

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
CryoFuel Systems, Inc.	12/30/2005
RECEIVING PARTY DATA	
Name:	Prometheus Energy Company
Street Address:	3311 South 120th Place, Bldg. 100
City:	Seattle
State/Country:	WASHINGTON
Postal Code:	98168
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	5505232
Patent Number:	6082133
CORRESPONDENCE DATA	
Fax Number:	(425)450-0728
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	4254505000
Email:	jpark@romeromontague.com
Correspondent Name:	Justin D. Park
Address Line 1:	155 - 108th Ave. NE Suite #202
Address Line 4:	Bellevue, WASHINGTON 98004
ATTORNEY DOCKET NUMBER:	CRYO505
NAME OF SUBMITTER:	Justin D. Park
Total Attachments: 17 source=Technology Purchase Agreement 1-9-06#page1.tif source=Technology Purchase Agreement 1-9-06#page2.tif source=Technology Purchase Agreement 1-9-06#page3.tif	

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PATENT

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TECHNOLOGY PURCHASE AGREEMENT

THIS TECHNOLOGY PURCHASE AGREEMENT (the "Agreement"), is made and entered into as of December 30, 2005, by and among Prometheus Energy Company, a Washington corporation ("Buyer"), and CryoFuel Systems, Inc., a Washington corporation ("Seller") (collectively, the "Parties").

RECITALS:

WHEREAS, Buyer and Seller are the parties to an Amended License Agreement dated August 15, 2003 (the "License Agreement") pursuant to which Buyer licenses and obtains the right to use all of Seller's patents, licenses, know-how, and related technology as described therein, which is more particularly described on Schedule I attached hereto and incorporated herein by this reference (the "Technology"); and

WHEREAS, the License Agreement provides for the payment of royalties over time from Buyer to Seller based on a percentage of the gross sales proceeds from the sales of equipment to be produced by Buyer using the Technology; and

WHEREAS, the License Agreement further provides that Buyer may "buy out" its obligation to pay further royalties on equipment sales after Buyer has paid US\$1,300,000 in royalties from the sales of equipment as provided in the License Agreement by issuing Seller 500,000 shares of Buyer's common stock (the "Stock"); and

WHEREAS, Buyer desires to purchase the Technology from Seller instead of continuing to license the Technology, the consideration for which shall be a lump sum payment calculated to reflect a discounted value of the royalties that otherwise would have been paid under the License Agreement, and the issuance of the Stock to Seller, whereupon Buyer shall be deemed to own the Technology; and

WHEREAS, Seller desires to sell the Technology to Buyer, and thereby terminate the License Agreement; and

WHEREAS, Buyer desires to purchase the Technology from Seller, and Seller desires to sell the Technology to Buyer, on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the covenants, representations, warranties and mutual agreements hereinafter set forth, the Parties agree as follows:

ARTICLE 1 PURCHASE AND SALE

1.1 Purchase and Sale of Technology. Subject to the terms and conditions set forth in this Agreement, Seller hereby sells, conveys, transfers and assigns to Buyer, and Buyer hereby purchases from Seller all of Seller's right, title and interest in and to the Technology.

1.2 Ownership of the Technology. As part of Closing, all right, title and interest to

the Technology shall be transferred to Buyer, and Seller shall execute and deliver such documents as are necessary to effectuate such transfer.

1.3 Liabilities. Buyer is not agreeing to assume any liabilities of the Seller.

1.4 Termination of the License Agreement. The Parties agree that upon the Closing of the transaction contemplated herein, the License Agreement between the Parties shall be rendered null and void and no party shall retain any right to enforce or otherwise rely upon said License Agreement for any purpose, all of the terms and conditions of which having been superseded by this Agreement.

ARTICLE 2 CLOSING AND PURCHASE PRICE

2.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") will take place at Romero Montague P.S. ("Escrow Agent"), 155 – 108th Ave. NE, Suite #202, Bellevue, WA 98004 on or before December 31, 2005 (the "Closing Date"). Closing shall mean the consummation of this Agreement by the rendering of all performances necessary to the consummation of the purchase and sale contemplated hereby, and delivery of other documents and proceeds to the Parties entitled thereto.

