NEXT GENERATION ENERGY CORP.
Form 10-K
April 15, 2014

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

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

o TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number 002-74785-B

NEXT GENERATION ENERGY CORP.
(Exact name of registrant as specified in its charter)

Nevada	88-0169543
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4270 John Marr Drive, Annandale, VA 22003
(Address of principal executive offices) (Zip Code)

Company’s telephone number, including area code: (703) 372-1282

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. $4,247,591 based upon a market price of $0.03 per share as of June 28, 2013.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 228,346,094 shares as of March 19, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

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PART I

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS:

Certain statements in this Form 10-K constitute forward-looking statements. Forward-looking statements include all statements that do not relate solely to the historical or current facts, and can be identified by the use of forward looking words such as "may", "believe", "will", "expect", "expected", "project", "anticipate", "anticipated", "estimates", "plans", "strategy", "target", "prospects" or "continue". These forward looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition and may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. This Form 10-K contains important information as to risk factors under Item 1A. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

ITEM 1. BUSINESS.

Overview

Next Generation Energy Corp. (the "Company") was incorporated on November 21, 1980, under the laws of the State of Nevada under the name Micro Tech Industries, Inc. On February 6, 1997, an unrelated third party purchased 85.72% of the outstanding stock of Micro Tech Industries, Inc. from its majority shareholder for $50,000 in cash. Effective March 31, 1997, Micro Tech Industries, Inc. changed its name to Next Generation Media Corporation. Management believes that prior to February 6, 1997, the Company was a "shell" company for at least five years without assets and liabilities. Management is unaware of any operating history prior to February 6, 1997.

We continue to specialize in oil and natural gas assets, however, our Board of Directors recently approved a plan to redirect resources and to focus our core business on the medical marijuana industry. The Company would focus on providing turnkey facilities including management, accounting and security services. In addition, the Company's wholly owned subsidiary, NextGen Cannabis Consulting LLC, has entered into a Letter of Intent with Highway 2 Health, Inc., of which there is no guarantee that we will agree to terms on a definitive agreement or close such transaction.

United Marketing Solutions, Inc.

The Company acquired United Marketing Solutions, Inc. ("United") on April 1, 1999. Originally founded in 1981 as United Coupon Corporation, United operated within the cooperative direct mail industry for twenty years. United diversified and expanded its product lines and markets to evolve from a coupon company to a full-service marketing provider specializing in two communication mediums: direct mail and direct marketing. United offered advertising and marketing products and services through a network of franchisees in more than twenty states, with the largest concentration being in the northeast United States. United provided full-service design, layout, printing, packaging and distribution of marketing products and promotional coupons sold by the franchise network to local market businesses, services providers and professionals as resources to help them generate "trial and repeat" customers.

In the first quarter of 2010, the Company terminated operations at United as a result of continued operating losses, and litigation with its franchisees and vendors. On May 4, 2010, the Company conveyed its interest in United to Direct Mail Group, LLC for $10. At the time of the conveyance, United had no active business and had lawsuits, judgments and other liabilities in excess of its assets. Direct Mail Group, LLC is owned by Darryl Reed, our chief executive officer.

Oil and Gas Properties

After terminating operations at United, the Company entered the business of acquiring and holding interests in the energy business, including but not limited to owning natural gas and oil properties, natural gas and oil royalty interests in existing energy producing properties, ownership interests in proven reserves, and other activities associated with hydrocarbon energy markets. The Company's underlying strategy is to acquire energy properties that have high intrinsic future value when developed and to generate existing, reliable revenue streams from acquiring interests in operating and proven gas and oil wells.

The Company recently retained geologists to assist it in performing research, collecting and analyzing materials associated with properties it is considering for acquisition, partnerships or other vested interests. As needed, the Company will also engage the services of established professional services firms comprised of geologists, oil and gas field developers, attorneys, surveyors, etc. These professionals assist in performing a comprehensive analysis of potential acquisitions for inclusion in our portfolio.

Acquisition of Knox Gas, LLC

On March 22, 2011, the Company purchased all of the membership interests of Knox Gas, LLC for $500,000. The purchase price is payable pursuant to two promissory notes in the amount of $250,000 each that are payable to Joel Sens and Barbara Reed. Mr. Sens is an officer and director of the Company. Ms. Reed is the spouse of Darryl Reed, who is an officer and director of the Company.

Knox Gas, LLC owns a lease of 100 acres, which contains five drilled wells; a lease of 20.2 acres, which contains two drilled wells; a lease of 700 acres which contains no wells, and a lease of 400 acres which contains three drilled wells, a lease of 480 acres which contains six drilled wells, a lease of 320 acres which contains two drilled wells. The properties have been estimated to have a net present value of appraised at $624,360 by an independent valuation firm. Data pertaining to the leases is set forth below:

Lessor	Acres	No. Wells	Date	Term	Delay Rental	Royalty
B. and S. Smith	100	5	6/3/2010	3 years	None	1/8 th
B. and S. Smith	20.2	2	6/3/2010	3 years	None	1/8 th
B. S. S. and H. Smith	700	0	6/3/2010	3 years	None	1/8 th
W. Patterson	400	3	5/26/2010	3 years	None	1/4 th
Hinkle-Creighton	480	6				
Hinkle-Creighton	320	2				

The Smith leases each provide that they may be extended for one year after the initial term of three years if there is a well capable of producing gas in paying quantities on the acreage that is not producing because of an inability to obtain a pipeline connection or market the gas, provided the Company pays the lessor $200 per month for each month the well is shut-in. The Patterson also provides for extension of the lease under the same circumstances as the Smith leases, except that the monthly payment is $400 per year instead of $200 per month.

The wells owned by Knox Gas were part of a larger field of 135 wells that was developed by Heartland Resources, Inc. and its subsidiaries (collectively, "Heartland"), and were operated by Heartland Operating Company, Inc., a subsidiary of Heartland Resources, Inc. On May 20, 2009, Heartland filed a Chapter 11 bankruptcy case in Kentucky, which was dismissed on April 26, 2011. The leases owned by Knox Gas consist of acreage previously leased by Heartland under leases that had terminated, and include the rights to all wells and equipment located on the properties. The remaining wells developed by Heartland were seized by creditors of Heartland, and are now owned by an entity formed by those creditors, who are trying to sell the wells or resume operations from the wells. The wells owned by the Company and by the creditors of Heartland are connected to a common gas gathering system that is connected to a pipeline. Because they us a common gas gathering system, it is not practical for the Company to resume operations from its wells without operations also resuming from the wells owned by Heartland creditors. As a result, we anticipate that the Company's wells will resume operations when the wells owned by the Heartland creditors begin operations.

