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## *CTE's Unsubstantiated Intellectual Property Claims*

We believe that SinoTech Energy Limited (NASDAQ: CTE \$2.40) has made unsubstantiated claims regarding its purported intellectual property rights. It appears that CTE has misrepresented its supposed “exclusive” right to use “unique” lateral hydraulic drilling (LHD) technology. We believe that, CTE has made these misrepresentations as a way to justify paying dramatically inflated prices (Click <http://www.asensio.com/Reports/ReportView.aspx?ReportId=1157&CompanyId=173&CompanyName=SinoTech+Energy> to see the report “CTE’s Potential Overpayments for Drilling Equipment could exceed US\$100 million”) to an intermediary for LHD equipment using funds obtained from its public offering of stock to investors.

CTE claims to have the exclusive right in China to use technology based upon patents developed by Carl Landers (US Patent #5413184, 5853056, and 6125949). However, CTE’s claims to exclusivity on the Landers patents appear false, based upon public documents and information obtained from industry sources, including current and former owners of the Landers patents. Click [here](http://www.asensio.com/cte/patent/patentlicensetransferdiagramnotes.pdf) to see the Patent License Transfer notes.

CTE does not claim that it obtained exclusive license rights from the patent owner. Instead, CTE claims that another licensee, Jet Drill Well Services, LLC, provided CTE with exclusive rights in China. However, it appears that Jet Drill had no legal right to grant CTE an exclusive license.

There is an extensive public record on transfers of license rights and ownership for the Landers patents. This record arises from the Landers patents having been owned and licensed by two US public companies. A company formerly called Maxim TEP, Inc., now known as Conquest Petroleum, Inc. (Pink Sheets: CQPT), first licensed then owned the Landers patents over the period from 2005 to 2009. Documents filed by CTE show that Jet Drill claims to have been given the right to grant an exclusive sublicense for China under an agreement with Maxim from 2008. Maxim’s license agreements, which were filed with the SEC, do not include such an agreement with Jet Drill. To see one of Maxim’s license agreements, click [here](http://www.asensio.com/cte/patent/4.pdf).

Jet Drill appears to have obtained a non-exclusive license to use the Landers patents in North America from Maxim; based on an agreement filed by Maxim with the SEC. The consideration for Jet Drill’s non-exclusive license was the cancellation of debt that Maxim owed to Jet Drill, which amounted to only \$112,450 according to another Maxim SEC filing. Jet Drill had no right to transfer a China “exclusive” on the Landers patents to CTE.

Well Enhancement Services, LLC (“WES”) purchased the patents in 2009 from Maxim. Jet Drill had only a non-exclusive license for North America. To see that documentation click [here](http://www.asensio.com/cte/patent/10.pdf).

Two other companies in China have the rights to use the same Landers technology, according to industry sources. The private company that currently owns the Landers patents, Radial Drilling Services, Inc. (“RDS”), bought the patent from

WES and has licensed the Landers patents for use by another company in China, according to a RDS representative and a press release. Click [here](http://www.asensio.com/CTE/competition/JerehToEstablishRadialDrillingJV.pdf) to see that press release. The Chinese company is Yantai Jereh Oilfield Services Group Co., Ltd. (Shenzen: 002353), which is listed in China. WES, the former owner of the Landers patents, has also provided equipment using the Landers technology to another company in China, called Shanghai Witsun Jetdrill Enhancement Services Co., Ltd. (“Witsun”). WES only sold the Landers patents under the condition that WES could be allowed to continue its relationship with Witsun, according to a WES representative.

Adding to the irregularity of CTE’s patent claims is that CTE does not disclose having to pay any royalties for use of the patented technology. RDS and WES have confirmed that they have not received royalty payments from CTE and have no relationship with CTE.