2.2 Purchase Price. The Purchase Price shall be paid as follows:

2.2.1 One Million Dollars (US \$1,000,000.00); and

2.2.2 Five Hundred Thousand (500,000) Shares of Buyer's common stock.

2.3 Procedure at Closing.

2.3.1 Seller's Instruments to be Delivered at Closing. On the Closing Date, Seller shall cause to be delivered to Escrow Agent each of the following:

2.3.1.1 evidence, in such form as in each case is reasonably satisfactory to Buyer, that each of the conditions to the obligation of Buyer to purchase the Technology from Seller as set forth in Section 5.2 of this Agreement, as well as any and all requirements set forth in Article 3 of this Agreement have been satisfied;

2.3.1.2 an Assignment fully executed by Seller as necessary to convey, transfer, and/or assign the Technology to Buyer, which conveyance, transfer and/or assignment shall be deemed to be effective upon payment delivery of the Purchase Price ; and

2.3.1.3 any other documents or instruments necessary or desirable to carry out the provisions of this Agreement.

2.3.2 Buyer's Funds and Instruments to be Delivered at Closing. On or before the Closing Date, Buyer shall cause to be delivered to Escrow Agent each of the following:

2.3.2.1 evidence, in such form as in each case is reasonably satisfactory to Seller, that each of the conditions to the obligation of Seller to sell the Technology to Buyer as set forth in Section 5.1 of this Agreement, as well as any and all requirements set forth in Article 4 of this Agreement have been satisfied;

2.3.2.2 the sum of US\$1,000,000 in cash via wire transfer;

2.3.2.3 a stock certificate in the name of CryoFuel Systems, Inc. for 500,000 shares of Buyer's common stock; and

2.3.2.4 any other documents or instruments necessary or desirable to carry out the provisions of this Agreement.

2.4 Escrow. The Parties agree that Escrow Agent shall provide escrow services to consummate this transaction in accordance with the instructions and conditions set forth below:

2.4.1 Representation of both Parties. The Parties acknowledge and agree that Escrow Agent represents both Parties in this transaction and that the Parties have waived any potential conflicts of interest arising from or related to such representation by executing and delivering to Escrow Agent a separate "Waiver of Conflicts" letter. In the event of a dispute regarding all or any portion of this Agreement, the Parties further agree that Escrow Agent shall not be able to represent either party in such dispute, but shall not be prohibited from representing either party in the future on unrelated issues.

2.4.2 Duties of Escrow Agent. Upon receipt by Escrow Agent of satisfactory evidence that this Agreement and the original documents to be delivered as part of Closing have been signed by all required Parties as contemplated by this Agreement, Escrow Agent agrees to take delivery of the documents described in Section 2.3 above, to hold such documents in escrow, and to deliver the documents to the appropriate party as provided herein once final payment has been made, and all written releases have been received or will be received upon payment so that all creditors, judgments, claims, liens or encumbrances listed on Schedule II will be satisfied in full.

2.4.3 Liability of Escrow Agent. The Parties do hereby release Escrow Agent from, and agree to indemnify and hold harmless Escrow Agent from and against, any and all claims, demands, or liabilities whatsoever arising out of this Agreement. The Escrow Agent shall not be liable for any error of judgment or for any act done omitted by it in good faith, or for anything which it may in good faith do or refrain from doing in connection with the provision of escrow services hereunder. No liability will be incurred by the Escrow Agent if, in the event of any dispute or question as to the construction of this Agreement, it acts in good faith.

2.4.4 Conflicting Instructions. Upon any disagreement or the presentation of adverse claims or demands in connection with the escrow arrangement, Escrow Agent shall, at its option, be entitled to refuse to comply with any such claims or demands during the continuance of such disagreement and may refrain from delivering any property affected hereby; in so doing the Escrow Agent shall not become liable to any other party hereto due to its failure to comply with any such adverse claim or demand. Escrow Agent shall be entitled to continue without liability to refrain and refuse to act:

2.4.4.1 Until all the rights of the adverse claimants have been finally adjudicated by a court having jurisdiction of the Parties and the items affected hereby after which time the Escrow Agent shall be entitled to act in conformity with such adjudication; or

2.4.4.2 Until all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof and shall have been directed in writing signed jointly by each of the undersigned parties and by all persons making adverse claims or demands, at which time the Escrow Agent shall be protected in acting in compliance therewith.

