
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 15, 2014

Save The World Air, Inc.

(Exact Name of Registrant as Specified in Charter)

Nevada
(State or other jurisdiction
of incorporation)

0-29185
(Commission File Number)

52-2088326
(IRS Employer
Identification No.)

735 State Street, Suite 500
Santa Barbara, CA
(Address of principal executive offices)

93101
(Zip Code)

Registrant's telephone number, including area code: (805) 845-3581

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Items 1.01 and 8.01 Entry into a Material Definitive Agreement and Other Events.

On July 15, 2014, Save The World Air, Inc. (the “Company”) entered into an Equipment Lease/Option to Purchase Agreement (“Agreement” or “Lease”) with Kinder Morgan Crude & Condensate, LLC (“Kinder Morgan”), dated effective as of July 15, 2014. In accordance with the terms and conditions of the Agreement, Kinder Morgan has agreed to lease, install, maintain, operate and test the effectiveness of the Company’s AOT technology and equipment (the “Equipment”) on one of Kinder Morgan’s operating pipelines.

The Agreement provides for, among other things, the Company to deliver the Equipment to Kinder Morgan, at the Company’s expense, to a location designated by Kinder Morgan, by a date no later than December 31, 2014, and for the Equipment to be installed and placed in operation by Kinder Morgan, at Kinder Morgan’s expense, on the date that the Equipment’s direct current power supply is successfully energized by the Company, following an installation pre-startup safety review by Kinder Morgan, which shall be completed by Kinder Morgan no later than thirty (30) days following the Company’s delivery and Kinder Morgan’s acceptance of the Equipment (the “Commencement Date”).

The initial term (the “Initial Term”) of the Agreement is four (4) months, commencing on the Commencement Date. On sixty (60) days’ written notice prior to the expiration of the Initial Term, Kinder Morgan has an option to extend the Lease for a minimum of twelve (12) months and a maximum of eighty-four (84) months (the “Extended Term”). The Agreement further provides that Kinder Morgan, during the Initial Term and Extended Term, if any, shall have an option to purchase the Equipment for a fixed price during the Initial Term of \$1,200,000. If Kinder Morgan extends the lease for twelve (12) months, Kinder Morgan may, at its option, at the expiration of the twelve (12) month extended term, purchase the Equipment for \$1,050,000. If Kinder Morgan extends the Lease for eighty-four (84) months, the purchase price for the Equipment at the expiration of the eighty-four (84) month extended term shall be \$600,000. If the Lease is extended for any period of time greater than twelve (12) months up to a maximum of eighty-four (84) months, the purchase price shall be equal to \$1,050,000, less the sum of \$6,250 for each month during any such extended term through the date of purchase.

Lease payments shall commence on the Commencement Date and be made during both the Initial and Extended Terms of the Lease at the rate of \$20,000 per month; provided however, that in the event the Equipment is removed from service at its initial location during the Initial Term, the monthly lease payments shall be reduced to \$5,000 until the Equipment is placed back in service at its new location, at which time the Lease payments shall resume at \$20,000 per month. The Agreement further provides that title and ownership of the Equipment shall remain at all times with the Company, unless purchased by Kinder Morgan. During the Initial Term, either the Company or Kinder Morgan may terminate the Agreement for any reason on forty-five (45) days’ written notice.

The above description of the Agreement is qualified in its entirety by reference to the Agreement, a copy of which is attached as Exhibit 10.1, and incorporated herein by reference.

Additionally, and in connection with the Lease, as described above, the Company and Kinder Morgan entered into a Mutual Confidentiality Agreement, dated July 15, 2014 (the “Confidentiality Agreement”). Among other things, the Confidentiality Agreement allows the Company and Kinder Morgan to share and discuss any data, in summary form only, acquired by the Company or Kinder Morgan, in furtherance or as a result of operations under the Lease, with the customers, potential customers, vendors, potential vendors, contractual relationships or potential contractual relationships of the Company or Kinder Morgan. Other than the foregoing exception and additional usual and customary exceptions, all confidential information, as defined in the Confidentiality Agreement, exchanged by the Company and Kinder Morgan, shall remain confidential and used between the Company and Kinder Morgan only in furtherance of their business relationship, discussions related thereto or transactions between them.

The above description of the Confidentiality Agreement is qualified in its entirety by reference to the Confidentiality Agreement, a copy of which is attached as Exhibit 10.2, and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
10.1	Equipment Lease/Option to Purchase Agreement, dated effective as of July 15, 2014, between Save The World Air, Inc. and Kinder Morgan Crude & Condensate LLC.
10.2	Mutual Confidentiality Agreement, dated July 15, 2014, between Save The World Air, Inc. and Kinder Morgan Crude & Condensate LLC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 21, 2014

SAVE THE WORLD AIR INC.

