

110795
OIL AND GAS LEASE

THIS AGREEMENT made this 15 day of APRIL, 2011, between _____

B.G. HATCHETT, wife BETTYE HATCHETT; JOHN H. CARNEY, PETER GRYSKA INDIVIDUALLY AND AS ATTORNEY-IN-FACT FOR JOHN GRYSKA, VON GRYSKA AND ALEXANDER GRYSKA

Lessor (whether one or more), whose address is: Set forth on Exhibit B,
and QUEST ENERGY MANAGEMENT GROUP, Inc. a Delaware Corp. Lessee, whose address is: 64 S. JACOBS ST., ALBANY, TEXAS 76430 WITNESSETH:

Securities and Exchange Commission v. Nadel et al. 10-1287 Att. 2

Dollars (\$ 10.00), in hand paid, and

Lessor in consideration of TEN other valuable consideration, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling for and producing oil, gas, and hydrocarbons only, laying pipe lines, building roads, tanks, telephone lines and other structures thereon and on, over and across, to produce, save, take care of, treat, transport, and own said products, subject to the terms hereof, the following described land in Callahan County, Texas, to wit:

Each of the following Tracts shall constitute a separate lease, as set forth on Exhibit A, attached hereto and incorporated herein for all purposes,

2. The lessee agrees that this lease is for hydrocarbons (oil and gas) only and does not include any other minerals or water. Lessee does not acquire the rights to investigate or explore by geophysical surveys by seismograph without the prior written consent and agreement with the Lessor and the surface owner.

3. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 5 years from this date (called "primary term") and as long thereafter as oil and/or gas is produced from said land thereunder and royalties are fully and timely paid as required herein.

4. (a) As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipelines to which Lessee may connect its wells, the equal 1/5 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/5 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest; (b) to pay Lessor for gas and casinghead gas produced from said land (1) when sold by Lessee, 1/5 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, 1/5 of the amount realized from the sale of gasoline or other products extracted therefrom and 1/5 of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land capable of producing gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble. If, at any time or times after the expiration of the primary term, all such gas wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to TWENTY dollars (\$ 20.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made directly to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing,

(b) Notwithstanding the foregoing, royalty payments required hereunder shall be free and clear of any and all cost of gathering, treating, transporting, compressing, dehydrating or any other cost that might be incurred.

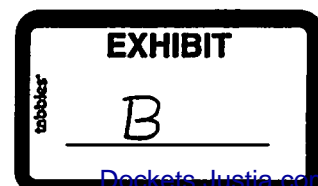
(c) Payment of royalty proceeds hereunder shall be made strictly in accordance with Section 91.401 et seq. of the Texas Natural Resources Code and its amendments as a condition (and NOT a covenant) of this lease. In the event royalty payments are not received timely and fully by the royalty owner(s) pursuant to said statutes, the Lessor and/or any royalty interest owner may terminate this lease in its entirety by written notice to the Lessee. Lessor and each royalty interest owner specifically retain the perfected security interest provided under Section 9.343 of the Texas Business and Commerce Code and its amendments as to oil and gas production from the leased premises and lands pooled therewith.

Section 91.401 et seq. requires, among others and not by way of limitation, as follows:

"§ 91.402. Time for Payment of Proceeds

(a) The proceeds derived from the sale of oil or gas production from an oil or gas well located in this state must be paid to each payee by payor on or before 120 days after the end of the month of first sale of production from the well. After that time, payments must be made to each payee on a timely basis according to the frequency of payment specified in a lease or other written agreement between payee and payor. If the lease or other agreement does not specify the time for payment, subsequent proceeds must be paid no later than: (1) 60 days after the end of the calendar month in which subsequent oil production is sold; or (2) 90 days after the end of the calendar month in which subsequent gas production is sold."

(d) If this lease is being maintained beyond its primary term solely by a well capable of producing gas in paying quantities, but which is not being produced as a result of the causes set out in the shut-in gas royalty provision contained in this lease, the lease shall only remain in effect for a period not to exceed one (1) year cumulative.



(e) Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

(f) Lessor shall have free access to gas produced from wells located on the leased premises for residential use in each home located upon said land. Lessor shall notify Lessee 30 days prior to Lessors' installation of equipment for such purpose.

