

take all reasonable precautions to prevent disclosure of the Confidential Information of the Disclosing Party to unauthorized persons or entities.

3.3 Exceptions. Notwithstanding the foregoing, such confidentiality provisions shall not apply: (a) to information that is or becomes publicly available through no violation of such Party of its obligations under this Agreement; (b) to information furnished by a third party who was not, at the time at which such information was furnished, under a legal, contractual or fiduciary obligation to keep such information confidential; (c) to information that was in the possession of such Party prior to disclosure by the other Party; or (d) to the extent reasonably necessary to comply with law or order of a court of competent jurisdiction, in which event the Party seeking to make a disclosure shall so notify the other as promptly as practicable (and, if possible, prior to making any disclosure) and in all cases shall cooperate with such other Party if it should seek confidential treatment of such information.

3.4 Publicity and Advertising. Inventor agrees that Oil Free shall be the sole Party either performing or causing marketing to be performed concerning the System.

4.0 Term and Termination

4.1 The Term of this Agreement shall commence upon the Effective Date of the Agreement and continue for a period of ninety-nine (99) years.

4.2 Termination for Cause. This Agreement and all obligations hereunder shall terminate upon thirty (30) days prior written notice from one Party (the "Sender") to the other "for cause" (as defined below), provided that the recipient of the notice (the "Recipient") does not cure the situation constituting "for cause" prior to the expiration of such thirty (30) day period. For purposes of this Agreement, the term "for cause" shall include (i) any action by the Recipient involving the violation of any criminal statute constituting a felony; (ii) deficiencies in the performance of the Recipient's duties hereunder; or, (iii) the violation by Recipient of any material provision of this Agreement.

4.3 Other Termination. This Agreement shall terminate upon the mutual written consent of both Parties.

4.4 Return of Confidential Information. Upon termination of this Agreement, for any reason, each Party shall return to the other all-tangible materials embodying, containing or reflecting Confidential Information of the other, including, without limitation, any documentation, records, listings or notes.

4.5 Termination for cause will allow each party a reasonable and mutual time frame to rectify. Oil Free has justifiable right to terminate if Inventor does not complete the Project or fails to maintain intellectual property, or pursue ancillary research and development necessary to commercialize the System and file patents, or to assert patents against infringers as determined by a standard Infringement Assessment Process. Inventor has justifiable right to terminate if Oil Free does not abide by its responsibilities to produce substantial profit sharing payments to Inventor, as defined by this Agreement, within a reasonable period of time.

5.0 General Provisions

5.1 Amendments. This Agreement may be amended or modified only in writing signed by both Parties.

5.2 Attorney Fees. If any legal action (including arbitration) is necessary to enforce the terms and conditions of this Agreement, the prevailing Party shall be entitled to costs and reasonable attorney fees.

5.3 Best Efforts. The Parties shall use and exercise their best efforts, taking all reasonable, ordinary, and necessary measures to ensure an orderly and smooth relationship under this Agreement.

5.4 Entire Agreement. This Agreement along with its exhibits constitutes the entire agreement and supersedes all prior agreements between the parties.

5.5 Executed Counterparts. This Agreement must be executed in person by each signatory and not via any counterparts. Each Party is to receive 3 fully executed Agreements. No signatory may enter into this Agreement by means of an electronic/magnetic signature.

5.6 Force Majeure. Force Majeure means circumstances beyond a Party's control that prevent a Party from performing its obligations under this Agreement, including failures to perform by any third party, any act of God, fire, natural disaster, accident (other than as a result of the negligence of the Party seeking excuse), act of civil unrest, act of terrorism, act of government, shortages of material or supplies and failures of electric power or telecommunications equipment. Neither Party will be deemed in default of this Agreement to the extent that performance of its obligations or attempts to cure any breach are delayed or prevented by reason of Force Majeure so long as reasonable steps are taken to mitigate the other's Party damages.

5.7 Governing Law. This Agreement shall be governed by the laws of the State of Florida, without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida. If any court action is necessary to enforce the terms and conditions of this Agreement, the Parties hereby agree that Palm Beach County, Florida shall be the sole jurisdiction and venue for the bringing of such action.

5.8 Notices. All notices, requests and demands hereunder shall be in writing and delivered by hand, by facsimile transmission, by email, by mail, by telegram, or by recognized commercial overnight delivery service. Such correspondence shall be directed to the signatories of this Agreement unless otherwise requested by the respective Party.