By: /s/ Gregg M. Bigger
Name: Gregg M. Bigger
Title: CEO

STWA, Inc.
735 State Street, Suite 500
Santa Barbara, CA 93101
Toll Free +1(877) USA-
STWA
Main +1(805) 845-3581
Fax +1(805) 845-4377
Web www.stwa.com

Lease Agreement No. TBD

EQUIPMENT LEASE/OPTION TO PURCHASE AGREEMENT

THIS EQUIPMENT LEASE/OPTION TO PURCHASE AGREEMENT (the "Lease") is made effective the day of July 15, 2014 ("**Effective Date**")

BETWEEN:

Save The World Air, Inc.
(the "**Lessor**")
- and -
Kinder Morgan Crude & Condensate LLC
(**"Kinder Morgan"**)
collectively, the "Parties" or individually, a "Party")

RECITALS

WHEREAS Kinder Morgan operates a high pressure oil pipeline and related facilities and the Lessor has developed certain technology known as "Applied Oil Technology™ (AOT™)" ("Technology");

AND WHEREAS Kinder Morgan wishes to lease and test the effectiveness of Lessor's Technology and Equipment (as described below);

AND WHEREAS the Lessor is prepared to lease the Equipment to Kinder Morgan on the terms and conditions set forth in this Lease, which includes an option for Kinder Morgan to purchase the Equipment during or upon termination of the Initial Term or Extended Term, if any (defined below).

NOW, THEREFORE in consideration of the covenants set forth below and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree, as follows:

1. **Equipment Leased.**

The Lessor hereby leases, non-exclusively, to Kinder Morgan and Kinder Morgan leases from the Lessor the equipment, along with the equipment attached thereto or contained therein as specified in Schedule A attached to this Lease and made a part hereof (the "**Equipment**"), together with all parts, components, accessories, replacements, substitutions, additions and improvements now or in the future attached to or forming a part thereof.

2. **Delivery, Installation, Data Collection and Maintenance of the Equipment.**

- A. The Lessor, at Lessor's expense, shall deliver the Equipment to Kinder Morgan at a location designated by Kinder Morgan by a date no later than December 31, 2014. This date may be extended by mutual written consent of the Parties.
- B. Installation shall be performed by and at the expense of Kinder Morgan in a professional and workmanlike manner in conformance with all recommendations of Lessor, and in compliance with good construction and engineering practices.
- C. The Lessor shall provide Kinder Morgan with instructional service in the installation and operation of the Equipment.
- D. Any alterations or modifications to the Equipment may be made only upon consultation with and written approval by the Lessor, which approval shall not be unreasonably withheld.
- E. Kinder Morgan, at its expense, shall keep and maintain the Equipment in good working order and repair. In the event the Equipment, during the Term hereof, is lost, damaged, destroyed, in whole or in part, or stolen, Kinder Morgan shall pay to Lessor the replacement cost of the Equipment, and the obligations of this Lease shall end.
- F. All repairs and maintenance of the Equipment shall be performed promptly by Kinder Morgan. Kinder Morgan shall supply labor, at Kinder Morgan's cost, and all materials shall be provided by Lessor, at Lessor's cost. Lessor shall provide Kinder Morgan with a designated person to assist in Kinder Morgan's repairs and maintenance of the Equipment.
- G. Data acquisition will be collaborative and transparent between Lessor and Kinder Morgan, including, but is not limited to data described in Schedule C. All data collected will be subject to mutually binding confidentiality and nondisclosure agreements. Subject to Section 4 of that certain Mutual Confidentiality Agreement between the Parties of even date herewith data cannot be shared or released to any outside entity (other than Lessor or Kinder Morgan) or third party without the written consent of both Parties.
- H. Lessor or Kinder Morgan may, from time to time, make changes, alterations, modifications or improvements to the Equipment ("Improvements"). Any such Improvements will be the sole intellectual property of Lessor. Kinder Morgan may not make any Improvements to the Equipment without the express written consent of Lessor.

3. **Term and Lease Payment.**

- 3.1 The term of this Lease of Equipment shall be for a period of four (4) months (the "**Initial Term**"), commencing on the date of successful completion of the Equipment's direct current power supply is successfully energized by Lessor following installation pre-startup safety review (PSSR) by Kinder Morgan, which shall be completed by Kinder Morgan no later than thirty (30) days following Lessor's delivery and Kinder Morgan's acceptance of the Equipment in accordance with Section 5.1 below. On sixty (60) days' written notice prior to the expiration of the Initial Term, Kinder Morgan shall have an option to extend the Lease for a minimum of twelve (12) and a maximum of eighty-four (84) additional months ("**Extended Term**"), subject to Kinder Morgan's exercise, if at all, of its option to purchase the Equipment in accordance with Section 12, below.