5. If at the expiration of the primary term, oil or gas is not being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. This lease may not be assigned by the Lessee, except as provided below, in whole or in part without the express written consent of the Lessor. Lessor may withhold consent to assignment by Lessee for any reasonable reason. Except as provided below, any assignment of this lease by Lessee without Lessor's prior written consent shall, as a condition of this lease, ipso facto terminate this lease as to all interests and leased premises therein assigned. Further, if an assignment is permitted and thereafter such assignee shall default in the payment of royalties or rentals or otherwise breach any provision of this lease, this lease shall terminate as to the leased premises subject of said assignment. Any proposed assignee must furnish to Lessor, prior to Lessor's consent to assign, adequate proof that assignee is financially sound. In the event such assignee will operate, documentation of said assignee's insurance coverage and Railroad Commission operator approval must be furnished to Lessor.

7. In the event of a breach or default by Lessee of any provision of this Lease, and such breach or default is not cured within 60 days of written notice to Lessee, this Lease shall terminate as to all lands covered hereby.

8. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

9. Lessee shall abide strictly by the rules and regulations of the Texas railroad commission and the Texas water commission in the drilling, production and plugging of all wells drilled under the terms of this lease. Also the lessee will abide by any rules and regulations set out by federal and/or state environmental laws, including but not limited to RCRA and CERCLA (and as they may be reauthorized and/or amended) and all other federal and state laws. The lessee will furnish to the Lessor copies of all down hole logs within 30 days after each well is logged.

10. Lessee shall be confined to a minimum use of roads and ground surface and all pits shall be fenced upon the request of the surface owner. All pits shall be covered, leveled and restored within 90 days after the termination of their use. No wells will be used for saltwater disposal without the surface owner's written consent, which shall provide for a payment of no less than \$ ~~.25~~ (cents) per barrel injected with Lessee's assumption of all liabilities.
 .60

11. (a) Lessee shall not have the right to use any water from the surface owner's wells, tanks, ponds, lakes, irrigation ditches, or streams without surface owner's written consent. If the surface owner does give such consent, lessee shall pay to the surface owner for water so used in drilling operations at a price to be arrived at by negotiations between the surface owner and lessee. The price to paid before drilling operations start.

(b) Lessee will not pollute any fresh water aquifers in, upon, or under the premises hereby leased. To this end, but not to the exclusion of other protective practices, Lessee agrees that no salt water disposal pits or wells will be dug, placed, used, allowed, or operated upon the land hereby leased and that no hydrocarbons of any nature will be permitted to escape onto the surface of said land or other lands owned by Lessor.

(c) Saltwater produced only from wells producing oil or gas in commercial quantities located upon the leased premises may be injected into nonpotable water bearing horizons per Railroad Commission requirement only with prior written consent of Lessor.

12. Lessee shall pay to the surface owner the sum of \$ 1500 as surface damage for each well location, and \$ 2000 for each tank battery location, the money to be paid before each well or tank battery location is commenced. However, if the locations are located in a cultivated land then the price is doubled.

13. Lessee shall be responsible for all damages to livestock, roads, fences and gates arising out of the operations hereunder. All trees pushed will be piled and ready to burn. Dams will be placed around all equipment so no oil or saltwater will run off. Pipe fences will be built around all production equipment and maintained. Equipment will be painted and maintained in good form.

14. In the event production is obtained, all production roads shall be maintained with road material as all-weather roads, such roads to be improved within 60 days after production is established, unless surface owner agrees in writing to extend the 60 days for more testing of the well. If any fence is cut for operations hereunder, a metal gate, or cattle guard at least 10' wide and 16' long that will

maintain the weight of oil field traffic, or both shall be installed. It will be the decision of the surface owner to designate whether a gate or cattle guard or both will be installed and where. Any gate and/or cattle guards installed will become the property of the owner of the surface of the land at the termination of the lease. Lessee shall keep all exterior gates closed. Exterior gates shall be kept locked except when in use, and Lessee shall ensure that all interior gates remain as they were found. Lessee shall restore to its previous condition (as near as possible) all fences and other structures damaged as a result of Lessee's operations. Any gates which must be made wider or any fence which must be cut will have proper braces set and approved by the surface owner beforehand to prevent slacking of the fence. Any fences required to be erected by this Lease shall be of sufficient construction to turn livestock. No guns, hunting or fishing will be allowed on this land, and will be considered a felony trespassing violation's if not obeyed.

15. A party who prevails in enforcing rights and remedies under this Lease shall (in addition to any other relief granted) be paid by the other party all costs, fees and expenses, including reasonable attorneys' fees, incurred by the prevailing party in enforcing such rights and remedies.

16. Lessee will bury all pipelines, electric lines or any other lines in improved pasture or crop lands and crossing any roadways to a depth of at least 24 inches and no well shall be drilled within 600 feet of any house or barn on said land without Lessor's written consent.

