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Quest Energy Management

325-762-3284

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FAX


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|------------------------------------|---------------------------------|
| To: Bob Bassari | From: Jaime Lynne Downey |
| Fax: 312-240-0790 | Pages: 23 inc. cover |
| Phone: 312-217-1966 | Date: 8/21/2009 |
| Re: Quest Subscription Docs | CC: |

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 For Review
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• **Comments:** PLEASE CALL 325-762-3281 IF YOU DO NOT RECEIVE ALL PAGES

Bob –

Here are the Subscription Docs, Investor Suitability Questionnaires and Broker Transaction Record form. Please feel free to call if you have any questions or need anything else. Thanks!


 Jaime Lynne Downey
 VP, Quest EMG

V: 325-762-3281
F: 325-762-3284

www.questemg.com

64 S. Jacobs St.
Albany, TX 76430

EXHIBIT A
SUBSCRIPTION AGREEMENT

Amount Loaned: \$ _____

Number of Notes: _____



SUBSCRIPTION DOCUMENTS

**OFFERING OF SEVENTY (70) SENIOR PREFERRED NOTES
WITH CONVERSION OPTION**

FIFTY THOUSAND (\$50,000) DOLLARS PER NOTE

January 1, 2009

SUBSCRIPTION INSTRUCTIONS
(please read carefully)

Each subscriber for the Senior Preferred Note with Conversion Option, Fifty Thousand (\$50,000) Dollars per Note (the "Notes") of Quest Energy Management Group, Inc. a Delaware corporation ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to Quest Energy Management Group, Inc., 64 South Jacobs Street, Albany, Texas 76430.

Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
 - Subscription Agreement
 - Promissory Note
 - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifty Thousand (\$50,000) per Note) to "Quest Energy Management Group, Inc.". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

IV SPECIAL INSTRUCTIONS

FOR CORPORATIONS. Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

FOR PARTNERSHIPS. Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

FOR TRUSTS. Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

08/21/2009

Print Name of Subscriber: Ruth P. Artis - hAmount Loaned: \$ 50,000 ²²/₂₂Number of Notes: 1**Subscription Agreement**

To: Quest Energy Management Group, Inc.
64 South Jacobs Street
Albany, Texas 76430

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for _____ Senior Preferred Notes of Quest Energy Management Group, inc. (the "Company"), a Delaware corporation, and agrees to loan to the Company Fifty Thousand (\$50,000) Dollars per Note for an aggregate loan of \$_____ (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated April 5, 2005 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifty Thousand (\$50,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering Seventy (70) Senior Preferred Notes with Conversion Option at Fifty Thousand (\$50,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The maximum aggregate loan to the Company from this Offering will be Three Million Five Hundred Thousand (\$3,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to Quest Energy Management Group, Inc., at 64 South Jacobs Street, Albany, TX 76430. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

4. **Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of Quest Energy Management Group, Inc. in the amount indicated above, or by wire transfer. (See Attached Wire Transfer Instructions)

5. **Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject

any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

6. Offering Period. The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon receipt of the maximum Offering subscription amount of Three Million Five Hundred Thousand (\$3,500,000) Dollars

2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

7. Closing of the Loan. The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the "Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

8. Representations and Warranties.

(a) The Company hereby represents and warrants as follows:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and

equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or by-laws of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs

and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto (*please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity*).

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its officer and directors concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict

with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

9. **Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

10. **Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its officers, directors, shareholders, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

11. **Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to Quest Energy Management Group, Inc., at 64 South Jacobs Street, Albany, TX 76430. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

12. **Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Texas and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Texas without regard to conflict of laws rules applied in State of Texas. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Texas with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this 21st day of August, 2009, at Davis (City), Illinois (State).

If the Investor is an INDIVIDUAL, complete the following:

The undersigned (circle one): [is] [is not] a citizen or resident of the United States.

Ruth P. Artisuk
Print Name of Individual:

Alexander A. Artisuk
Print Name of Spouse if Funds are to be invested in Joint Name or are Community Property:

325-26-8917
Print Social Security Number of Individual:

333-24-7440
Print Social Security Number of Spouse

Signature of Individual

Signature of Spouse if Funds are to be Invested in Joint Name or are Community Property

Print Address of Residence.
1920 Dawn Point
Davis IL 61019

Print Telephone Number:
815 248-2415

The investor is **PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY**, complete the following:

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder).