The wells located on these properties produce natural gas primarily from the Mississippian Big Lime and Devonian Shale formations, with some production also from the Mississipian, Maxon and Silurian "Corniferous" formations.

Competition

The oil and natural gas business is highly competitive. We compete with private and public companies in all facets of the oil and gas business, including suppliers of energy and fuel to industrial, commercial and individual customers. Numerous independent oil and gas companies, oil and gas syndicates and major oil and gas companies actively seek out and bid for oil and gas prospects and properties as well as for the services of third-party providers, such as drilling companies, upon which we rely. Many of these companies not only explore for, produce and market oil and gas, but also carry out refining operations and market the resultant products on a worldwide basis. A substantial number of our competitors have longer operating histories and substantially greater financial and personnel resources than we do.

Competitive conditions may be substantially affected by various forms of energy legislation and regulation considered from time to time by the government of the United States and the states in which we have operations, as well as factors that we cannot control, including international political conditions, overall levels of supply and demand for oil and gas, and the markets for synthetic fuels and alternative energy sources. Intense competition occurs with respect to marketing, particularly of natural gas.

Markets and Major Customers

The operator of the Company's working interests is responsible for marketing all gas production.

Seasonality of Business

Weather conditions affect the demand for, and prices of, natural gas and can also delay drilling activities, disrupting our overall business plans. Demand for natural gas is typically higher in the fourth and first quarters resulting in higher natural gas prices. Due to these seasonal fluctuations, results of operations for individual quarterly periods may not be indicative of the results that may be realized on an annual basis.

Operational Risks

Oil and natural gas exploration and development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that we will discover or acquire additional oil and natural gas in commercial quantities. Oil and natural gas operations also involve the risk that well fires, blowouts, equipment failure, human error and other circumstances may cause accidental leakage of toxic or hazardous materials, such as petroleum liquids or drilling fluids into the environment, or cause significant injury to persons or property. In such event, substantial liabilities to third parties or governmental entities may be incurred, the satisfaction of which could substantially reduce available cash and possibly result in loss of oil and natural gas properties. Such hazards may also cause damage to or destruction of wells, producing formations, production facilities and pipeline or other processing facilities.

As is common in the oil and natural gas industry, we will not insure fully against all risks associated with our business either because such insurance is not available or because we believe the premium costs are prohibitive. A loss not fully covered by insurance could have a materially adverse effect on our financial position and results of operations. For further discussion on risks see "Risk Factors" below.

Regulation

General. The availability of a ready market for oil and gas production depends upon numerous factors beyond our control. These factors include local, state, federal and international regulation of oil and gas production and transportation, as well as regulations governing environmental quality and pollution control, state limits on allowable rates of production by a well or proration unit, the amount of oil and gas available for sale, the availability of adequate pipeline and other transportation and processing facilities, and the marketing of competitive fuels. For example, a productive gas well may be "shut-in" because of an over-supply of gas or lack of an available pipeline in the areas in which we may conduct operations. State and federal regulations are generally intended to prevent waste of oil and gas, protect rights to produce oil and gas between owners in a common reservoir, and control contamination of the environment. Pipelines and gas plants are also subject to the jurisdiction of various federal, state and local agencies that may affect the rates at which they are able to process or transport gas from our properties.

Applicable legislation is under constant review for amendment or expansion. These efforts frequently result in an increase in the regulatory burden on companies in our industry and a consequent increase in the cost of doing business and decrease in profitability. Numerous federal and state departments and agencies issue rules and regulations imposing additional burdens on the oil and gas industry that are often costly to comply with and carry substantial penalties for non-compliance. Our production operations may be affected by changing tax and other laws relating to the petroleum industry, constantly changing administrative regulations and possible interruptions or termination by government authorities.

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Sales of Oil and Natural Gas. Sales of any oil that we produce will be affected by the availability, terms and costs of transportation. The rates, terms and conditions applicable to the interstate transportation of oil by pipelines are regulated by the Federal Energy Regulatory Commission ("FERC") under the Interstate Commerce Act. FERC has implemented a simplified and generally applicable ratemaking methodology for interstate oil pipelines to fulfill the requirements of Title VIII of the Energy Policy Act of 1992 comprised of an indexing system to establish ceilings on interstate oil pipeline rates. FERC has announced several important transportation-related policy statements and rule changes, including a statement of policy and final rule issued February 25, 2000, concerning alternatives to its traditional cost-of-serve rate-making methodology to establish the rates interstate pipelines may charge for their services. The final rule revises FERC's pricing policy and current regulatory framework to improve the efficiency of the market and further enhance competition in natural gas markets.

Sales of any natural gas that we produce will be affected by the availability, terms and costs of transportation. The rates, terms and conditions applicable to the interstate transportation of gas by pipelines are regulated by FERC under the Natural Gas Acts, as well as under Section 311 of the Natural Gas Policy Act. Since 1985, the FERC has implemented regulations intended to increase competition within the gas industry by making gas transportation more accessible to gas buyers and sellers on an open-access, non-discriminatory basis.

Pipelines. Pipelines that we use to gather and transport our oil and gas will be subject to regulation by the Department of Transportation ("DOT") under the Hazardous Liquids Pipeline Safety Act of 1979, as amended ("HLPSA"), relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. The HLPSA requires pipeline operators to comply with regulations issued pursuant to HLPSA designed to permit access to and allowing copying of records and to make certain reports and provide information as required by the Secretary of Transportation.

State Restrictions. State regulatory authorities have established rules and regulations requiring permits for drilling operations, drilling bonds and reports concerning operations. Many states have statutes and regulations governing various environmental and conservation matters, including the unitization or pooling of oil and gas properties and establishment of maximum rates of production from oil and gas wells, and restricting production to the market demand for oil and gas. Such statutes and regulations may limit the rate at which oil and gas could otherwise be produced from our properties.