17. Lessee shall promptly remove from the leased premises all junk, trash, rubbish, and equipment no longer being utilized and keep locations, battery sites, and roadways free of noxious weeds. In the event junk, trash, rubbish, and equipment no longer being utilized is left on the property for a period in excess of sixty (60) days, Lessor shall have the right to remove same at Lessee's expense.

* 18. Lessee shall, within 120 days from the date of termination of this lease, remove all surface equipment and facilities or, after said 120 day period at the option of the surface owner, such equipment and facilities shall be considered abandoned and become owned by surface owner. It is specifically understood that wellhead and subsurface casing pipe and equipment shall remain the property of the Lessee.

19. Upon termination of the lease, the Lessee will, within 120 days of the termination date, clean, level and restore the surface.

* 20. "Commencement of operations" for drilling a well to hold this lease is defined as having a rig capable of drilling to the proposed permitted depth of a well on the well location, with all necessary equipment and pits in place, and with subsurface drilling operations ongoing as of the date the lease would otherwise terminate.

* 21. "Non-Production of oil or gas" is defined to mean that: (i) as to oil, production of less than 15 barrels during any 60 day period; and (ii) as to gas, no production during any 60 day period; after the termination of the primary term.

22. Lessee assumes all risk and liability of any kind and nature incident to, occasioned by, or resulting in any manner from Lessee's operations hereunder, and agrees to indemnify and hold Lessor harmless from and against any and all liens and claims of any kind for damages occasioned by, in connection with, or on account of, said operations and against any and all claims for property damage, personal injury or death sustained by any person or persons whomsoever, natural or corporate, in connection with, or resulting from Lessee's operations hereunder, whether or not arising from the sole or concurrent negligence of Lessor.

23. If Lessee has the title to the premises examined, Lessee agrees to furnish Lessor with a copy of all such attorney's title opinions. If Lessee causes an abstract of title or supplemental thereto to be prepared, he shall furnish same to Lessor free of charge upon termination of this Lease.

24. Within sixty (60) days of the expiration or termination of this Lease for any reason as to all or any portion of the land herein described, Lessee shall, at its expense, promptly execute and file in the public records in the county in which such land or portion thereof is located, an appropriate release instrument covering all or such portion of said land so released, and to forward a copy of same as so recorded to Lessor. Failure by Lessee to furnish same shall cause Lessee to be liable for Lessor's attorney's fees and costs to prepare and file same of record.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

B. G. Hatchett
B. G. HATCHETT
Bettye Hatchett
BETTYE HATCHETT

John H. Carney
JOHN H. CARNEY
Peter Gryska
PETER GRYSKA, INDIVIDUALLY
Peter Gryska
PETER GRYSKA, ATTORNEY-IN-FACT FOR
JOHN GRYSKA, VON GRYSKA AND
ALEXANDER GRYSKA

EXHIBIT A
HATCHETT RANCH

Attached to and made a part of that Oil and Gas Lease dated the 15 day of April, 2011 between B.G. Hatchett,
John H. Carney, Peter Gryska & et al, Lessors, and

QUEST ENERGY MANAGEMENT GROUP, Inc. a Delaware Corp. Lessee, whose address is: 64 S. JACOBS ST.,
ALBANY, TEXAS 76430

The following described land in Callahan County, Texas, to wit:

Each of the following Tracts shall constitute a separate lease, as set forth on this Exhibit A, attached hereto and incorporated herein for all purposes.

TRACT #	SURVEY	SECTION	DESCRIPTION/ABST #	ACRES
TRACT 1	D&DA	18	SW/4 769	160
TRACT 2	D&DA	19	SW/4 782	160
TRACT 3	D&DA	19	SE/4 1127	160
TRACT 4	D&DA	20	** S/2 746/770 (MINERALS 160 ac)	320
TRACT 5	D&DA	21	S/2 1130	160
TRACT 6	D&DA	22	S/2 1012	160
TRACT 7	D&DA	22	N/2 1143	160
TRACT 8	D&DA	23	NW/4 1663/744	160
TRACT 9	D&DA	23	NE/4 1663	160
TRACT 10	D&DA	23	SW/4 1122	160
TRACT 11	D&DA	23	SE/4 1663	160
TRACT 12	D&DA	24	NW/4 1781	160
TRACT 13	D&DA	24	NE/4 1781/745	160
TRACT 14	D&DA	24	SW/4 1821/743	160
TRACT 15	D&DA	24	SE/4 1821	160
TRACT 16	D&DA	25	NW/4 1822	160
TRACT 17	D&DA	25	SW/4 1769	160
TRACT 18	D&DA	28	NW/4 1767	160
TRACT 19	D&DA	29	NW/4 706	160
TRACT 20	D&DA	29	NE/4 1768	160
TRACT 21	D&DA	30	NW/4 695	160
TRACT 22	D&DA	30	NE/4 729/941	160
TRACT 23	D&DA	31	N/3 1011/860	160