2.4.5 Changes to Agreement. No cancellation of this Agreement or modification of its terms or substitution of parties shall be of any effect without the written consent of each of the Parties and the Escrow Agent. Such consent will not be unreasonably withheld by the Escrow Agent.

2.4.6 Escrow Agent's Fees; Seller's Legal Fees. Each of the Parties shall pay one-half of all reasonable fees and expenses of Escrow Agent that are incurred in connection with the provision of escrow services under this Agreement; *provided, however,* that Escrow Agent's provision of legal services for Seller related to obtaining the appropriate releases shall be solely Seller's liability and shall be paid, in full, from Seller's portion of the Sales proceeds, together with all other amounts due Escrow Agent for legal services provided to Seller in the past that are not directly related to this transaction.

2.4.7 Resignation of Escrow Agent. Escrow Agent may resign at any time provided it first appoints a successor Escrow Agent in writing and further provided said successor (a) is an attorney licensed in the State of Washington with an office in King County, Washington; (b) accepts such appointment in writing; and (c) agrees in writing to be bound by all the provisions of this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as of the date of this Agreement and as of the Closing Date, as though made as of the Closing Date, as follows:

3.1 Organization of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington.

3.2 Authority. Seller has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller, as shall be evidenced at Closing by Seller providing a fully executed statement of said authority generated by either a special meeting of Seller's shareholders or by a fully executed and properly authorized Consent in Lieu of said meeting. The authority of Seller to enter into this transaction shall be further evidenced by a letter to escrow from counsel for Seller verifying that Seller has the authority to consummate the transaction contemplated by this Agreement. Seller further warrants that no further action is

required on the part of Seller or any of its stockholders to authorize the Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be subject to the laws of general application relating to bankruptcy, insolvency, and the relief of debtors and rules of law governing specific performance, injunctive relief, or other equitable remedies.

3.3 Creditors; No Undisclosed Liabilities. Except as set forth on Schedule II attached hereto and incorporated herein by this reference, Seller does not have any known contingent or undisclosed obligations or liabilities. Seller warrants that all such liabilities, and all judgments, liens or other encumbrances against the Technology or Seller in general have been released in writing, or will be released in writing, as of the Closing Date, or shortly thereafter for items for which payment shall be funded through the payment of the Purchase Price. Seller agrees to indemnify and hold harmless Buyer for any liabilities or encumbrances incurred prior to the Closing that may be or are claims against the Acquired Assets.

3.4 Litigation. Except as disclosed on Schedule III attached hereto and incorporated herein by this reference, (i) there is no action, suit arbitration, investigation, audit or proceeding pending or threatened against Seller in any court, or before any Federal, state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind; and (ii) Seller is not subject to any judgment, order, writ, injunction or decree of any court or any Federal, state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any arbitrator.

3.5 Technology and Intellectual Property Rights. Schedule IV lists all the patents, trademarks and trade names owned or licensed by Seller which are or were used in Seller's businesses and/or which are covered by the License Agreement as part of the Technology to be purchased under this Agreement. Except as otherwise disclosed on Schedule II, Seller validly owns, beneficially and of record, all the Technology free and clear of all encumbrances other than as set forth on Schedule II. No action, claim, suit or proceeding has been brought against Seller or, to the knowledge of Seller, has been threatened against Seller with respect to any of the Technology that challenge Seller's right to use all or any portion of the Technology or that alleges that Seller infringes any intellectual property rights of any other party. To the best of Seller's knowledge, no other party is infringing any of the Technology.

3.6 Other Documents. At the closing, Seller shall provide any and all individual assignments, notifications to the U.S. Patent and Trademark Office, or any other documents necessary to transfer full and legal ownership of the Technology in compliance with all laws and ordinances governing the transfer of the same.