Most states impose a production or severance tax with respect to the production and sale of crude oil, natural gas and natural gas liquids within their respective jurisdictions. State production taxes are generally applied as a percentage of production or sales. In addition, in the event we conduct operations on federal or state oil and gas leases, such operations must comply with numerous regulatory restrictions, including various nondiscrimination statutes, royalty and related valuation requirements, and certain of such operations must be conducted pursuant to certain on-site security regulations and other appropriate permits issued by the Bureau of Land Management or the Minerals Management Service or other appropriate federal or state agencies.

Other. Oil and gas rights may be held by individuals and corporations, and, in certain circumstances, by governments having jurisdiction over the area in which such rights are located. As a general rule, parties holding such rights grant licenses or leases to third parties, such as us, to facilitate the exploration and development of these rights. The terms of the licenses and leases are generally established to require timely development. Notwithstanding the ownership of oil and gas rights, the government of the jurisdiction in which the rights are located generally retains authority over the manner of development of those rights.

Environmental

General. Our activities are subject to local, state and federal laws and regulations governing environmental quality and pollution control in the United States. The exploration, drilling and production from wells, natural gas facilities, including the operation and construction of pipelines, plants and other facilities for transporting, processing, treating or storing natural gas and other products, are subject to stringent environmental regulation by state and federal authorities, including the Environmental Protection Agency ("EPA"). Such regulation can increase our cost of planning, designing, installing and operating such facilities.

Significant fines and penalties may be imposed for the failure to comply with environmental laws and regulations. Some environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. In addition, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances, such as oil and gas related products.

Waste Disposal. We may generate wastes, including hazardous wastes, that are subject to the federal Resource Conservation and Recovery Act ("RCRA") and comparable state statutes. The EPA has limited the disposal options for certain wastes that are designated as hazardous under RCRA ("Hazardous Wastes"). Furthermore, it is possible that certain wastes generated by our oil and gas operations that are currently exempt from treatment as Hazardous Wastes may in the future be designated as Hazardous Wastes, and therefore be subject to more rigorous and costly operating and disposal requirements.

CERCLA. The federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund" law, generally imposes joint and several liability for costs of investigation and remediation and for natural resource damages, without regard to fault or the legality of the original conduct, on certain classes of persons with respect to the release into the environment of substances designated under CERCLA as hazardous substances ("Hazardous Substances"). These classes of persons or so-called potentially responsible parties include the current and certain past owners and operators of a facility where there is or has been a release or threat of release of a Hazardous Substance and persons who disposed of or arranged for the disposal of the Hazardous Substances found at such a facility. CERCLA also authorizes the EPA and, in some cases, third parties to take action in response to threats to the public health or the environment and to seek to recover from the potentially responsible parties the costs of such action. Although CERCLA generally exempts petroleum from the definition of Hazardous Substances, we may have generated and may generate wastes that fall within CERCLA's definition of Hazardous Substances.

Air Emissions. Our operations may be subject to local, state and federal regulations for the control of emissions of air pollution. Major sources of air pollutants are subject to more stringent, federally imposed permitting requirements, including additional permits. Producing wells may generate volatile organic compounds and nitrogen oxides. If ozone problems are not resolved by the deadlines imposed by the federal Clean Air Act, or on schedule to meet the standards, even more restrictive requirements may be imposed, including financial penalties based upon the quantity of ozone producing emissions. If we fail to comply strictly with applicable air pollution regulations or permits, we may be subject to monetary fines and be required to correct any identified deficiencies. Alternatively, regulatory agencies could require us to forego construction, modification or operation of certain air emission sources.

Clean Water Act. The Clean Water Act requires permits for operations that discharge into waters of the United States. Such permitting has been a frequent subject of litigation by environmental advocacy groups, which has resulted, and may in the future result, in declines in such permits or extensive delays in receiving them. This may result in delays in, or in some instances preclude, the commencement or continuation of development or production operations. Adverse outcomes in lawsuits challenging permits or failure to comply with applicable regulations could result in the suspension, denial, or revocation of required permits, which could have a material adverse impact on our cash flows, results of operations, or financial condition.

We believe that we are in substantial compliance with current applicable environmental laws and regulations and that, absent the occurrence of an extraordinary event, compliance with existing local, state, federal and international laws, rules and regulations governing the release of materials in the environment or otherwise relating to the protection of the environment will not have a material effect upon our business, financial condition or results of operations.

Research and Development Expenditures

We have not incurred any research or development expenditures in the last two fiscal years.

Patents and Trademarks

We do not own, either legally or beneficially, any patents or trademarks.

Employees and Consultants

At April 14, 2014, we had three employees.

We have no collective bargaining agreements with our employees, and believe all consulting and employment agreements relationships are satisfactory. We hire independent contractors on an as- needed basis, and we may retain additional employees and consultants during the next twelve months, including additional executive management personnel with substantial experience in the oil and gas exploration and development business.

ITEM 1A. RISK FACTORS.

We Have a History of Losses and no Revenue to Date from our Oil and Gas Operations, Which May Negatively Impact Our Ability to Achieve Our Business Objectives.

Since entering the oil and gas business in 2010, we have experienced losses from our operations. Our ability to become profitable will be dependent on the receipt of revenues from our oil and gas wells greater than our operational expenses. We did not actually acquire any oil and gas properties until 2011, and we have not received any revenues from the wells on our properties. We purchased the oil and gas rights to 1,220 acres of land in Knox County, Kentucky in 2011, which contains ten shut-in wells. Our wells are connected to a gas gathering system that we share with approximately 125 other wells that are owned by the creditors of the former operator of the field. We do not need any additional capital to resume operations at the shut-in wells; however, we are dependent on the owner of the other 125 wells in the field resuming operations, over which we have no control, before we can resume operations at our wells. Our geologist estimates that more wells could be drilled in our field, and we would need capital to drill the wells if we decide to drill them ourselves. We also need additional capital to make other acquisitions of oil and gas properties. If we cannot raise funds on acceptable terms, we may not be able to execute on our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This may seriously harm our business, financial condition and results of operations. Further, if we elect to enter the medical marijuana industry, of which there is no guarantee, we may elect to dispose of our oil and natural gas assets.

