

Quest Resource Corporation

Compensation Committee Charter

as adopted by
the Board of Directors of
Quest Resource Corporation
on December 29, 2005

I. COMMITTEE PURPOSE

The Compensation Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Quest Resource Corporation (the "Company") to (1) develop, approve and oversee the Company's policies relating to compensation, (2) produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations, and (3) assist the Board in discharging its responsibility relating to periodic evaluation of existing benefit plans, programs or arrangements sponsored or maintained by the Company or any of its subsidiaries (the "Plans"), and to evaluate and approve any adoption, amendment, modification or termination of any such new or existing Plans.

II. PRINCIPAL COMMITTEE RESPONSIBILITIES AND DUTIES

The Committee's responsibilities and duties are:

1. To review, approve and oversee the procedures and substance of the Company's compensation policy.
2. With respect to compensation of the Company's Chief Executive Officer ("CEO"):
 - To review and approve, at least, annually, the corporate goals and objectives relevant to CEO compensation.
 - To evaluate the CEO's performance in light of those goals and objectives.
 - To set the CEO's compensation level based on this evaluation.
 - In determining the long-term incentive component of CEO compensation, the Committee shall consider all relevant factors, including the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies, and the awards given to the CEO in past years.
3. To review and recommend to the Board, or determine, the annual salary, bonus, stock options, and other benefits, direct and indirect, of the Company's other executive officers, including development of an appropriate balance between short-term pay and long-term incentives while focusing on long-term shareholder interests. The Committee shall not create incentives which encourage officers of the Company to focus on the Company's short-term stock price rather than the long-term value of the Company. In addition, incentive compensation should be designated in a manner that does not create temptations to violate applicable law or the Company's Code of Business Conduct and Ethics, such as unrealistic performance targets, particularly for short-term results.
4. To review, at least annually, the competitiveness of the Company's executive compensation.

5. To approve employment agreements of the CEO and other executive officers of the Company.
6. To perform, at least annually, performance evaluations of any executive officer who is also a Director.
7. To review, at least annually, performance evaluations of the senior executives.
8. To review new executive compensation programs; review on a periodic basis the operation of the Company's executive compensation programs to determine whether they are properly coordinated; establish and periodically review policies for the administration of executive compensation programs; and take steps to modify any executive compensation programs that yield payments and benefits that are not reasonably related to executive performance.
9. To establish and periodically review policies in the area of management perquisites and "fringe" benefits.
10. To periodically review the Company's severance or termination philosophy with the CEO.
11. To review all equity-based compensation plans and amendments thereto, including those that are not subject to stockholder approval under the listing standards of the Nasdaq Stock Market, Inc., and to approve such plans and amendments in its sole discretion.
12. To make recommendations to the Board with respect to incentive-compensation plans and equity-based compensation plans, including any amendments to such plans.
13. To perform such duties and responsibilities as may be assigned by the Board to the Committee under the terms of any executive compensation plan, incentive-compensation plan or equity-based plan.
14. To plan for executive development and succession; to plan for management development and evaluation of key personnel.
15. To prepare the annual Compensation Committee report describing the performance factors on which the Committee relied in determining the compensation of the CEO, as well as a discussion of the Committee's general policies with respect to executive compensation, as required by SEC proxy rules.
16. To adopt clear policies explaining which aspects of the Company's compensation policy require consideration and approval by the full Board.
17. To recommend an appropriate method by which shareholder concerns about compensation may be communicated by shareholders to the Committee and, as the Committee deems appropriate, to respond to such shareholder concerns.

18. To review director compensation levels and practices, and recommend to the Board, from time to time, changes in such director compensation levels and practices.

III. COMMITTEE COMPOSITION

The Committee will be comprised of at least three members. All members of the Committee must satisfy, at a minimum, the independence requirements of the listing standards of the Nasdaq Stock Market, Inc. and the other director qualification standards set forth in the Company's Corporate Governance Guidelines. In addition, a person may serve on the Committee only if he or she (i) is a "Non-employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. As permitted by law or the Nasdaq listing standards, the Committee may delegate any of its duties and authority to a subcommittee of fully independent directors.