5.9 Severability. If any provision of this Agreement is deemed prohibited by applicable law, such prohibition shall not invalidate the remaining provisions of this Agreement.

5.10 Successors and Assigns. Except as expressly provided in this Agreement, each and all of the covenants, terms, provisions, conditions and agreements herein contained shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

5.11 Warranties. The Parties represent and warrant that they will perform their responsibilities under this Agreement in a professional and workmanlike manner, through the use of reasonable care and in compliance with applicable laws, ordinances, codes and regulations.

5.12 Additional Documents. As and if requested, all Agreement signers agree to corporately and individually sign any documents subsequently provided by either of the Parties, so long as they specifically memorialize and/or formalize the statements herein.

6.0 Exhibit 1

Exhibit 1

Memorandum of Understanding

Whereas this Memorandum of Understanding (“MOU”) is made this Second day of January 2013 by and between Inventor or his assignees, (“Inventor”) and Oil Free LLC (“Oil Free”), a Florida corporation, and

Whereas, Inventor is in the business of inventing, developing and patenting Intellectual Property, including Intellectual Property for the conversion of engines from combustion gasoline/diesel fuel sources to gaseous hydrogen on demand (the Project”), and

Whereas, Oil Free is a company engaged in promoting and marketing alternative energy solutions that has the requisite expertise and experience to market products associated with the Project to large multinational customers, then

Inventor and Oil Free agree to hereby form a collaborative partnership for testing and development and market research related to the Project.

These activities will mean that Inventor and Oil Free will mutually engage the worldwide HOD market as defined by 100% hydrogen for commercial transportation and generators.

1. As part of the Project, Inventor will be producing a 100% hydrogen-on-demand combustion engine that will be subjected to stringent tests as described in Exhibit 2. Inventor will arrange to fund this component, as part of the overall Project cost being born by Inventor. Inventor is to retrofit a mutually agreed on gen set in order for it to operate via 100% HOD (hydrogen-on-demand) power. This gen set will require a hydrogen-ready engine and a hydrogen delivery system that produces hydrogen on demand from water. The engine will be operating solely on a hydrogen water/electrolyte mixture as to be determined by emission testing, and its operating performance must be equivalent to fossil fuel.

2. As part of the Project, Oil Free will be marketing and commercializing associated products and processes. Oil Free hereby represents that it has an expansive marketing knowledge base and access also to hydrogen engine components and supplies. To the extent that this is needed, Oil Free will make this information available, upon request, and at no cost to Inventor. Any information so provided will be directed to ensure the desired performance of the Inventor hydrogen engine conversion and integration on the engine specified by Oil Free’s customer(s).

3. The engine, HOD system and related appurtenances, engineering drawings, and subsequent technology breakthroughs, if any, will remain the sole assets of Inventor. Inventor will be responsible for the fabrication and assembly and for the conversion of the engine as specified above in Item 1, and will perform testing and provide a demonstration that will conform to Exhibit 2.

4. Provided that Inventor meets his responsibilities as set forth in this MOU, Oil Free hereby agrees to remit directly to Inventor Twenty-five percent (25%) of the net profits, as received, as determined by Generally Accepted Accounting Principles, generated from the first Nine Hundred and Eighty Million Dollars (\$980,000,000) in profits that Oil Free receives related to the Project with a guaranteed of 2.5 million dollars within 6 months of demonstration. This 25% distribution rate shall also apply to all net profits over above the afore-mentioned amount. These payments will be calculated every ninety calendar (90) days, with day one being the first day that any profits are generated from the Project. From the time a payment is calculated, it shall be due and payable to Inventor within three (3) business days, either by cashier's check or wire transfer, pursuant to Inventor's instructions.

5. All other agreements between Inventor and Oil Free must be obeyed by these parties.

(end of Exhibit 1)

Exhibit 2

Description of the System, Testing and Demonstration

System Description

The principal will be demonstrated by retrofitting a gen set with an electric starter and an adaptation of our System/Apparatus and an alternator. The Apparatus will be started via an electric starter. The alternator will provide power to the System/Apparatus and its electrolysis chamber where:

- The water/electrolyte is initially converted to ionized gas/plasma. The gas is then hydro-dynamically propelled to a secondary chamber where electrons begin multiplication via currents induced magneto- hydro-dynamically.
- The plasma then enters a thermionic chamber where electrons continue to multiply marginally and the plasma is separated into its monatomic derivatives.
- Monatomic plasma then progresses to a gas multiplication chamber where the electron avalanche begins induction and it in turn provides the energy requirements over and above the electrical requirement to start the generator so as to both operate it and provide energy for the application of additional load.