We have a Limited Operating History as an Oil and Gas Exploration Company, Which May Hinder our Ability to Successfully Meet Our Objectives.

We have a limited operating history as an oil and gas company upon which to base an evaluation of our current business and future prospects. We have only been actively engaged in the oil and gas and development business since 2010 and do not have an established history of locating and developing properties that have oil and gas reserves. As a result, our ability to succeed in the oil and gas business is unproven. In addition, because of our limited operating history, we have limited insight into trends that may emerge and affect our business. We may make errors in predicting and reacting to relevant business trends and will be subject to the risks, uncertainties and difficulties frequently encountered by early-stage companies such as ours. We may not be able to successfully address any or all of these risks and uncertainties. Failure to adequately do so could cause our business, results of operations and financial condition to suffer. However, to date we have not had difficulty retaining experienced individuals on an independent contractor basis.

Our Proposed Operations Require Significant Capital Expenditures for Which We Do Not Have Sufficient Funding, And If We Do Not Obtain Additional Financing We May Lose Attractive Investment Opportunities.

While we do not need any additional capital to resume operations at our existing wells, we need additional capital to make additional acquisitions of oil and gas properties. If we cannot obtain financing on reasonable terms, we may not be able to grow our business to a scale that will be profitable.

We May Be Forced To Raise Capital or continue to pay management in equity On Terms That Are Dilutive To Existing Shareholders.

We must locate external sources of financing to meet our capital requirements to acquire new oil and gas properties and invest in the wells drilled on our current property or to implement our business in the marijuana industry. Further, Mr. Reed does not have an employment agreement. In 2012, Mr. Reed received a stock grant of 70,000,000 shares of common stock that was applied to accrued compensation of $223,859, an account payable of $32,550 due to an affiliate of Mr. Reed for lease expense, and the balance as a stock award. In the future, we may continue to pay Mr.

Reed in shares of common stock in lieu of a cash salary if we are unable to raise adequate capital or generate cash from proceeds. We do not have the existing resources to meet those capital requirements to implement our business plan or pay Mr. Reed. We are actively considering the following methods of obtaining the capital we need:

private placements of our common stock,

sales of interests in entities established to own and hold producing wells,

private offerings in ventures set up specifically to drill wells,

lines of credit from financial institutions or private individual investors or

continuing to compensate Mr. Reed in shares of common stock.

Any of these methods may result in substantial dilution to existing shareholders, either in the form of the issuance of new share at less than market value or promises of rates of return to the new investor that depresses future earnings for existing shareholders. If we obtain financing through a line of credit, we will likely be required to pledge all of our assets, which could result in the loss of our properties if we default on the loan. We may not be able to locate new financing on terms that are not prejudicial to existing shareholders.

The Successful Implementation of Our Business Plan Is Subject To Normal Risks In The Drilling Of Gas Wells, Which if Not Adequately Managed Could Result In The Loss Of Our Investment In Wells.

The business of exploring for and producing oil and gas involves a substantial risk of investment loss. Drilling gas wells involves the risk that the wells may be unproductive or that, although productive, the wells may not produce gas in economic quantities. In addition, the availability of drilling rigs and the cost and timing of drilling, completing and, if warranted, operating wells is often uncertain. Other hazards, such as unusual or unexpected geological formations, pressures, fires, blowouts, loss of circulation of drilling fluids or other conditions may substantially delay or prevent completion of any well. Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic if water or other deleterious substances are encountered that impair or prevent the production of oil or gas from the well. In addition, production from any well may be unmarketable if it is impregnated with water or other deleterious substances. We may not be able to produce oil and gas in economic quantities from each of the wells in which we participate. Any of these factors could result in a total loss of our investment in a particular well.

The Successful Implementation of Our Business Plan Is Subject To Risks In The Marketing Of Gas Produced From Our Wells, Which if Not Adequately Managed Could Result In The Loss Of Our Investment In Our Properties.

Even if our wells produce gas, the marketability of gas may be influenced by numerous factors beyond our control. These factors include the proximity and capacity of gas gathering systems, pipelines and processing equipment, market fluctuations in oil and gas prices, taxes, royalties, land tenure, allowable production and environmental protection. We cannot predict how these factors may affect our business. Our oil and gas properties are connected to a gas gathering system which is connected to a pipeline. Our wells are currently shut-in as a result of the bankruptcy of the prior operator. We expect that the other wells in the field and the gas gathering system will be purchased by another operator and reopened in the near future, but we cannot assure that will happen. Until another operator purchases the other wells in the field and turns them on, there is nothing that we can do resume operations at our wells.

The Oil And Gas Exploration And Production Industry Historically Is A Cyclical Industry And Market Fluctuations In The Prices Of Oil And Gas Could Adversely Affect Our Business.

Prices for oil and gas tend to fluctuate significantly in response to factors beyond our control. These factors include, but are not limited to:

- weather conditions in the United States and elsewhere;
- economic conditions, including demand for petroleum-based products, in the United States and elsewhere;
- actions by OPEC, the Organization of Petroleum Exporting Countries;
- political instability in the Middle East and other major oil and gas producing regions;
- governmental regulations, both domestic and foreign;
- domestic and foreign tax policy;
- the pace adopted by foreign governments for the exploration, development, and production of their national reserves;
- the price of foreign imports of oil and gas;
- the cost of exploring for, producing and delivering oil and gas;
- the discovery rate of new oil and gas reserves;
- the rate of decline of existing and new oil and gas reserves;
- available pipeline and other oil and gas transportation capacity;
- the ability of oil and gas companies to raise capital;
- the overall supply and demand for oil and gas; and
- the availability of alternate fuel sources.

Changes in commodity prices may significantly affect our capital resources, liquidity and expected operating results. Price changes will directly affect revenues and can indirectly impact expected production by changing the amount of funds available to reinvest in exploration and development activities. Reductions in oil and gas prices not only reduce revenues and profits, but could also reduce the quantities of reserves that are commercially recoverable. Significant declines in prices could result in non-cash charges to earnings due to impairment. We do not currently engage in any hedging program to mitigate our exposure to fluctuations in oil and gas prices.