PAGE 2 OF 2 EXHIBIT A HATCHETT RANCH

TRACT 24 SEALE-MORRIS	1	NW/4	<u>619</u>	160
TRACT 25 SEALE-MORRIS	1	NE/4	<u>619</u>	160
TRACT 27 SEALE-MORRIS	1	SE/4	<u>619</u>	160
TRACT 28 SEALE-MORRIS	1	SW/4	<u>619</u>	120
J.W. JONES	2	NE/4	<u>1640</u>	56.63
J.W. JONES	2	NW/4	<u>1640</u>	10

TOTAL MINERAL INTEREST 4346.63 ACRES

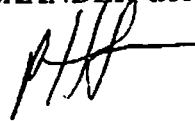
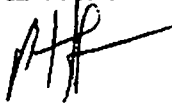
** 1/2 MINERALS SOLD IN THE S/2 SECTION 20. SOME UNDIVIDED. 46.275 AC. SET ASIDE IN A STRIP SOUTH OF THE NORTH LINE OF S/2, SEC. 20. D&DA LANDS RUNNING EAST TO WEST. THE SOUTH REMAINING 273.725 AC. IS UNDIVIDED WITH HATCHETT RANCH OWNING 160 AC. AND THE OTHER 113.725 AC. IS OWNED BY MANY PEOPLE..

EXHIBIT B
ADDRESS'S FOR THE LESSORS

B. G. HATCHETT AND BETTYE HATCHETT
5490, CR 488
BAIRD, TEXAS 79504

JOHN H. CARNEY
5909 EDINBURGH CT
DALLAS, TEXAS 75252

PETER GRYSKA, INDIVIDUALLY AND ATTORNEY-IN-FACT FOR JOHN GRYSKA, VON GRYSKA
5102 CHEENA DRIVEN W. ALEXANDER GRYSKA
HOUSTON, TEXAS 77096



ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF CALLAHAN

This instrument was acknowledged before me on the 15 day of April, 2011, by

B.G. HATCHETT



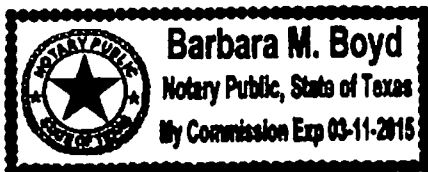
Barbara M Boyd
Notary Public, State of Texas
Notary's name (printed): Barbara M Boyd
Notary's commission expires: 3-11-2015

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF CALLAHAN

This instrument was acknowledged before me on the 15 day of April, 2011, by

BETTYE HATCHETT



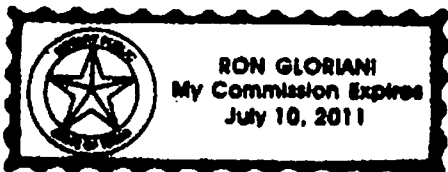
Barbara M Boyd
Notary Public, State of Texas
Notary's name (printed): Barbara M Boyd
Notary's commission expires: 3-11-2015

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF Harris

This instrument was acknowledged before me on the 16TH day of April, 2011, by

JOHN H. CARNEY



Ron Glorani
Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF Harris

This instrument was acknowledged before me on the 18 day of April, 2011, by

PETER GRYSKA, INDIVIDUALLY

[Signature]

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:



ACKNOWLEDGMENT

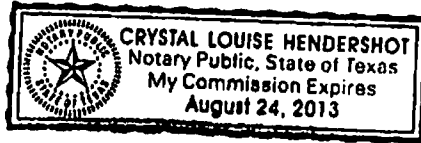
STATE OF TEXAS
COUNTY OF Harris

This instrument was acknowledged before me on the 18 day of April, 2011, by

PETER GRYSKA, A-I-F FOR JOHN GRYSKA, VON GRYSKA AND ALEXANDER GRYSKA

[Signature]

Notary Public, State of Texas
Notary's name (printed): Crystal Hendershot
Notary's commission expires: 8/24/2013



1544 00 County
Ret. Quest Operating
64 S. Jacobs
Albany TX 76430

FILED FOR RECORD

04-25-2011 A09:37

[Signature]
COUNTY CLERK, CALLAHAN COUNTY, TEXAS
BY sm DEPUTY

STATE OF TEXAS
COUNTY OF CALLAHAN
I hereby certify that this instrument was FILED FOR RECORD on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Public Records of Callahan County, Texas.



[Signature]
County Clerk, Callahan County, Texas
VOL. 243 PAGE 103-110
RECORDED 4-28-11

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