

STWA Signs Letter of Intent to Commercialize Oil Pipeline Efficiency Technology in China

SANTA BARBARA, CA--(Marketwire - Dec 21, 2011) - In a major development for the commercialization of its oil pipeline technology, [STWA, Inc.](#) (OTCBB: ZERO) ("STWA" or the "Company"), a developer of [energy efficiency technologies](#) in the multi-billion dollar oil pipeline and diesel engine markets, announced today it has signed a Letter of Intent with Beijing Heng He Xing Ye Technology Development Co., Ltd ("TDC") to license STWA's Applied Oil Technology™ (AOT™) into the Chinese market. TDC is a supplier of technology and oil pumping equipment to the Chinese oil industry.

In accordance with the terms of the Letter of Intent (LOI), STWA remains the worldwide exclusive holder of all intellectual property related to AOT™. Nothing in the LOI transfers or assigns any right to AOT™ to TDC. TDC desires to license certain rights to STWA's AOT™ for the purpose of selling, distributing and commercializing AOT™ in China. Financial terms regarding licensing fees and charges for AOT™ installations for TDC's customers will be defined in separate agreements to be negotiated.

Leading up to the execution of this LOI, TDC gained support for STWA's AOT™ from key stakeholders in the Chinese market and within its customer base. Founded in 2001, TDC has clients that are publicly listed companies servicing various industrial control systems throughout China. Its clients within the Chinese petroleum industry are a natural fit for the STWA AOT™ technology. TDC has received operational data from major customers regarding its oilfields including pipeline diameter measurements, total pipeline length, velocity, temperature and estimated AOT™ requirements.

China is the second largest consumer of oil in the world, just behind the US. The Asian pipeline market in 2010 is estimated to be US\$21 billion, with China's spending on pipelines to increase 40% by 2015. Recently, China released a working plan to boost energy efficiency nationwide. The plan, issued by the State Council, reiterates China's main goal to reduce energy consumption 16% by 2015.

STWA's AOT™ improves oil flow through pipelines, reducing the energy required for the transport of oil through pipelines by over 13%, according to tests conducted by the U.S. Department of Energy. AOT™ has the potential to impact the Chinese oil pipeline industry by creating hundreds of millions of dollars worth of energy savings, reducing greenhouse gas emissions by millions of tons each year, and helping industry meet the demands set by the State Council of boosting efficiency 16% by 2015.

"Key players in the China oil market have taken notice of AOT™ and our U.S. Department of Energy test results. TDC realizes the enormous favorable financial and environmental impacts AOT™ can have for China. We are very pleased with the efficiency with which our talks have progressed to date, leading to this Letter of Intent. TDC has shared with us that

they have already had discussions with government officials and one of the largest energy companies in China regarding our technology," stated STWA Chairman and CEO, Mr. Cecil Bond Kyte. "We anticipate continued productive discussions culminating in more substantive agreements."

"China is in a period of extreme growth, with thousands of kilometers of pipeline under construction and many more to come," said Bjørn Simundson, STWA Executive Director, Program Management/Operations. "The alliance with TDC is a prudent strategic benefit for both companies. Our Company holds technology that can vastly improve oil transport for China's explosive growth, and TDC provides us the proper channels and protection necessary for rapid and secure industry and governmental acceptance and deployment."

About AOT™

STWA's Applied Oil Technology™ (AOT™) allows pipeline operators to temporarily reduce the viscosity of the crude oil within their pipeline(s) to reduce the fluid-drag (also known as friction-loss) between the fluid and the pipeline. By reducing the friction loss, pipeline operators' pump systems require less energy to maintain a constant flow rate, thereby directly reducing daily operation costs.

About STWA, Inc.

STWA, Inc. (OTCBB: ZERO) 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 Temple University. STWA's technologies include Applied Oil Technology (AOT™) which improves 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 by over 13%. 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.