Testing Protocol

Measurements

1. The battery load will be measured continuously to illustrate battery drain at start-up as well as the battery trickle charge by the alternator during the generator's operations.
2. Gas production will also be continuously measured via mass flow meter so as to compare the increase in gas consumption during the additional load application.
3. The effluent will be measured continuously via a gas analyzer that verifies emissions and the original fuel composition.

These measurements, in turn, will provide the net energy balance, the monatomic energy content, and verification of system scalability insofar as hydrogen demand relates to automotive applications.

Gas Property Verification

It is predicted that ionized gas has energy content different than commercially manufactured hydrogen due to electric excitation, and therefore, the standard, published specific heating values of hydrogen used in existing calculations are not applicable. When this variable is considered with the well established fact that Monatomic hydrogen is more than twice as energetic as that of diatomic hydrogen, as well as the addition of electrolytically purified ionized oxygen that is produced, there is a unique opportunity to calculate and identify additional energy potential over and above what is produced by secondary emission. Therefore a key objective will be to identify monatomic versus diatomic hydrogen percentages so as to verify or amend energy calculations specific to electrolytically produced hydrogen combined with ionized oxygen in exactly a 2:1 ratio. This calculation directly determines the quantity of hydrogen required to operate a vehicle.

Quantity Requirements

The Project's nominal objective is to develop a hydrogen generation system capable of producing no less than 200 liters per minute (or a quantity sufficient to power combustion engine in its entirety) using of hydrogen and oxygen gas, when operating small- to medium-sized vehicles.

Installation Parameters

The basic Apparatus for hydrogen production, not including electronics and piping, had to be of a size and weight that made it very practical to install on standard automotive vehicles. We established and met our goal of the System requiring no more than 1.3 cubic feet, with a total/ weight of less than 70 pounds, not including water/electrolyte and battery requirements.

Scalability

As various other applications are addressed, whether for engines operating larger vehicles or devices, we can scale Project information in order to provide full manufacturing drawings, material specifications, schematics, fuel requirements, test results and any other required information.

Efficiency and Energy Requirements

To operate a typical small- or medium-size automobile using the System, the electrical energy requirement is greater than that of a conventional alternator/battery system produces, but the electrical storage ignition systems required by our System are commercially available. Once the System is powering a car, for the purposes of demonstrating the energy self-sufficiency of this System, it will not be necessary for any external electrical storage device to be connected to the vehicle. However, for reasons of efficiency and charging, there will be a physical connection. Emissions can be readily tested in order to demonstrate that, except for any residue conditions present, no hydrocarbons are being produced.

Demonstration

The demonstration review procedure will be:

1. Engineering review personnel set up their monitoring equipment.
2. The Hydrolyzer is connected to a standard electric generator (approximately 5,000 watts) by a tube so that hydrogen can be distributed into it. A listing of the minor modifications made to the generator will be available.
3. The Hydrolyzer is turned on by a Quick Start device.
4. This hydrogen is used to operate the electric generator. Schedules illustrating the scalability of this process are available
5. The Quick Start device is disconnected, so that the only electrical power going into the Hydrolyzer is coming from the electric generator.
6. The Hydrolyzer produces hydrogen and oxygen gas at the target rate of 200 liters per minute or as it is required, as confirmed by the monitoring equipment.
7. The electric generator is shown to be producing electric power that is being distributed to operate both the Hydrolyzer and other electric devices.
8. Emission tests confirm that no combustible hydrocarbon byproducts are being produced.

(End of Exhibit 2)

Signature and Execution Page

In witness whereof, this Rights Agreement (previously defined as the "Agreement") has been duly executed by the Parties, and shall be effective as of the Effective Date set forth in the Preamble of this Agreement.

Each undersigned Party hereby represents and warrants that it (i) has the requisite power and authority to enter into and carry out the terms and conditions of this Agreement, as well as all transactions contemplated hereunder; and, (ii) it is duly authorized and empowered to execute and deliver this Agreement.

Signature for Inventor Inventor
 xxx xxx xxx

Blue-ink Signature _____ Date ___[signed effective January 2, 1013___

Signature for Oil Free: Oil Free LLC, 4077 Harwood – F
 Deerfield Beach, Florida 33442

By Leonard D. Wallace, its Chairman, CEO and Sole Stockholder

Blue-ink Signature _____ Date ___signed effective January 2, 1013___