Changes in commodity prices may also significantly affect our ability to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on the value of the properties. Price volatility also makes it difficult to budget for and project the return on acquisitions and the development and exploitation of projects. We expect that commodity prices will continue to fluctuate significantly in the future.

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The Unavailability Or High Cost Of Drilling Rigs, Equipment, Supplies, Personnel And Oil Field Services Could Adversely Affect Our Ability To Execute Our Exploration And Development Plans On A Timely Basis And Within Our Budget.

Our only oil and gas properties are located in Kentucky. The industry may experience shortages in the Kentucky region, and cost increases, of drilling rigs, equipment, supplies or personnel, which could delay or adversely affect our exploitation and exploration operations, and could have a material adverse effect on our business, financial condition and results of operations.

We May Be Required To Write-Down The Carrying Values And/Or Estimates Of Total Reserves Of Our Oil And Gas Properties, Resulting In a Decreased Asset Base

Accounting rules applicable to us require that we review periodically the carrying value of our oil and gas properties for possible impairment. Based on specific market factors and circumstances at the time of prospective impairment reviews and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write down the carrying value of our oil and gas properties.

Title Deficiencies Could Render Our Properties Worthless

The existence of a material title deficiency can render a given property worthless and can result in a large expense to our business. We elected not to obtain title insurance when we purchased our existing oil and gas properties. As a result, we may be unaware of deficiencies in the marketability of the title to our properties, and such deficiencies may render properties worthless. While our deeds typically provide a title warranty, and the right to recover our damages from the grantor in the event of a title deficiency, the grantor may not have the financial resources to repay our investment in the property.

The Oil And Gas Industry Is Highly Competitive, and We May Not Have Sufficient Resources to Compete Effectively

The oil and gas industry is highly competitive. We compete with oil and natural gas companies and other individual producers and operators, many of which have longer operating histories and substantially greater financial and other resources than we do, as well as companies in other industries supplying energy, fuel and other needs to consumers. Our larger competitors, by reason of their size and relative financial strength, can more easily access capital markets than we can and may enjoy a competitive advantage in the recruitment of qualified personnel. They may be able to absorb the burden of any changes in laws and regulation in the jurisdictions in which we do business and handle longer periods of reduced prices for oil and gas more easily than we can. Our competitors may be able to pay more for oil and gas leases and properties and may be able to define, evaluate, bid for and purchase a greater number of leases and properties than we can. Further, these companies may enjoy technological advantages and may be able to implement new technologies more rapidly than we can. Our ability to acquire additional properties in the future will depend upon our ability to conduct efficient operations, evaluate and select suitable properties, implement advanced technologies and consummate transactions in a highly competitive environment.

If We Or Our Operators Fail To Maintain Adequate Insurance, Our Business Could Be Materially And Adversely Affected

Our operations are subject to risks such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution, earthquakes and other environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, and suspension of operations. We could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on our financial condition and results of operations.

We Have A Very Small Management Team And The Loss Of Any Member Of This Team May Prevent Us From Implementing Our Business Plan In A Timely Manner.

We have one executive officer and a limited number of additional consultants. Our success depends largely upon the continued services of Darryl Reed, our only officer. We do not maintain key person life insurance policies on the lives of any of our officers. The loss of any of our officers could seriously harm our business, financial condition and results of operations. In such an event, we may not be able to recruit personnel to replace our officers in a timely manner, or at all, on acceptable terms.

Our CEO Has Substantial Outside Business Interests, Which May Impair his Ability To Manage Our Business.

Our executive officer has outside business interests, and does not devote 100% of their working time to our business. Mr. Reed has substantial outside business interests, and estimates that he spends about 90% of his working time on our affairs. The fact that Mr. Reed has outside business interests could lessen their focus on our business.

Our Sole Officer And Director Has Significant Voting Control Over Us, And Outside Shareholders Will Have Little Voice In Management.

Darryl Reed has significant influence over us by virtue of his ownership of 86,759,716 shares of our common stock, which is 38% of our outstanding common stock, which is likely sufficient to control the outcome of any shareholder vote.

If We Fail To Maintain Adequate Insurance, Our Business Could Be Materially And Adversely Affected.

Our operations are subject to risks typical of the oil and gas industry, such as mine collapses, flooding, explosions, fires, pollution, earthquakes and other environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, and suspension of operations. We could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on our financial condition and results of operations. We currently carry general liability and worker's compensation insurance, but we do not carry insurance against environmental claims. We consider our coverage adequate for our current operations. We expect to increase our insurance coverage when we begin actively producing oil and gas from our properties.

Complying With Environmental And Other Government Regulations Could Be Costly And Could Negatively Impact Our Production.

The oil and gas business is governed by numerous laws and regulations at various levels of government. These laws and regulations govern the operation and maintenance of any wells on our properties, the discharge of materials into the environment and other environmental protection issues. Such laws and regulations may, among other potential consequences, require that any operator of wells on our properties acquire permits before commencing operations and restrict the substances that can be released into the environment with oil and gas production activities.

Our failure to comply with applicable laws and regulations could result in damages or claims for personal injury, clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. We do not currently carry insurance coverage for sudden and accidental environmental damages as well as environmental damage that occurs over time. While we do not believe we need environmental insurance based on our current operations, we will reconsider our decision to not have environmental coverage prior to the time we begin to operate wells on our properties. However, we do not believe that insurance coverage for the full potential liability of environmental damages is available at a reasonable cost, and therefore there is a good possibility that we will not procure insurance for environmental liabilities. Accordingly, we could be liable, or could be required to cease production on properties, if environmental damage occurs.

The costs of complying with environmental laws and regulations in the future may harm our business. Furthermore, future changes in environmental laws and regulations could occur that result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, any of which could have a material adverse effect on our financial condition or results of operations.