3.7 Termination of Business. Seller agrees that immediately following Closing, it will not conduct any further business whatsoever, except as may be necessary to (i) sell the balance of its few remaining assets to Buyer or to some other party approved by Buyer; (ii) sell the common stock delivered to Seller as part of this transaction; and (iii) wind up its business and affairs as needed to shut down the company as soon as reasonably practicable to do so.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as of the date of this Agreement as follows:

4.1 Organization, Good Standing and Qualification. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of Washington.

4.2 Authority. Buyer has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer, and no further action is required on the part of Buyer or any of its stockholders to authorize the Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be subject to the laws of general application relating to bankruptcy, insolvency, and the relief of debtors and rules of law governing specific performance, injunctive relief, or other equitable remedies.

ARTICLE 5
CONDITIONS TO THE CLOSING

5.1 Additional Conditions to the Obligations of Buyer. The obligation of Buyer to effect the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by Buyer:

5.1.1 Representations, Warranties and Covenants. (i) The representations and warranties of Seller in this Agreement were true and correct on the date they were made and shall be true and correct in all material respects on and as of the Closing Date as though such representations and warranties were made on and as of such time; and (ii) Seller shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by Seller as of the Closing; and

5.1.2 Written Releases of Claims. Seller shall have received written releases of all claims of the parties listed on Schedule II attached hereto.

5.2 Additional Conditions to Obligations of Seller. The obligations of Seller to consummate and effect the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by Seller:

5.2.1 Representations, Warranties and Covenants. (i) The representations and warranties of Buyer in this Agreement were true and correct when made, and (ii) Buyer shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by Buyer as of the Closing.

ARTICLE 6
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

6.1 Survival of Representations, Warranties and Covenants. The representations and warranties of Buyer and Seller contained in this Agreement shall not survive the Closing Date.

ARTICLE 7
EXCLUSION OF WARRANTIES; LIMITATION OF LIABILITY

7.1 Exclusion of Warranties. EXCEPT FOR REPRESENTATIONS AND WARRANTIES SPECIFICALLY MADE IN OTHER SECTIONS OF THIS AGREEMENT, THE ACQUIRED ASSETS ARE STRICTLY ON AN "AS IS" BASIS, AND EACH PARTY (EXCEPT FOR REPRESENTATIONS AND WARRANTIES SPECIFICALLY MADE IN OTHER SECTIONS OF THIS AGREEMENT) HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OR CONDITIONS OF ANY KIND, WRITTEN OR ORAL, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF TITLE, NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE 8
TERMINATION, AMENDMENT AND WAIVER

8.1 Termination. Except as provided in Section 8.2, this Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

8.1.1 by mutual written consent of Buyer and Seller;

8.1.2 by a party if such other party is in material breach of any obligation, representation, warranty or covenant under this Agreement.

8.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of any party hereto, or its affiliates, officers, directors or stockholders.

8.3 Amendment. This Agreement may be amended by the parties hereto at any time by execution of an instrument in writing signed on behalf of each of the parties hereto.

ARTICLE 9
GENERAL

9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with acknowledgment of complete transmission) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice); provided, however, that notices sent by mail will not be deemed given until received:

9.2 Entire Agreement; Assignment. This Agreement (i) constitutes the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings both written and oral, among the parties with respect to the subject matter hereof; (ii) is not intended to confer upon any other person any rights or remedies hereunder; and (iii) shall not be assigned by operation of law or otherwise.

9.3 Severability. In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

9.4 Other Remedies. Any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

9.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Washington, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

9.6 Jurisdiction and Venue. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of the King County Superior Court within the State of Washington, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Washington for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process.

9.7 Rules of Construction. The parties hereto agree that they have had the opportunity to be represented by counsel during the negotiation and execution of this Agreement and, therefor, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

9.8 Fees and Expenses. Whether or not the transactions contemplated herein are consummated, all expenses, including without limitation all legal, accounting, financial advisory, consulting and other fees, incurred in connection with the negotiation or effectuation of this Agreement or consummation of such transactions, shall be the obligation of the respective party incurring such expenses. However, in the event that any legal action is undertaken, including arbitration, to enforce or interpret this Agreement, the prevailing party in any such action shall be entitled to receive and award of its actual attorney's fees and costs incurred in the action as part of any judgment entered.


9.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party,

it being understood that all parties need not sign the same counterpart.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first above written.

