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## *CTE's "Unique" Technology Used in Two Past Penny Stock Promotions*

SinoTech Energy Limited (NASDAQ: CTE \$2.80) claims to be involved in enhanced oil recovery (EOR) services in China, and claims to use a technology that is "high tech" and "completely unique," according to CTE's most recent earnings conference call. However, CTE's purported EOR technology has actually been used in two US penny stock promotions, [one](http://www.asensio.com/Reports/ReportView.aspx?ReportId=1154&CompanyId=173&CompanyName=SinoTech+E) (Click [here](http://www.asensio.com/Reports/ReportView.aspx?ReportId=1154&CompanyId=173&CompanyName=SinoTech+E) to see a report titled "CTE's Unsubstantiated Intellectual Property Claims.") of which led to an SEC action for securities fraud. In both cases, the technology failed to develop meaningful sales or earnings, and both companies abandoned use of the technology.

CTE's IPO prospectus does not disclose the existence of any issue or potential dispute pertaining to the ownership of or past litigation by the SEC arising from performance claims of the patents that CTE claims to have licensed.

CTE calls its technology "lateral hydraulic drilling" or LHD. It relies upon patents developed in the 1990's by Carl Landers (US Patent #5413184, 5853056, and 6125949). In its SEC filings, CTE references the Landers patents as its "Base Patents." The Landers patents were also used and promoted by Blast Energy Services, Inc. (OTC: BESV \$0.04), f/k/a Verdisys, Inc., and Maxim TEP, Inc., which is now known as Conquest Petroleum, Inc. (Pink Sheets: CQPT \$0.065).

The SEC brought an action against Blast Energy in 2006 for securities fraud related to Blast's promotion of its technology based on the Landers patents.

The SEC stated that Blast Energy made misleading disclosures and false revenue claims and promoted the Landers patents as "a leading technology," when it was in fact only a "prototype." The SEC also noted that the patents' license "became available after the entity attempting to commercially deploy the technology dissolved in bankruptcy, and no established oil and gas companies bid for the technology." Blast Energy, two of its officers, and one director all settled charges with the SEC. To see SEC's litigation on this matter, click [here](http://www.asensio.com/cte/patent/DanielW.WilliamsandAndrewG.Wilson.pdf) and [here](http://www.asensio.com/cte/patent/pressrelease.pdf). Blast Energy's CEO Daniel Williams was permanently prohibited from acting as an officer or director of a public company. The fact that this patent has been related to fraudulent companies in the past and is now associated with CTE, and that CTE is also purported to use the above patent should concern investors.

Blast Energy bought a [license](http://www.asensio.com/cte/patent/8K10-1-03LandersLicenseAgmt.pdf) to use the Landers patents for \$2.75 million in 2003, and by 2005, Blast had apparently abandoned the lateral drilling services [business](http://www.asensio.com/cte/patent/8K3-14-05LicenseAssignmenttoMaxim.pdf), and [sold](http://www.asensio.com/cte/patent/8K3-14-05LicenseAssignmenttoMaxim.pdf) its Landers-patents license to Maxim TEP for \$1.3 million in 2005. Maxim not only licensed the Landers patents, but Maxim bought the patents outright from Landers himself in 2006 for \$4.75 million. Within three years, however, the supposed value of the

patents apparently declined dramatically. Maxim sold the patents in 2009 for only \$250,000. To see a chart analyzing the transfer of the patent click [here](http://www.asensio.com/cte/patent/patentlicensetransferdiagramnotes.pdf).

Industry surveys show that no major oil services firm uses the Landers technology. In fact, the technology is used only by a few small, private companies. ([See](http://www.asensio.com/cte/patent/maplegroup-semjetpresentation.pdf) Maple Group Presentation).