There Is A Limited Market For Our Common Stock

The trading market for our common stock is limited. Our common stock is not yet eligible for trading on any national or regional securities exchange or the Nasdaq Stock Market. Though we have plans to migrate to a national securities exchange, we have yet to be successful in this endeavor and there is no guarantee that we will be successful in the near future. Our common stock is currently eligible only for trading on the OTC Markets and the OTC Bulletin Board. This market tends to be substantially less liquid than national and regional securities exchanges or the Nasdaq Stock Market. We cannot provide you with any assurance that a more active trading market for our common stock will develop, or if such a market develops, that it will be sustained.

Our Common Stock is Subject to the "Penny Stock" Rules of the SEC and the Trading Market in Our Securities is Limited, Which Makes Transactions in Our Stock Cumbersome and May Reduce the Value of an Investment in Our Stock.

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

We Incur Significant Costs As A Result Of Operating As A Public Company. We May Not Have Sufficient Personnel For Our Financial Reporting Responsibilities, Which May Result In The Untimely Close Of Our Books And Record And Delays In The Preparation Of Financial Statements And Related Disclosures.

As a registered public company, we experienced an increase in legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), as well as new rules subsequently implemented by the SEC, has imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and make some activities more time-consuming and costly.

If we are not able to comply with the requirements of Sarbanes-Oxley Act, or if we or our independent registered public accounting firm identifies additional deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC and other regulatory authorities.

We Have Weaknesses In Our Internal Controls.

The Sarbanes-Oxley Act requires, among other things, that we report on the effectiveness of our internal control over financial reporting and disclosure controls and procedures. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we or our independent registered public accounting firm identifies additional deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC and other regulatory authorities.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

A description of our oil and gas properties is included in Item 1. Description of Business, and is incorporated herein by reference.

Our administrative offices are located in office space that our chief executive officer provides to us without charge. We do not currently lease any other office space.

We believe that we have satisfactory title to the properties owned and used in our business, subject to liens for taxes not yet payable, liens incident to minor encumbrances, liens for credit arrangements and easements and restrictions that do not materially detract from the value of these properties, our interests in these properties, or the use of these properties in our business. We believe that our properties are adequate and suitable for us to conduct business in the future.

ITEM 3. LEGAL PROCEEDINGS.

We are currently not a party to any legal or administrative proceedings and are not aware of any pending or threatened legal or administrative proceedings against us in all material aspects. We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

During 2012 and 2013, our Common Stock was traded on the OTC Bulletin Board under the symbol "NGMC." The following table summarizes the low and high prices for our common stock for each of the calendar quarters of 2012 and 2013.

	2012		2013	
	High	Low	High	Low
First Quarter	0.07	0.03	0.089	0.016
Second Quarter	0.04	0.02	0.109	0.03
Third Quarter	0.02	0.01	0.0695	0.015
Fourth Quarter	0.02	0.01	0.0179	0.003

There were 99 shareholders of record of the common stock as of December 31, 2013. This number does not include an indeterminate number of shareholders whose shares are held by brokers in "street name."

Our common stock is subject to rules adopted by the Securities and Exchange Commission ("Commission") regulating broker dealer practices in connection with transactions in "penny stocks." Those disclosure rules applicable to "penny stocks" require a broker dealer, prior to a transaction in a "penny stock" not otherwise exempt from the rules, to deliver a standardized disclosure document prepared by the Commission. That disclosure document advises an investor that investment in "penny stocks" can be very risky and that the investor's salesperson or broker is not an impartial advisor, but rather paid to sell the shares. The disclosure contains further warnings for the investor to exercise caution in connection with an investment in "penny stocks," to independently investigate the security, as well as the salesperson the investor is working with and to understand the risky nature of an investment in this security. The broker dealer must also provide the customer with certain other information and must make a special written determination that the "penny stock" is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction. Further, the rules require that, following the proposed transaction, the broker provide the customer with monthly account statements containing market information about the prices of the securities. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for our common stock. Many brokers may be unwilling to engage in transactions in our common stock because of the added disclosure requirements, thereby making it more difficult for stockholders to dispose of their shares.

Dividend Policy

We have not declared any cash dividends on our Common Stock during our fiscal years ended on December 31, 2013 or 2012. Our Board of Directors has made no determination to date to declare cash dividends during the foreseeable future, but is not likely to do so. There are no restrictions on our ability to pay dividends.

Securities Issued in Unregistered Transactions

During the quarter ended December 31, 2012, we issued Darryl Reed, our chief executive officer, 70,000,000 shares of common stock for accrued expenses and bonus compensation. The shares were issued pursuant to the exemption from registration provided by section 4(2) of the Securities Act of 1933.

As previously reported, on July 23, 2010, the Company issued a convertible debenture to Forge, LLC ("Forge") in the original principal amount of $150,000 (the "Forge Note"). The Forge Note bears interest at 18% per annum, and is convertible into common stock of the Company at a conversion price equal to 75% of the average closing price of the common stock for the 10 trading days preceding the conversion. The Forge Note matured in July 2012.

On May 24, 2013, Actual Investments, LLC ("Actual") and Forge entered into an Option Agreement, under which Actual has the right to purchase part or all of the Forge Note for an aggregate option price of $183,313, which is the amount outstanding on the Forge Note as of February 28, 2013. The option originally expired on May 24, 2013, unless Actual purchased at least $70,000 of the Forge Note by that date, in which event the option would expire on May 23, 2014. Actual purchase $70,000 of the Forge Note on May or before May 24, 2013, and therefore the expiration of the Option Agreement is May 23, 2014.

On May 24, 2013, the Company and Actual entered into a Note Agreement, which provides that (a) the interest rate on any portion of the Forge Note purchased by Actual would be 8% per annum, and (b) the maturity date of any portion of the Forge Note purchased by Actual will be September 30, 2013. The Note Agreement also provides that the conversion price on the first $70,000 of the Forge Note converted by Actual would be $0.0014 per share, instead of the conversion price specified in the Forge Note.

On May 30, 2013, Actual converted $17,000 of indebtedness under the Forge Note into 12,142,857 shares of common stock of the Company at a conversion price of $0.0014 per share.

On January 22, 2014, the Company entered into an Agreement dated January 22, 2014 with a debt holder (the "Debt Holder") pursuant to which the Company and the Debt Holder agreed to convert $30,000 in debt into 10,000,000 shares of common stock. The debt was initially incurred on November 27, 2012. The Sole Director of the Company approved the conversion on February 13, 2014. As a result of the conversion and issuances to consultants and employees, the Company presently has 228,346,094 shares of common stock outstanding.