IV. COMMITTEE MEETINGS

The Committee will meet as required to fulfill its responsibilities set forth in this Charter. The chairperson or his or her designee shall preside over all meetings of the Committee. The Committee shall meet at least two times annually and at such other times as the chairman deems appropriate or as required by law or applicable rules and regulations. A majority of the members of the Committee shall constitute a quorum. The vote of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee. The Committee may meet in person or telephonically. The Committee shall establish its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The chairperson or a majority of the members of the Committee may call a special meeting of the Committee.

In addition to the members of the Committee, the President and CEO, other managers of the Company and outside advisors may be invited to participate in Committee meetings; provided, however, that the CEO may not be present during voting or deliberations regarding his or her own compensation.

V. APPOINTMENT AND REMOVAL

Members of the Committee shall be appointed by the Board at its annual meeting and shall generally serve until their successors shall be duly appointed and qualified. The Committee shall recommend, and the Board shall designate, one member of the Committee as chairperson. The members shall serve until their death, failure to qualify, resignation, retirement, removal by the Board or until their successors shall be duly appointed and qualified. No member of the Committee shall be removed except by a majority vote of the independent directors, as determined in accordance with the listing standards of the Nasdaq Stock Market, Inc. and the other director qualification standards set forth in the Company's Corporate Governance Guidelines, then in effect. A member of the Committee shall be deemed to have resigned from the Committee at such time that the member shall have been removed from the Board pursuant to the Bylaws of the Company or such member has died, resigned or otherwise terminated his or her membership of the Board. A member of the Committee shall also be deemed to have

resigned from the Committee at such time that a majority of the independent members of the Board, as determined in accordance with the listing standards of the Nasdaq Stock Market, Inc. and the other director qualification standards set forth in the Company's Corporate Governance Guidelines, have determined that such member of the Committee is no longer an independent director of the Board.

VI. ADVISORS AND SEARCH FIRMS

The Committee shall have authority to retain such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms associated with the retention of any such firm or individual, which fees shall be paid by the Company. In determining whether to retain or terminate a provider of such services, the Committee may, in its discretion, obtain the input of senior management.

VII. RELIANCE ON OTHERS

Unless a committee member has knowledge that makes reliance unwarranted, each Committee member, in discharging his or her duties to the Company, may rely on information, opinions, reports, or statements, any of which may be written or oral, formal or informal, including financial statements, valuation reports, and other financial data, if prepared or presented by: (a) one or more officers or employees of the Company whom the Committee member believes in his or her reasonable business judgment and good faith to be reliable and competent in the matters presented; (b) compensation consultants, legal counsel, or other persons as to matters which the Committee member believes in his or her reasonable business judgment and good faith to be within the professional or expert competence of such person; or (c) another committee of the Board of which such Committee member is not a member if the Committee member believes in his or her reasonable business judgment and good faith that such Committee merits confidence.

VIII. MINUTES; REPORTS TO BOARD OF DIRECTORS

The Committee shall keep correct and complete minutes of its proceedings and the names and places of residence of its members. Minutes of the meeting will be prepared by the Committee Chairperson or such other person designated to act as Secretary for the meeting.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting. The Committee also must submit annually a report, along with supporting documentation, to the Board justifying the current compensation of the executive officers of the Company, including the CEO.

IX. ADEQUACY OF CHARTER AND ANNUAL EVALUATION OF PERFORMANCE

At least annually, the Committee shall conduct an evaluation of its performance and this Charter. The Committee shall report its conclusions regarding this evaluation to the Board. The Committee's report should generally include an assessment of its compliance with this

Charter, as well as identification of areas in which the Committee could improve its performance and the Charter could be improved. This Charter will be made available on the Company's website at www.qrcp.net.