- 3.2 During the Initial Term and Extended Term, if any, Kinder Morgan shall pay to the Lessor, a monthly lease fee in U.S. Dollars in the amount of Twenty Thousand Dollars (\$20,000) ("**Monthly Lease Payment**"). In the event the Equipment is removed from service at its initial location and re-installed to a new location during the Initial Term of the Lease, the Monthly Lease Payment during the Initial Term of the Lease shall be reduced to \$5,000 per month ("**Standby Lease Payment**") until the Equipment is placed back in service at its new location, at which time the Monthly Lease Payments shall again be Twenty Thousand Dollars (\$20,000). If the Equipment is in service for a partial month, the Monthly Lease Payment and Standby Lease Payment shall be calculated and paid on a pro rata per day basis.
- 3.3 Kinder Morgan shall pay each Monthly Lease Payment to the Lessor within 15 days of invoicing by Lessor during the Initial Term and Extended Term, if any, of this Lease.
- 3.4 Kinder Morgan shall pay each Monthly Lease Payment to a bank account designated by the Lessor.
- 3.5 Kinder Morgan shall be responsible for payment of all licensing and registration fees in respect of the Equipment.

4. **Title.**

The Parties agree that title and ownership to the Equipment shall remain at all times with the Lessor, unless purchased by Kinder Morgan in accordance with Section 12, below.

5. **Acceptance of Delivery.**

- 5.1 Upon receipt of Equipment delivery, Kinder Morgan shall inspect Equipment and either promptly report any deficiencies to Lessor or accept possession. By accepting possession of the Equipment under this Lease, Kinder Morgan accepts the condition of the Equipment.
- 5.2 Upon consultation with and written approval by Lessor, the Parties agree that Kinder Morgan is authorized, at its sole expense, to furnish or install on the Equipment new or renewed replacement parts and to make any additions or improvements which Kinder Morgan deems necessary for the proper maintenance and operation of the Equipment. All such parts, additions and Improvements shall be deemed a part of the Equipment, and subject to Section 4, above. Notwithstanding anything to the contrary, contained herein, installation materials and components such as hardware, pipe, flanges, fittings, valves, wiring, computers, controllers and electronics procured and installed by Kinder Morgan, as necessary to install the Equipment to Kinder Morgan's pipeline, shall remain property of Kinder Morgan. Installation materials and components as described above procured and installed by Lessor, shall remain property of Lessor.

6. **Operating Use.**

Kinder Morgan shall operate the Equipment during the Initial Term and Extended Term, if any, for the purpose only as set forth in the Recitals, above.

7. **Limitations of Liability.**

- 7.1 Each Party shall be liable to the other Party, its agents and employees for all losses or damages arising out of or attributable to the acts or omissions, willful misconduct or breach of this Lease by such Party.
- 7.2 Kinder Morgan acknowledges that Kinder Morgan will obtain the Equipment on an "as is where is basis" without relying on the Lessor. The Lessor makes no warranty or representation, express or implied, statutory or otherwise, as to the design, quality, capacity or fitness of the Equipment for any particular purpose.
- 7.3 Kinder Morgan agrees that no defect or unfitness of the Equipment shall relieve Kinder Morgan of the obligation to pay the Monthly Lease Payments throughout the Initial Term and Extended Term, if any, hereof.
- 7.4 Kinder Morgan acknowledges and agrees that the Lessor shall not be liable or responsible for any non-compliance with any statute, law, ordinance, rule or regulation relating to the installation, operation, use or maintenance of the Equipment, it being expressly understood that all such liability shall be the responsibility of Kinder Morgan. Lessor shall be responsible to confirm the manufacturing of the Equipment is within compliance with all applicable state and federal regulations and codes.
- 7.5 IN NO EVENT SHALL EITHER PARTY HERETO BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT CONSEQUENTIAL OR PUNITIVE DAMAGE, WHETHER BASED ON TORT OF CONTRACT.