Issuer Purchases of Equity Securities

During the quarter ended December 31, 2013, we did not purchase any outstanding securities.

ITEM 6. SELECTED FINANCIAL DATA.

Because we are a smaller reporting company, we are not required to provide the information called for by this Item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Disclosure Regarding Forward Looking Statements

This Annual Report on Form 10-K includes forward looking statements ("Forward Looking Statements"). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of our business, we, in an effort to help keep our shareholders and the public informed about our operations, may from time-to-time issue certain statements, either in writing or orally, that contain or may contain Forward-Looking Statements. Although we believe that the expectations reflected in such Forward Looking Statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by us, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of our operations are subject to a number of uncertainties, risks and other influences, many of which are outside of our control and any one of which, or a combination of which, could materially affect the results of our proposed operations and whether Forward Looking Statements made by us ultimately prove to be accurate. Such important factors ("Important Factors") and other factors could cause actual results to differ materially from our expectations are disclosed in this report, including those factors discussed in "Item 1A. Risk Factors." All prior and subsequent written and oral Forward Looking Statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from our expectations as set forth in any Forward Looking Statement made by or on behalf of us.

Overview

In 2010, the Company decided to cease operations at its United Marketing Solutions, Inc. subsidiary because of continued operating losses and the termination of all franchise relationships. As a result of the termination of operations, the Company decided to dispose of United Marketing Solutions, Inc.

Since termination of operations at United Marketing Solutions, Inc., the Company has decided to acquire a portfolio of properties that contain valuable natural resources, such as natural gas, oil and coal. The Company's strategy is to acquire properties that are distressed, undervalued or underutilized at prices it believes are below fair market value. The Company will then provide long term leases to leading natural gas, oil field development firms and coal extractors (lessees) to efficiently extract the resources while Company focuses on growing its portfolio of properties.

Results of Operations

Fiscal Years ended December 31, 2013 and 2012

During the years ended December 31, 2013 and 2012, we had $1,265 and $2,274 of revenues, respectively.

During the years ended December 31, 2013 and 2012, we incurred operating expenses of $418,444 and $1,558,054, respectively. Our operating expenses decreased in the year ended December 31, 2013 primarily as a result of stock based compensation.

We reported a loss from operations during the years ended December 31, 2013 and 2012 of ($417,179) and ($1,555,780), respectively. The decreased operating loss in 2013 was attributable to stock based compensation.

We incurred other expenses during the years ended December 31, 2013 and 2012 of ($4,384,002) and ($164,526), respectively. The increase in other expenses was due to the company restructuring its debt.

We reported net losses during the years ended December 31, 2013 and 2012 of ($4,801,181) and ($1,720,306), respectively. The increased loss in 2013 as compared to 2012 is largely attributable to compensation to our CEO and losses on beneficial conversion features of our notes payable.

Liquidity and Sources of Capital

The following table sets forth the major sources and uses of cash for the years ended December 31, 2013 and 2012:

	Fiscal Year ended December 31, 2013	2012
Net cash provided by (used) in operating activities	(29,355)	(80,615)
Net cash provided by (used) in investing activities	--	(3,525)
Net cash provided by (used) in financing activities	30,000	70,000
Net (decrease) increase in unrestricted cash and cash equivalents	645	(7,090)

Comparison of 2013 and 2012

In the year ended December 31, 2013 and 2012, we financed our operations primarily through the issuance of notes and the issuance of common stock for services.

In 2013 we had a net loss of $4,801,181 which was comprised of a loss on debt restructuring of $4,420,171. Major non-cash items that affected our cash flow from operations in 2013 were $4,420,171 for the value of debt restructuring.,

The net cash used by operations for the year ended December 31, 2012 reflects a net loss of $1,720,306 offset by the following items that reconcile net loss from operations to cash used by operations: stock based compensation and shares issued for accrued expenses $1,225,000, amortized discount on convertible debentures of $41,113. The net cash used by operations for the year ended December 31, 2012 was also impacted by the following changes in operating assets and liabilities: increases in accounts payable of $11,115, a decrease in accrued wages of $38,859, increase in accrued interest payable of $23,936 and decrease in prepaid expenses and other current assets of $12,460.

Liquidity

Our balance sheet as of December 31, 2013 reflects cash of $1,173, current assets of $1,173, current liabilities of $896,035, and a working capital deficit of ($894,862).

The Company will need to raise capital to meet its working capital and financing needs. Our ability to become profitable is dependent on the receipt of revenues from our oil and gas wells greater than our operational expenses. We acquired our first oil and gas properties in March 2011, which consist of ten shut-in wells which are not currently generating any revenues. Our wells are connected to a gas gathering system that we share with approximately 125 other wells that are owned by the creditors of the former operator of the field. We do not need any additional capital to resume operations at the shut-in wells; however, we are dependent on the owner of the other 125 wells in the field resuming operations, over which we have no control, before we can resume operations at our wells. In addition, our geologist estimates that more wells could be drilled on our leases, and we would need capital to drill the wells if we decide to drill them ourselves. In 2011, we also acquired royalty interests in four wells on three properties, which have produced minimal revenues for us to date.

We need to raise additional capital in order to make additional acquisitions of oil and gas properties or to implement our business in the marijuana industry. In addition, we need to raise additional capital to finance our ongoing legal, auditing and administrative costs until we generate sufficient revenues from our oil and gas properties to pay those expenses. While we expect to pay for certain of our ongoing administrative expenses through the deferral of salaries or the issuance of shares of common stock to satisfy the expense, there are some expenses that we cannot defer and cannot satisfy from the issuance of common stock. We estimate that we will need to raise approximately $75,000 to pay expenses that we will incur over the next year which cannot be deferred or satisfied with common stock.