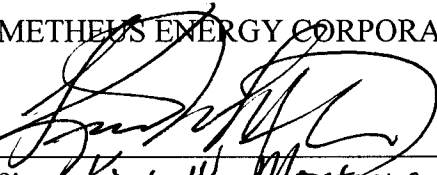
SELLER:

CRYOFUEL SYSTEMS, INC.

By: 
Name: JOHN A. BARCLAY
Title: CEO & Director

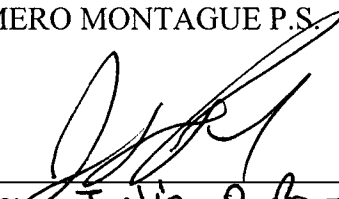
BUYER:

PROMETHEUS ENERGY CORPORATION

By: 
Name: Kirt W. Montague
Title: CEO

The undersigned hereby expresses its agreement to provide escrow services as set forth in Section 2 above.

ROMERO MONTAGUE P.S.

By: 
Name: Justin O. Park
Title: Secretary

Schedule I
The Technology

U.S. Patent No. 5,505,232 issued April 9, 1996 entitled "Integrated refueling system for vehicles."

Canadian Patent No. 2,117,718 issued September 21, 1999 entitled "Integrated refueling system for vehicles."

U.S. Patent No. 6,082,133 issued July 4, 2000 entitled "Apparatus and method for purifying natural gas via cryogenic separation." Any foreign patent rights to the invention covered by this U.S. patent that might eventually be obtained through the PCT applications submitted by CryoFuel are included in this IP.

Sublicense of U.S. Patent No. 6,332,323 B1 issued December 25, 2001, entitled "Heat transfer apparatus and method employing active regenerative cycle."

Any claim or right of CryoFuel to U.S. Patent 6,467,274 issued October 22, 2002 entitled "Apparatus and methods for cooling and liquefying a fluid using magnetic refrigeration". This patent is an embodiment of the Active Magnetic Regenerative Liquefier technology that was purchased from the University of Victoria by Prometheus in 2005.

Any claim or right of CryoFuel to the Active Gas Regenerative Liquefier technology as derived from the NASA SBIR Project on the Active Gas Regenerative Liquefier and covered by provisional patent application submitted by Prometheus in July 2005 for a natural gas or hydrogen liquefier entitled "Active gas regenerative liquefier system and method" by John A. Barclay, Mirosław P. Skrzypkowski, Michael A. Barclay, and Wes T. Jakobsen.

Invention entitled "An Integrated Compressed Natural Gas/Liquid Natural Gas Refueling System."

Invention entitled "An Orifice Pulse Tube Liquefier for Natural Gas and Other Cryogenes."

Invention entitled "A Turbo-Magnetic Regenerative Refrigerator."

Invention entitled "A Method to Produce Magnetic Regenerators."

Invention entitled "A Refueling System for CNG/LNG/hythane/CH₂/LH₂."

Invention entitled "A Magnetic Liquefier for Natural Gas."

Invention entitled "A zero-loss LNG fuel tank system."

Invention entitled "A simple LNG refueling system using LN₂."

Know-how in CryoFuel's technical records relating to:

- i) Process Flow Diagrams, Piping & Instrumentation Diagrams, design drawings, design calculations, and all related project records for the Hartland landfill pilot-scale system, the SW-50 systems referred to as Stockton (or Wildwood Road) and Binford units; the LW-50 system referred to as the South Chollas unit; and the systems referred to as LW-62. This know-how includes the methods for design, manufacture, testing, installation, and operation of any and all of these systems.
- ii) Low Pressure Mixed Refrigerant Cycle technology and its application to LNG systems.
- iii) Pre-treatment, bulk purification, liquefaction, post-purification, and related processing techniques for methane, including processing a methane gas mixture stream flow sequentially through a series of modules.
- iv) Heat exchanger designs for use with the methane purifier/liquefier systems designed by CryoFuel.
- v) Cryogenic heat exchanger designs for bulk purification of CO₂ from methane mixtures via periodic freezing and regeneration.
- vi) Any know-how, documents or other information associated with or describing the Magnetic Refrigeration and/or Liquefaction Technology for applications to natural gas and/or hydrogen and other cryogenic fluids.
- vii) Vendor lists and contact information, including any available descriptions of the components that each vendor supplies and any information provided to each vendor by CryoFuel.
- viii) Experimental results from prototypes and commercial units and any documented interpretation of those results.
- ix) Any project management documents related to the design, fabrication, test, installation and operation of any of the purifier/liquefier systems developed by CryoFuel using CryoFuel's Technology.