8. **Indemnity.**

- 8.1 Each Party ("Indemnitor") shall indemnify and hold harmless the other Party "(Indemnitee)", its affiliates and each of their representatives, directors, officers, employees and agents from and against all claims, demands, losses, costs (including attorneys' fees), damages, suits or proceedings by third parties (collectively referred to as "Claims") that arise out of or are attributable to:
- (i) Kinder Morgan's installation, operation and maintenance of the Equipment;
 - (ii) any breach of this Lease by the Indemnitor, or its personnel, agents or subcontractors;
 - (iii) Kinder Morgan's obligations to pay taxes and fees as a result of this Lease, and any related penalties imposed by any governmental or other authority having jurisdiction.
 - (iv) in the case of Lessor, any claim or suit for alleged infringement of any patent, industrial design, license, copyright or trademark resulting from or arising in connection with the manufacture, sale, or use or other disposition of the Equipment. If the Equipment or any portion thereof constitutes an infringement, Lessor shall, in addition to its other obligations under this Agreement, at its own expense and as directed by Kinder Morgan, either procure for Kinder Morgan the right to continue using such Equipment without liability for such infringement, or modify or replace such Equipment with non-infringing Equipment accomplishing the same purpose as the replaced Equipment.

8.2 The Indemnitor will assume on behalf of the Indemnitee, and conduct with due diligence and in good faith, the defense of any Claims with counsel reasonably satisfactory to the Indemnitee; provided that the Indemnitee and their insurer shall have the right to be represented therein by advisory counsel of their own selection and at their own expense; provided further that if the defendants in any such action include both the Indemnitor and the Indemnitee, and if the Indemnitee will have reasonably concluded that there may be legal defenses available to it which are different from, additional to, or inconsistent with those available to the Indemnitor, then the Indemnitee and their insurer shall have the right to select separate counsel to participate in the defense of such Claims on its own behalf and that the Indemnitor's expense. Without the prior consent of the Indemnitee, the Indemnitor will not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of the Indemnitee.

9. **Insurance.**

Kinder Morgan shall bear the risk, responsibility and liability for the installation, operation and maintenance of the Equipment. Kinder Morgan shall maintain, at its cost, all such insurance on the Equipment with losses payable to Lessor against fire, theft, destruction, property damage, personal injury, general liability and other risks as are appropriate and specified by Lessor. Kinder Morgan shall provide Lessor proof of such insurance.

10. **Default.**

10.1 Kinder Morgan shall be in default hereunder if Kinder Morgan fails to pay the Monthly Lease Payment as required hereunder within fifteen (15) business days of the due date thereof.

10.2 Either Party will be in default under this Lease if the Party defaults in the performance of an obligation required from the Party under this Lease.

10.3 If either Party defaults in performance of any of its obligations under this Lease, the other Party shall provide a written notice of the default to the defaulting Party and if the defaulting Party does not remedy the default within ten (10) business days after the receipt of such notice, the other Party may rely on any legal or equitable remedy available in law or equity.

11. **Return Condition.**

11.1 Subject to Kinder Morgan's option to purchase under Section 12, below, upon the expiration or termination of this Lease, Kinder Morgan shall, at Kinder Morgan's expense, disconnect and prepare the Equipment. The Equipment shall be free and clear of oil and in substantially the same condition as received except for ordinary wear and tear. Lessor will retrieve Equipment from the site at Lessor's expense.

12. **Option to Purchase.**

12.1 Provided Kinder Morgan is not in default with respect to any obligations or payments required to be made under this Lease, the Lessor grants to Kinder Morgan, during the Initial Term and Extended Term, if any, hereof, an option to purchase the Lessor's interest in the Equipment for the amounts set forth in the attached Schedule B.

12.2 This option may be exercised by Kinder Morgan giving the Lessor written notice (the "Notice") of its intention to exercise the option. The Notice shall set forth the time for the closing of the sale which shall be the date which is sixty (60) days after the date of the notice or in the event there are less than sixty (60) days remaining in the Initial Term or Extended Term, if any, at the end of such term (the "Closing date"). On the Closing Date, Kinder Morgan shall pay the purchase price set forth in Schedule B to the Lessor by way of certified check or money order and the Lessor shall transfer its interest in the Equipment to Kinder Morgan whereupon this Lease shall cease.

12.3 Kinder Morgan shall pay any and all taxes, license or registration fees, or other fees, costs, or charges payable in connection with any such sale and purchase of the Equipment. The bill of sale from the Lessor to Kinder Morgan shall contain warranties on the part of the Lessor that it has done not act nor created any security interest in the Equipment that would adversely affect the title to it.