Print Name of Partnership, Corporation, Trust or Entity:

Title of Authorized Representative

Signature of Authorized Representative

Print Jurisdiction of Organization or Incorporation

Print Name of Authorized Representative

Print Federal Tax Identification Number

Print Address of Residence:

Print Telephone Number:
()

ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this ___ day of _____, 200__.

Quest Energy Management Group, Inc.,

By: _____

**EXHIBIT 1
INVESTOR STATUS**

(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).

PA AAA
initials

A. **"Accredited Investor"** The undersigned is an Accredited Investor as defined below (check applicable box):

1. Any natural person whose Individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

.....
* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

EXHIBIT B
SENIOR PREFERRED NOTE WITH CONVERSION OPTION



SENIOR PREFERRED NOTE WITH CONVERSION OPTION

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

Quest Energy Management Group, Inc., a Delaware Corporation, with offices at 64 South Jacobs Street, Albany, TX 76430 (the "Maker"), for value received, promises to pay to the individual and/or legal entity designated in this Senior Preferred Note with Conversion Option as the "HOLDER," the principal sum of \$50,000.00 (\$50,000.00) Dollars with an annualized rate of return of ten percent (10%). Interest shall be due and payable quarterly and based on the commencement date of the Note. The entire Principal, plus 25%, shall be due and payable to the Holder no later than April 1, 2012.

At the maturity date, April 1, 2012, at the sole discretion of the Note Holder, the Note holder may choose to convert the Note to a pro-rata share of 25% Working Interest (.3571% per \$50,000 Note) in Quest EMG's KPC Austin Chalk Project *in lieu of* the 125% return on the original Note amount. Quest EMG will provide Note holders with a detailed valuation of the KPC Austin Chalk Program 60 days before the maturity date.

1. NOTES

This Note in the principal amount of Fifty Thousand (\$50,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated January 1, 2009. The Note shall be senior debt of the Maker.

2. EVENTS OF DEFAULT

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

(a) The Maker shall fail to pay any interest payment on this Note when due for a period of thirty (30) days after notice of such default has been sent by the Holder to the Maker.

(b) The Maker shall dissolve or terminate the existence of the Maker.

(c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver

for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

3. SECURITY FOR PAYMENT OF THE NOTE(S)

The Note(s) offered by the MAKER are considered Senior to any other corporate debt in the event of default.

4. COMMENCEMENT DATE OF THE NOTE

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

5. STATUS OF HOLDER

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

6. SECURITIES ACT RESTRICTIONS

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

7. ATTORNEYS' FEES

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

8. MISCELLANEOUS.

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to Quest Energy Management Group, Inc., 64 South Jacobs Street, Albany, TX 76430. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Texas, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Texas without regard to conflict of laws rules applied in the State of Texas. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Texas with respect to any action or proceeding brought with respect to this Note.

Maker:

Quest Energy Management Group, Inc.,
a Delaware corporation
64 South Jacobs Street
Albany, TX 76430

Holder:

Print Name:

Date: _____

EXHIBIT C
INVESTOR SUITABILITY QUESTIONNAIRE



INVESTOR SUITABILITY QUESTIONNAIRE

To: Prospective Purchasers of Senior Preferred Notes with Conversion Option offered by Quest Energy Management Group, Incorporated.

The purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor", as defined under applicable Federal and State securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Secured Corporate Notes. *This Questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for purchase of the Secured Corporate notes.

Please answer all questions completely and execute the signature page.