Schedule II
Liabilities

CryoFuel Systems, Inc.
AP Balance Summary
December 2005

Vendor / Service Provider	Description	Account #
American Boiler Works	SC 798 & SC 977 Equipment Purchase Orders	CRYO
Department of Labor and Industries	Balance Outstanding, per 2002 Audit	Acct# 913, 979-00
Employment Security Dept	Outstanding WA Unemployment Tax Due	Acct #869779-00 UBI#601-464-932
Esco Steel	Valves, Pipe, Steel. A series of 30 plus invoices.	Esco Acct # 7377
Legal - Karpstein & Verhulst, PC		
Xerox Corporation	Xerox Copier, originally a five year lease.	Acct # 7030328 Serial# NG3129799
The Home Depot, Inc.	General Services. Credit Card	2484630358921
Acetank & Equipment	SC 900, South Chollas Equipment	Acct # 1728
Affinity Staffing Group	General Services, Temp Agency Bill	
Citi Capital	Forklift Lease, 5 year forklift lease	Acct # 193653
Compressed Air Solutions, LLC	SC 638 & Bradley Invoices, Waste Management Parts	
Endress + Hauser	SC 718 (co Bainbridge Associates), equipment parts	Acct# 105272
Collections - NEWTON & ASSOCIATES		Case# 574330
Ford Credit	Ford Van, originally leased over three years, then reclaimed and auctioned.	FS A396 JNK4
Collections - Focus Receivables Mngt		File#1382203
ITT Industries	SC 607, 637, equipment parts	Acct# 56953
Collections - UCC		Acct 063616-4
Pall Trinity Micro	SC 713 \$6529, Bradley Pos \$17,455 (Co Flow Solutions)	Acct# 16774
Parametric Technology Corp	Pro-E Software	Acct # 150527
Praxair Distribution, Everett	General Services, Industrial gases	BZ810
Collections - CACi		Acct#C65030
SCS Engineers	SC 875, Permitting support for Landfill Gas project in San Diego.	
Snohomish County Treasurer	General Services	Acct# 2667654
Sonitrol Pacific	General Services, Security	02-ESCR05
Collections - Consolidated Credit Services		
Verizon - (360) 794-4636	General Services, Telephone	
Collections - Collections of America		Acct #6392601
AEA Technology/Hyprotech Ltd.	Hysis Simulation Software	511101
Allan F. Dow & Associates, Inc.	General Services	CFS
Barber Nichols	SC 594,	CryoFuel Systems
CAE Northwest	Solid Works Software	CryoFuel
Compressor World, LLC	Bradley PO, Waste Management	Cryofuel
Control Factors - Seattle, Inc.	Bradley Pos, Waste Management	
Detector Electronics Corporation	SC 888	107610
Everett Steel Companies	SC 619, 766, 786, 805, 855, 950	CRYSY
Executive Associates & Consultants, Inc.	General Services	
Fastenal Company - Washington	Valves, Pipe, Steel, etc.	WASE10272(A)
Holiday Inn Express	General Services	
Leslie Controls, Inc.	SC 588 \$2742, Bradley Pos \$2657	P0012
Mr. J.D. McGraw	General Services	
PSE - 795-723-900-2	General Services	
Collections - ERSolutions, Inc		