13. **Encumbrances, Taxes and Other Laws.**

Kinder Morgan shall keep the Equipment free and clear of any liens or other encumbrances, and shall not permit any act where Lessor's title or rights may be negatively affected. Kinder Morgan shall be responsible for complying with and conforming to all laws, regulations, ordinances and statutes relating to the possession, use, operation or maintenance of the Equipment. Furthermore, Kinder Morgan shall promptly pay all taxes, fees, licenses and governmental charges, together with any penalties or interest thereon, relating to the possession, use, operation or maintenance of the Equipment.

14. **Termination.**

During the Initial Term, either Party may terminate this Agreement at any time for any reason on forty-five (45) days written notice to the other.

15. **Mutual Representations and Warranties.** Each Party agrees, represents and warrants to the other Party that:
- (a) This Lease constitutes a valid and legally binding obligation of the Party, enforceable against the Party in accordance with its terms and all applicable laws;
 - (b) Neither the entering into or the delivery of this Lease nor the completion of the transactions contemplated in this Lease by the Party will result in the violation of any agreement or other instrument to which the Party is a party or by which the Party is bound or in a violation of any laws applicable to the Party;
 - (c) Lessor owns all right, title and interest in and to the Equipment and any parts, additions and Improvements made thereon or thereto.

16. **Address.**

Any notice or documentation required under this Lease must be provided either by personal service to the address below, or e-mail to the address below, or delivery by registered mail to the Party's address below.

To Kinder Morgan:

Kinder Morgan
1435 Windward Concourse
Alpharetta, GA 30005

Attention: Shawn Cox
Telephone: 770.751.4099 (office)
678.296.4680 (mobile)
email: shawn_cox@kindermorgan.com

To the Lessor:

STWA, Inc.
735 State Street, Suite 500
Santa Barbara, CA 93101

Attention: Gregg M. Bigger, President and CEO
Telephone: 805.729.1815
email: gregg.bigger@stwa.com
Attention: Bjorn D. Simundson, CTO
Telephone: 805.705.4472
Email: simundson@stwa.com

17. **General Provisions.**

- 17.1 In this Lease, the words importing the singular will include the plural and vice versa.
- 17.2 Unless something in the subject matter is inconsistent therewith, all references to Articles, Sections or Schedules refer to Articles, Sections or Schedules of this Lease.

- 17.3 A waiver by any Party of the strict performance of any covenant or provision of this Lease will not of itself constitute a waiver or any subsequent breach of such covenant or provision or of any other covenant, provision or term of this Lease. A waiver will be effective if it is in writing signed by a duly authorized representative of the Party granting the waiver.
- 17.4 Each Party will from time to time and at all times do all such further acts and execute and deliver all such further documents and assurances as shall be reasonably required in order to fully perform and carry out the terms of this Lease.
- 17.5 Time is of the essence in all respects of this Lease.
- 17.6 This Lease may be amended from time to time upon mutual agreement. All amendments must be in writing and signed by duly authorized representatives of the parties.
- 17.7 This Lease, including Schedules A, B and C, constitutes the entire agreement between the Parties with respect to its subject matter. There are no other agreements, representations, warranties, conditions, terms or understandings, written, verbal, express or implied between the Parties, unless mutually agreed to and confirmed in writing subsequent to the date of this Lease.
- 17.8 In the event, and to the extent, of conflict between any of the terms of this Lease and Schedule A, Schedule B or Schedule C, the terms of this Lease shall prevail.
- 17.9 If any one or more provisions of this Lease are found to be invalid, unenforceable or void by any court or tribunal of competent jurisdiction, the remaining terms and provisions will be deemed to be severable from the part so found and remain in full force and effect.
- 17.10 This Lease is subject to and shall be construed in accordance with the laws in force in the State of Texas. The federal or state courts located in Harris County, Texas shall have exclusive jurisdiction over any disputes arising under this Lease.
- 17.11 This Lease may be executed in counterparts, each of which will be deemed an original and all of which will together constitute one and the same instrument. Delivery of this Lease may be made by facsimile or other electronic format attached to email.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Lease as of the day and year first above written.

Kinder Morgan Crude & Condensate LLC

STWA, Inc.

