketwired) -- 02/10/16 -- [QS Energy, Inc.](#) (the "Company") (OTCQX: QSEP), a developer of integrated technology solutions for the energy industry, today announced that an upgraded AOT™ (Applied Oil Technology) viscosity reduction system will be re-installed on a major crude and condensate pipeline serving the Eagle Ford in South Texas. The newly optimized AOT unit has been extensively retrofitted specifically to reduce viscosity of ultra-light crude while mitigating scaling and sludge buildup, both costly impediments to normal pipeline operation. The Eagle Ford Formation is the most active shale play in the world and is estimated by the U.S. Energy Information Administration (EIA) to have proved reserves of approximately 4.1 billion barrels of recoverable oil.

Developed in partnership with Temple University (Philadelphia, Penn.), AOT is a patent-protected hardware system capable of reducing the viscosity of a wide spectrum of grades of crude oil while in transit. Extensive laboratory testing and multiple field deployments have repeatedly and under controlled conditions verified AOT's efficacy in increasing flow rates, lowering pump station power consumption, and improving performance due to reduced pipeline operating pressure.

"The opportunity to demonstrate the effectiveness of this newly modified AOT system on a line that moves the bulk of the condensate from Eagle Ford to processing facilities in the Port of Houston puts our technology directly in the crosshairs of two of the most important trends impacting the U.S. energy industry -- the challenge of transporting the enormous volume of upstream condensate, and the ongoing drive to reduce pipeline operating and maintenance overhead in the face of low spot prices and tight profit margins," commented Gregory M. Bigger, QS Energy Chief Executive Officer and Chairman.

Produced as a by-product of the extraction of "tight" oil and gas from shale formations, condensate accounts for a growing percentage of U.S. shale crude output and has contributed significantly to the pipeline capacity problems resulting from historically robust



[Greggory M. Bigger, Chief Executive Officer and Chairman of the Board, QS Energy Inc.](#)



[A previous installation of a single vessel AOT unit on a commercial pipeline.](#)

upstream production. According to the EIA, last year roughly 1.2 million barrels of condensate were flowing from America's tight oil fields daily.

"By re-engineering AOT specifically for the unique characteristics of ultra-light lease condensate, we intend to demonstrate to the industry the quantifiable operational and cost efficiencies our technology can bring to the fastest growing category of crude oil today," Mr. Bigger added.

Despite commodity markets currently being mired in a supply surplus, Mr. Bigger says that upstream producers see a promising future for condensate.

"Recent changes in federal law now allow the export of unprocessed crude oil, opening up lucrative foreign markets, including Asia, where many nations such as China, Japan, Singapore and Malaysia import most or all of the condensate they use to make gasoline or to dilute heavy crude," Mr. Bigger explained. "Refining facilities capable of 'splitting' condensate to produce liquid hydrocarbon mixtures are going to capitalize on the removal of oil export restrictions, which underpins the need to improve the economics and performance of the pipelines used to transport the hundreds of millions of barrels entering the nation's pipeline infrastructure annually."

According to energy sector data compiled by Thomson Reuters, approximately \$1 billion in condensate splitter plants in the U.S. have been brought online or are under construction and another \$715 million to \$1 billion are on the drawing board.

For further information about QS Energy, Inc., visit www.QSEnergy.com, read our SEC filings at <https://ir.stockpr.com/qsenergy/all-sec-filings> and subscribe to Email Alerts at <https://ir.stockpr.com/qsenergy/email-alerts> to receive company news and shareholder updates.

Safe Harbor Statement:

Some of the statements in this release may constitute forward-looking statements under federal securities laws. Please visit the following link for our complete cautionary forward-looking statement: <http://www.QSEnergy.com/site-info/disclaimer>

About AOT™ (Applied Oil Technology)

Developed in partnership with scientists at Temple University in Philadelphia, AOT (Applied Oil Technology) is the energy industry's first crude oil pipeline flow improvement solution using an electrical charge to coalesce microscopic particles native to unrefined oil, thereby reducing viscosity. Over the past four years AOT has been rigorously prepared for commercial use with the collaboration of over 30 engineering teams at 19 independent oil production and transportation entities interested in harnessing its proven efficacy to increase pipeline performance and flow, drive up committed and uncommitted toll rates for pipeline operators, and reduce pipeline operating costs. Although AOT originally attracted the attention of pipeline operators interested in improving their takeaway capacity during an historic surge in upstream output resulting from enhanced oil recovery techniques, the technology now represents the premiere solution for improving the profit margins of producers and transporters during today's economically challenging period of low spot prices and supply surplus.

About QS Energy, Inc.

QS Energy, Inc. (OTCQX: QSEP) provides the global energy industry with patent-protected industrial equipment designed to deliver measurable performance improvements to crude oil pipelines. Developed in partnership with leading crude oil production and transportation entities, QS Energy's high-value solutions address the enormous capacity inadequacies of domestic and overseas pipeline infrastructures that were designed and constructed prior to the current worldwide surge in oil production. In support of our clients' commitment to the responsible sourcing of energy and environmental stewardship, QS Energy combines scientific research with inventive problem solving to provide energy efficiency 'clean tech' solutions to bring new efficiencies and lower operational costs to the upstream, midstream and gathering sectors. More information is available at: www.QSEnergy.com.

Company Contact

QS Energy, Inc.

Tel: +1 805 845-3581

E-mail: investor@QSEnergy.com

Investor Relations & Media Contact

Steve Bonser

QS Energy, Inc.

Tel: +1 805 845-3581

E-mail: steve.bonser@QSEnergy.com

Source: QS Energy, Inc.