CryoFuel Systems, Inc.
AP Balance Summary

December 2005

Vendor / Service Provider	Description	Account #
TUTHILL Pneumatics Group	SC 609	
Universite du Quebec a Trois	WENET Contract Work	
Velan Valve Corporation	SC 852	
Watlow Electric Mfg. Co.	SC 598 \$397, Balance Altamont Pos	64544
Weed Instrument	SC 853 (CO CB Engineering)	30754
Yokogawa Corporation of America	SC 887	2487346
Brett-Ross, Inc.	SC 708	1281
Central Welding Supply	General Services	3145000
CEO (Center for Executive Opportunities)	General Services	
CFS Alternative Fuels, Inc.	General Services	
Chart - Cryogenic Components Div.	SC 1013	50273
Crocker Kuno LLC	Chapter 11 Preparation Fees	
Frankfurter Financial	Private Placement Finders Fee	
IDC-UVic	Patent Application Fees - AGRL	
Morfab Company, Inc.	South Chollas, Bradley, Altamont Pos	CRYO
Salman Partners	General Services	
Specific Mechanical Systems	BR 1037	
Stellar Industrial Supply	General Services	106045
The Press	General Services	
Thomson, Sponar & Adams <i>Assigned to Lynch, Dolan and Hoss LLC</i>	General Services	
University of Victoria	WENET Contract Work	3105
USA Placements, LLC	General Services	
AAA of Everett Fire Extinguisher CO., INC	Fire Extinguisher Annual Service	None
CAD Based Solutions	General Services	
Caliber Inspection and Pacific	General Services	CRYSYS
Corstone Enterprises	Remaining Balance of Lease	
Dr. Calvin B. Ward	Patent Application Fees	
Dr. John Barclay	Accrued Salary	
Dr. Richard Chahine	Hydrogen Liquefier Contract Fee	
Dr. Tapan Bose	Hydrogen Liquefier Contract Fee	
Dr. Tomasz Wysokinski	Hydrogen Liquefier Contract Fee	
efinity Technologies	General Services	
Infogenix	General Services	
Kateri B. Trimble, Inc.	Accounting Fees	
Bentington, LLC	Legal Fees, Assigned Balance	
LeSourd & Patten	941 Legal Fees	017668-00000
Romero Montague P.S.	Legal Fees	
Margaret Barclay	General Services	
Mr. Andrew Rowe	General Services	

**CryoFuel Systems, Inc.
AP Balance Summary**

December 2005

Vendor / Service Provider	Description	Account #
Mr. Dan Clarkson	Accrued Salary	
Mr. Matt Barclay	Accrued Salary	
Mr. Mirek Skrzypkowski	Accrued Salary	
Tom Hiester	General Services	
Margaret Barclay - 1	Note payable, dated 10-May-93	
Margaret Barclay - 2	Note payable, dated 10-Nov-93	
Howard Griffith	Note payable, dated 14-Jul-01	
Denny Christensen	Note payable, dated 14-Mar-01	
Katerl Trimble - KBT Ltd Partnership - 1	Note payable, dated 30-Apr-99	
Katerl Trimble - KBT Ltd Partnership - 2	Note payable, dated 26-Feb-01	
Katerl Trimble - KBT Personal	Note payable, dated 31-May-01	
William Firestone - 1	Note payable, dated 6-Jun-01	
William Firestone - 2	Note payable, dated 5-Feb-02	
William Firestone - 3	Note payable, dated 29-Sep-00	
William Firestone - 4	Note payable, dated 28-Feb-01	
William Firestone - 5	Note payable, dated 16-Mar-01	
William Firestone - 7	Note payable, dated 1-Sep-01	
William Firestone - 8	Note payable, dated 15-Aug-02	
Donald Gongaware	Note payable, dated 30-Aug-02	
Dick Horner - 1	Note payable, dated 15-Aug-02	
Dick Horner - 2	Note payable, dated 10-Nov-03	

Schedule III
Litigation

Refer to Schedule II.

Schedule IV
Intellectual Property Rights

Items Included:

1. This Schedule incorporates by reference any and all patents, trademarks and trade names owned or licensed by Seller which are or were used in Seller's businesses and/or which are covered by the License Agreement as part of the Technology, which are listed in Schedule I above as if fully set forth herein.
2. All right, title and interest in the name "CryoFuel Systems" or any variant thereof. This includes all logos, graphics, and other designs using said name or names.
3. All right, title and interest in the domain name www.cryofuelsystems.com, which rights are currently registered through July 2006.
4. The content of the website currently available at www.cryofuelsystems.com , including all proprietary computer code and graphics used on said website.