Per: /s/ James Holland

Per: /s/ Gregg Bigger

Name: James Holland

Name:Greggory M. Bigger

Title: V.P. Technical Services

Title: Chief Executive Officer

Schedule A

The Equipment is generally described as follows:

- AOT™ Midstream, skid mounted ; Quantity = 1
- Header assembly: 12" 600 series nozzles; Quantity = 2 (intake and outtake)
- AOT™ Power Supply; Quantity = 1

DESCRIPTION	MAKE	MANUFACTURER	MODEL	YEAR	Serial #	License #
AOT Pressure Vessel	361D-18-VCOF-1200-12 REV 2	Power Service, Inc.	36/1200/12 PS/LH070R072-	2013	926	N/A
DC Power Supply	LH 19: 6U Rack Mount	Glassman HV	21	2013	N368284-01	N/A
HV specialty cable	HVC050	Glassman HV	DS2124	2013	N/A	N/A
12" 600# Spool Pieces	STWA	Industrial Screen & Maintenance, Inc.	12" 600#	2013	N/A	N/A

Schedule B

Option to Purchase Leased Equipment

Kinder Morgan may, at its option, purchase the Equipment during the Initial Term of the Lease for a fixed price of One Million Two Hundred U.S. Dollars (\$1,200,000).

If Kinder Morgan extends the Lease for twelve (12) months, Kinder Morgan may, at its option, at the expiration of the twelve (12) month extended term, purchase the Equipment for \$1,050,000. If Kinder Morgan extends the Lease for eighty-four (84) months, the purchase price for the Equipment at the expiration of the eighty-four (84) month extended term shall be \$600,000. If the Lease is extended for any period of time greater than twelve (12) months up to a maximum of eighty-four (84) months, the purchase price shall be equal to \$1,050,000, less the sum of \$6,250 for each month during any such extended term through the date of purchase.

Schedule C

DATA COLLABORATION

STWA, Inc.'s AOT™ Midstream operation requires collaborative access to specific data points for the successful implementation of the Equipment and for testing purposes. Data points are required from immediately upstream and downstream of the Equipment and installation point, currently described in Schedule A to determine the safe and successful operation of the devices as installed by Kinder Morgan to the Sweeney Lateral Pipeline. The data points desired for collaborative real-time access and recording from the signals and data acquisition SCADA/PLC includes but is not limited to the following:

1. Pipeline Engineering Hydraulic Engineering data Report/Profile
2. System time and date
3. Pump station status
4. Main pipeline temperature directly upstream of pump station
5. Main pipeline pressure directly upstream of pump station
6. Product Density
7. Ground Temperature as available
8. Pipeline Thermal Profile, if available
9. Wax/Hydrate Deposition Laboratory and Field Data/Details
10. Wax/Hydrate Composition Laboratory and Field Data
11. Electrical Conductivity Profile vs. Time of Wax/Hydrate after treatment
12. Cathodic Protection Profile over 120day period post initial energization, if available
13. Pump motor variable frequency drive (VFD)
14. Pump station pipeline flow rate
15. Oil pressure Upstream/Pump Discharge/Downstream
16. Oil temperature Upstream/Pump Discharge/Downstream
17. Oil temperature directly downstream of pump station
18. Oil pressure directly downstream of pump station
19. Pipeline pressure differential profile/Deltas
20. Flow summary, data and graphs

MUTUAL CONFIDENTIALITY AGREEMENT

The Mutual Confidentiality Agreement (“Agreement”) is entered into this 15th day of July, 2014 (the “Effective Date”) by and between Kinder Morgan Crude & Condensate LLC (“KMCC”) and Save the World Air, Inc. (“STWA”).

WHEREAS, KMCC and STWA (hereinafter each individually referred to as a “Party” and collectively referred to as (the “Parties”)) contemplate exchanging information and holding discussions concerning a mutually beneficial business relationship (the “Transaction”):

WHEREAS, the Parties have entered into this Agreement in order to ensure the confidentiality of all such information and the confidentiality of the discussions between the Parties regarding the Transaction and to prevent the disclosure of any such information to third parties except in accordance with the terms of this Agreement:

WHEREAS, the Parties recognize that each other’s business involves specialized and proprietary knowledge, information, methods, processes, techniques and skills peculiar to their security and growth; and