A. Personal

1. Name: Ruth P. Artisick & Alexander A. Artisick

2. Address of Principal Residence: 1920 Dana Point
Davis, IL, 61019
County: Winnebago

3. Residence Telephone: (815) 248-2415

4. Where are you registered to vote? Illinois

5. Your driver's license was issued by what state? Illinois

6. Other residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

NA

7. Please send all correspondence to:

- 1. Residence Address (as set forth in Item A-2)
- 2. Business Address (as set forth in item B-1)

8. Date of Birth: 07/10/1934 & 10/18/1937

9. Citizenship: U.S. & U.S.

10. Social Security or Tax Identification Number: 325-26-8917 & 333-24-7440

B. Occupations and Income

1. Occupation: Retired (both)

a. Business Address: _____

b. Business Telephone Number: () _____

2. Gross income during each of the last two years exceeded:

- a. \$25,000
- b. \$50,000
- c. \$100,000
- d. \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

- a. Yes
- b. No

4. Estimated gross income during current year exceeds:

- a. \$25,000
- b. \$50,000
- c. \$100,000
- d. \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

- a. Yes
- b. No

C. Net Worth

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

- a. \$50,000 - \$100,000
- b. \$100,000 - \$250,000
- c. \$250,000 - \$500,000
- d. \$500,000 - \$750,000
- e. \$750,000 - \$1,000,000
- f. over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

- a. Yes
- b. No

D. Affiliation with the Company

Are you a director or executive officer of the Company?

- a. Yes
- b. No

E. Investment Percentage of Net Worth

If you expect to purchase at least \$150,000 of Quest Energy Management Group, Incorporated Senior Preferred Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse?

- a. Yes
- b. No

F. Consistent Investment Strategy

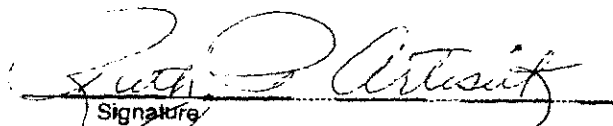
Is this investment consistent with your overall investment strategy?

- a. Yes
- b. No

G. Prospective Investor's Representations

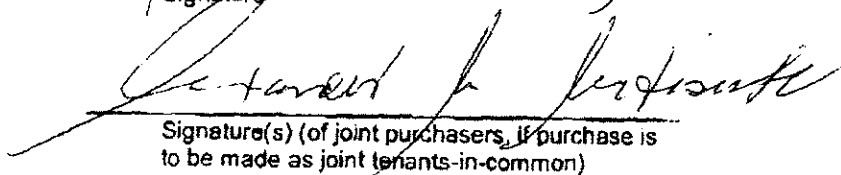
The information provided in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:



 Signature

Date: 08/21/2009



 Signature(s) (of joint purchasers, if purchase is to be made as joint tenants-in-common)



BROKER TRANSACTION RECORD

KPC Production Project – Quest Austin Chalk Program

Standards of suitability have been established by the Program Sponsor and fully disclosed in the Memorandum under "Who May Invest" and in the Purchase Agreement. Before recommending purchase of an Interest, the undersigned has a reasonable grounds to believe, and in fact believes on the basis of information supplied by the prospective investor concerning its investment objectives, other investments, financial situation and needs, and other pertinent information that: (a) the prospective investor is an "accredited investor" as defined in Section 501(a) of Regulation D of the Securities Act of 1933, as amended, and meets the financial suitability and other purchaser requirements set forth in the Memorandum and the Purchase Agreement; (b) the prospective investor has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of investment and lack of liquidity; (c) there is an adequate pre-existing relationship (one that enables the undersigned to evaluate the sophistication and financial circumstances of the potential investor) between the prospective investor and the undersigned that predates the Offering and the contemplation of the Offering; (d) the Interests are otherwise suitable for the prospective investor; (e) the prospective purchaser has a fair market net worth sufficient to sustain the risks inherent in an investment in the Interests, including, but not limited to, total loss of his or her investment, lack of liquidity and other risks described in the Memorandum; (f) any prospective investor is aware of, the risks associated with and rules relating to like kind exchanges of property under Section 1031 of the Internal Revenue Code of 1986, as amended, and shall have complied with all FINRA rules and guidance relating to such investments. The undersigned will maintain in our files documents disclosing the basis upon which the suitability of this subscriber was determined. The undersigned verifies that the subscription of the prospective investor either does not involve a discretionary account or, if so, that the prospective investor's prior written approval was obtained relating to the liquidity and marketability of the Interests during the term of the purchase. The undersigned further verifies that it has not conducted any "general solicitation" or "general advertising" (as those terms are used in Regulation D of the Securities Act of 1933, as amended) in connection with the offer of the Interests to the prospective investor.