WHEREAS, the Discloser (as Defined below) would not provide such information without the protections set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Confidentiality. As used herein, (i) “Discloser” means any Confidential Information disclosed by either Party to the other Party; (ii) “Recipient” means any Confidential Information received by either Party from the other Party; and (iii) “Confidential Information” means any and all proprietary and non-public information regarding the Transaction or concerning the Discloser (whether prepared by the Discloser, its advisors or otherwise and irrespective of the form of communication) furnished to Recipient or to its officers, directors, members, partners, employees, affiliates, attorneys, agents, consultants, assigns, joint ventures, developers, vendors, investors, researchers, representatives or other similarly situated persons (collectively, “Representatives”) now or in the future by or on behalf of the Discloser, including but not limited to documents and information, oral or written, tangible or intangible, electronic or otherwise, generated or collected by Recipient which contain, reflect or are derived from any other Confidential Information furnished by or on behalf of the Discloser. Confidential Information shall include, without limitation, feature and technical specifications, transportation service proposals, draft transportation agreements, drawings, data, designs, computer programs, patent applications, documentation, marketing forecasts, research and development, financial data, consumer data, product data, study data, test results, or other technical or business information. The fact that the Parties have entered into this Agreement and are engaged in discussions with respect to the Transaction shall be considered Confidential Information. Confidential Information does not include (i) information which is or becomes generally known other than as a result of disclosure hereunder, (ii) information which was within Recipient’s knowledge prior to its being furnished to Recipient or its Representatives by or on behalf of the Discloser, provided that Recipient is not aware of the source of such information being bound by a confidentiality or nondisclosure agreement with the Discloser with respect to such information, (iii) information which lawfully becomes available to a Recipient or its Representatives on a non-confidential basis from a source other than Discloser, provided that such source is not bound by a confidentiality agreement with the Discloser known to the Recipient or otherwise prohibited from transmitting the information to the Recipient by a contractual, legal or fiduciary obligation known to the Recipient; or (iv) information which is independently developed by a Recipient or its Representatives without use of the Confidential Information or breach of this Agreement.

2. Consideration of Use. In consideration of the furnishing of Confidential Information by the Discloser, Recipient agrees that it will hold the Confidential Information in strict confidence and will use the Confidential Information only in connection with the negotiation and consummation of the Transaction. Recipient will protect the confidentiality of the Discloser's Confidential Information with at least the same level of care that it protects the confidentiality of its own similar confidential and proprietary information, and using no less than reasonable care.

3. Transmission of Confidential Information. Recipient shall transmit Confidential Information only to such of its Representatives as need to know the Confidential Information in order to negotiate and consummate the Transaction, if any, between the parties, and only then after such Representatives have been informed of this Agreement. Recipient shall be liable for the breach of the Agreement by any of their Representatives and agree, at their sole expense, to take all reasonable measures to restrain their Representatives from prohibited or unauthorized disclosure or use of any Confidential Information. Recipient shall immediately notify the Discloser in the event of any loss or unauthorized disclosure of any Confidential Information.

4. Disclosure. If Recipient or any of its Representatives receive a request to disclose any part of the Confidential Information under the terms of a subpoena or order issued by a court or other governmental body with the power to compel compliance with its requests. Recipient shall (i) notify Discloser immediately of the existence, terms and circumstances surrounding the request (unless prohibited by law to do so), and (ii) consult with Discloser on legally available steps to resist or narrow such requests. If disclosure of such Confidential Information is required to prevent Recipient from being held in contempt or subject to other penalty, Recipient shall (a) furnish only such portion of the Confidential Information as, in the written opinion of counsel satisfactory to Discloser. Recipient is legally compelled to disclose, and (b) use its best efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Confidential Information. Notwithstanding any provision herein to the contrary, either Party may disclose the Confidential Information in filings with the United States Securities and Exchange Commission ("SEC") as may be required by SEC rules and regulations. In addition, subject to the written authorization of KMCC or STWA, as the case may be, any data acquired by KMCC or STWA, in furtherance or as a result of that certain Equipment Lease/Option to Purchase Agreement between KMCC and STWA of even date herewith, may be shared and discussed with, in summary form only, the customers, potential customers, vendors, potential vendors, contractual relationships or potential contractual relationships (collectively, "Third Parties") of KMCC or STWA, provided such Third Parties are informed of this Agreement and such Third Parties agree, in writing, to hold the data in strict confidence and to use the data only to evaluate a transaction with KMCC or STWA, as the case may be.

5. Property. All information furnished by Discloser shall remain Discloser's property. Upon termination or expiration of this Agreement, or upon written request of Discloser or in the event the Parties decide not to proceed with the Transaction, Recipient shall promptly destroy or, at Discloser's election, redeliver to Discloser, all copies of the Confidential Information, destroy any reports, analyses, notes or other information ("Notes") and deliver to the Discloser a certificate executed by one of Recipient's duly authorized officers indicating that the requirements of this sentence have been satisfied in full. Notwithstanding the return or destruction of Confidential Information and Notes. Recipient and their representatives will continue to be bound by Recipient's obligations of confidentiality and other obligations hereunder. Notwithstanding anything herein to the contrary Recipient shall be entitled to retain one archival copy of the Confidential Information and Notes related thereto for archival legal and compliance purposes. For any retained Confidential Information and Notes the Recipient will take appropriate measures to preserve the continuing confidentiality of such as if they were the Recipient's own confidential information. The Recipient shall not be obligated to search for and destroy, delete or erase Confidential Information or Notes or any analyses, compilations, studies or other documents which have been prepared by the Recipient and which reflect or are based upon any Confidential Information if such are maintained as part of a back-up or archival system of records and electronic information systems ("EIS") as part of the routine maintenance and operation of such EIS. EIS shall include but not be limited to computer systems, e-mail, instant messaging, PDAs and smartphones, or voicemail systems. The Recipient will take appropriate measures to preserve the continuing confidentiality of such information that is maintained in the EIS as if it was the Recipient's own confidential information. No positions set forth in this paragraph shall abrogate any of Recipient's duties or obligations under this Agreement with respect to Confidential Information.

6. Warranties. The Parties recognize and agree that nothing contained in this Agreement shall be construed as granting any property rights, by license or otherwise, to any Confidential Information disclosed pursuant to this Agreement, or to any invention or any patent, copyright, trademark, or other intellectual property right that has issued or that may issue, based on such Confidential Information. Recipient shall not make, have made, use or sell for any purpose any product or other item using, incorporating or derived from any Confidential Information. **THE INFORMATION IS PROVIDED "AS IS" AND THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE INFORMATION, INCLUDING BUT NOT LIMITED TO A WARRANTY AGAINST INFRINGEMENT, ACCURACY, OR COMPLETENESS.**

7. Breach. Recipient acknowledges and agrees that, in the event of any breach of this Agreement, Discloser would be irreparably and immediately harmed and could not be made whole by monetary damages. Accordingly, it is agreed that, in addition to any other remedy to which it may be entitled at law or in equity, Discloser is entitled to seek and obtain an injunction or injunctions (without the posting of any bond and without proof of actual damages) to prevent the breach of this Agreement and/or to compel specific performance of its terms.

8. Inducement. Confidential Information provided to Recipient does not and is not intended to represent an inducement by Discloser or a commitment by Discloser to enter into any business relationship with Recipient or with any other entity. If some or all of the Parties desire to pursue business opportunities, the Parties will execute a separate written agreement to govern such business relationship.

9. Reproduction. Confidential Information shall not be reproduced in any form except as required to accomplish the intent of this Agreement. Any reproduction of any Confidential Information shall remain the property of the Discloser and shall contain any and all confidential or proprietary notices or legends which may appear on the original, unless otherwise authorized in writing by the Discloser.

10. Termination. This Agreement shall continue for a period of two (2) years beyond the Effective Date. Any Party may terminate this Agreement at any time upon thirty days written notice to the other Party; provided that, notwithstanding any termination of this Agreement, all the obligations of Recipient under this Agreement with respect to any Confidential Information received prior to termination shall survive termination and continue for three (3) years from Effective Date.

11. Severability. If one or more of the terms of this Agreement are held to be invalid or unenforceable in any respect, the same will be fully severed from and will not affect the validity or enforceability of the remaining provisions of this Agreement, and a provision as similar in its economic and legal effects as the severed provision will be substituted for the severed provision.

12. Assignment and Transfer. The Parties will not assign or transfer any rights or obligations under this Agreement without the prior written consent of the other Parties and any assignment in violation of this Agreement shall be void. This Agreement shall benefit and be binding upon the Parties to this Agreement and their respective successors and permitted assigns.

13. Entirety and Amendment. This Agreement embodies the entire understanding between the Parties respecting the subject matter of this Agreement and supersedes any and all prior negotiations, correspondence, understandings and agreements between the Parties respecting the use and disclosure of Confidential Information. This Agreement may not be modified except by writing signed by both Parties hereto. Either the original or copies, including facsimile or e-mail transmissions, of this Agreement, may be executed in counterparts, each of which shall be an original as against any Party whose signature appears on such counterpart and all of which together shall constitute one and the same instrument.

14. Non-Waiver. The failure of any Party to demand strict performance of any or all of the terms of this Agreement, or to exercise any or all rights conferred by this Agreement, shall not be construed as a waiver or relinquishment of that party's right to assert or rely upon any such right in the future.

15. Press Releases; Public Announcements. Neither Party hereto shall make any press release, public announcement or any similar disclosure or reference with respect to this Agreement or the Transaction without the prior review thereof and reasonable consent thereto by the other Party.

16. Recitals. The recitals set forth above are expressly made a part of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers or representatives as of the date first stated above.

**KINDER MORGAN CRUDE &
CONDENSATE LLC**

SAVE THE WORLD AIR, INC.

By: /s/ James Holland
Name: James Holland
Title: VP Technical Services

By: /s/ Gregg Bigger
Name: Gregg Bigger
Title: CEO & President