Broker/Dealer Firm Name: Workman Securities Corp

Registered Representative (print): Bob Bassari

Registered Representative Branch Address: 500 N. Michigan Ave Ste. 300

City, State, Zip: Chicago IL 60611

Branch Phone #: 312-240-1966 Branch Fax: 312-240-0799

Registered Representative's Email Address: bbassari@workmansecurities.com

I hereby certify that I am registered in ILLINOIS, the State of Sale.

Registered Representative's signature: [Signature]

Date: 08/21/2009

WORKMAN SECURITIES CORPORATION

INVESTMENT/INSURANCE EXCHANGE FORM

You should make a careful comparison of your existing benefits versus the proposed benefits whenever you consider changing, surrendering or discontinuing an existing insurance policy, annuity contract or other investments. You should make sure that you fully understand both the advantages and disadvantages of the transaction as well as any potential tax liability that you may result from your decision to replace your current coverage or investments.

A. Existing Policy/ Investment: Issuing Company Name: State Bank of Davis Account/Policy #: Cherly Original Investment Date: 1994 Original Agent: N/A Current Account Value: 100K

Type of Policy/Investment: Variable Life Mutual Fund - List funds and share class: Other Life Insurance (i.e. universal life) Variable Annuity Other: Cherly Acad Fixed Annuity

B. Proposed Policy/Investment: Issuing Company: Quest Energy Type of Policy/Investment:

Variable Life Mutual Fund - List funds and share class: Other Life Insurance (i.e. universal life) Variable Annuity Other: British Placement Managed Account Fixed Annuity

C. What effect will the Proposed Transaction have on the original policy/investment? Full Surrender or withdrawal Partial surrender or withdrawal Loan Other

D. Please answer each of the following questions: 1. Will you incur a surrender charge on your existing policy/investment as a result of this transaction? Yes No If YES, dollar amount \$ _____ and percentage _____ % 2. Will your new product be subject to a surrender charge? Yes No If YES, surrender charge period is 3 years. 3. Will your new product be subject to any front end sales charges? Yes No 4. Will you incur a tax liability as a result of this transaction? Yes No 5. If existing investment is an employer sponsored plan, is this a forced distribution? Yes No N/A 6. Was this transaction solicited or unsolicited 7. I have received a current prospectus for the product I am purchasing. Yes No 8. Will you lose existing benefits on your existing policy/investment as a result of this transaction? Yes No If YES, explain in section F below.

E. Risk: (check one) My investment risk is increased because the new fund/annuity is more aggressive. no FDIC insurance My investment opportunity for capital growth is decreased because the new fund/annuity is more conservative. The old and new fund/annuity is in the same general investment category.

F. Explanation for Exchange: Please provide a detailed explanation why the proposed policy/investment is better than the existing policy/investment (i.e. diversification, product features, tax planning). If poor investment performance is the reason, please provide the past performance figures.(attach an additional page, if necessary): client looking to diversify investments

G. Client Certification: I understand it is not Workman Securities Corporation's policy to recommend the sales/surrender and subsequent purchase of an investment or insurance product unless my financial or personal objectives can be better served. I understand that this change may cause me to incur a surrender charge on the product being surrendered, start a new surrender charge period, and/or incur additional sales charges. For a life insurance product, I understand that this change will establish a new contestability/suicide period in certain states. Owner(s) Printed Name: Ruth P. Artisick & Alexander A. Artisick Owner(s) Signature: [Signature] Date: 08/21/09 Registered Representative Signature: [Signature] Representative Number: 230680 Date: 08/21/09 Broker Dealer Signature: _____ Date: _____

Not FDIC/NCUA insured - May lose value - Not bank/CU guaranteed - Not a deposit - Not insured by any federal agency

Securities products offered through registered representatives of Workman Securities Corporation. 6500 City West Parkway, Suite 350, Eden Prairie, MN 55344 (800) 225-6465