Going Concern

Our financial statements have been presented on the basis that we continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, we incurred a net operating loss in the years ended December 31, 2012 and 2013, and minimal revenues. These factors create an uncertainty about our ability to continue as a going concern. We are currently trying to raise capital through conversion of ownership of wells into royalty interests. Our ability to continue as a going concern is dependent on the success of this plan. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Estimates

Our significant accounting policies are described in Note 2 of Notes to Financial Statements. At this time, we are not required to make any material estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses. However, as we begin actual oil and gas operations, we will be required to make estimates and assumptions typical of other companies in the oil and gas business.

For example, we will be required to make critical accounting estimates related to future oil and gas prices, obligations for environmental, reclamation, and closure matters, mineral reserves, and accounting for business combinations. The estimates will require us to rely upon assumptions that were highly uncertain at the time the accounting estimates are made, and changes in them are reasonably likely to occur from period to period. Changes in estimates used in these and other items could have a material impact on our financial statements in the future.

Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements required by Article 8 of Regulation S-X are attached hereto as Exhibit A .

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

During the two fiscal years ended December 31, 2013, there has not been any change in accountants, or any disagreement on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure with our auditors.

ITEM 9A. CONTROLS AND PROCEDURES.

Management’s Report on Internal Control over Financial Reporting and Remediation Initiatives

Evaluation of Disclosure Controls and Procedures

Darryl Reed, our chief executive officer and chief financial officer, is responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2013. Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of the evaluation date, such controls and procedures were not effective as described below.

Changes in internal controls

There were no changes in our internal controls over financial reporting that occurred during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of our principal executive officer and principal financial officer and implemented by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2013 we conducted an evaluation, under the supervision and with the participation of our chief executive officer (our principle executive officer), our chief operating officer and our chief financial officer (also our principal financial and accounting officer) of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls.

Material Weaknesses

Based upon this assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2013, due to control deficiencies in three areas that we believe should be considered material weaknesses. A material weakness is defined within the Public Company Accounting Oversight Board's Auditing Standard No. 5 as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

1. The company did not sufficiently segregate duties over incompatible functions at the corporate headquarters.

The company’s inability to sufficiently segregate duties is due to a staff vacancy at the corporate headquarters. Management does not expect to fill the vacancy until its level of operations increases enough to justify the cost.

2. In conjunction with the lack of segregation of duties, the company did not institute specific anti-fraud controls.

While management found no evidence of fraudulent activity, the chief accounting officer has access to both accounting records and corporate assets, principally the operating bank account. Management believes this exposure to fraudulent activity is not material either to the operations of the company or to the financial reporting; however, management has instituted key controls specifically designed to prevent and detect—on a timely basis—any potential loss due to fraudulent activity.

In addition, management is in the process of instituting whistle-blower policies and procedures, see material weakness 3, following. This policy and procedure will further strengthen the anti-fraud controls at the corporate headquarters.

3. The company had not instituted, as of December 31, 2013, a whistle-blower policy and procedure as required by Section 301 of the Sarbanes-Oxley Act.

Management has drafted a whistle-blower policy, and will communicate the policy as soon as it is approved by the Board of Directors. In addition, management is compiling specific procedures for its board members to independently investigate and resolve any issues or concerns raised.

Limitations on Effectiveness of Controls and Procedures

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION.

On February 12, 2014, Joel Sens resigned as a director and executive officer of the Company pursuant to an Agreement entered between the Company, Mr. Sens, Knox County Minerals LLC and Seawright Holdings Inc. ("Seawright") (the "Sens Agreement"). The Sens Agreement was dated January 24, 2014 but signed on February 12, 2014. Pursuant to the Sens Agreement, Mr. Sens and Seawright agreed to return 4,650,000 and 10,000,000 shares of common stock, respectively, to the Company for cancellation. In consideration for Seawright returning the 10,000,000 shares of common stock to the Company, the Company agreed to a reduction of $25,000 in the amount of debt owed to the Company by Seawright. Further, the parties agreed to a full release except with respect to the debt owed to the Company by Seawright.

Additionally, in order to further clean up the Company's balance sheet, the Company entered into an Agreement dated January 22, 2014 with a debt holder (the "Debt Holder") pursuant to which the Company and the Debt Holder agreed to convert $30,000 in debt into 10,000,000 shares of common stock. The debt was initially incurred on November 27, 2012. The Sole Director of the Company approved the conversion on February 13, 2014

The above securities were offered and sold to the parties in private placement transactions made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and Rule 506 promulgated thereunder. The Debt Holder is an accredited investors as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS.

Listed below are our directors and executive officers.

Name	Age	Present Positions with Company
Darryl Reed	45	Chairman, Chief Executive Officer and Chief Financial Officer

The following information sets forth the backgrounds and business experience of the directors and executive officers.

Darryl Reed: Mr. Reed has been an officer and director of us since April 2001. Prior to joining us, his background includes seven years in the financial services industry. Mr. Reed formerly was with New York Life Insurance Company, a major insurance company, and certain of its subsidiaries since October 1995. Such subsidiaries included #1A Eagle Strategies Corp., a registered investment adviser, where Mr. Reed worked from April 1997 until May 2000. Mr. Reed held several licenses in the financial services industry, including Series 7, 63 and 65. He has a BS in Finance from the University of Florida and an MS from the American College, Philadelphia, PA. We believe that Mr. Reed is qualified to serve as a director based on his extensive experience managing our business, along with his prior experience in the financial services industry. Mr. Reed has not been convicted in a criminal proceeding in the last ten years. Mr. Reed has not been a party to any judicial or administrative proceeding during the past ten years (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining him from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

None of the above directors and executive officers has been involved in any legal proceedings as listed in Regulation S-K, Section 401(f).

Board of Directors

Our board currently consists of one director. There have been no material changes to the procedures by which security holders may recommend nominees to the board of directors.

Board Committees

We do not have an audit, nominating or compensation committee.

Code of Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics, which is filed herewith as Exhibit 14.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and persons who own more than 10% of the issued and outstanding shares of our common stock to file reports of initial ownership of common stock and other equity securities and subsequent changes in that ownership with the SEC. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2012 all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the compensation earned by our named Executive Officers during the last two fiscal years and other officers who received compensation in excess of $100,000 during any of the last three fiscal years. In accordance with Item 402(a)(5), we have omitted certain columns from the table required by Item 402(c).

Summary Compensation Table

Name and Principal Position	Year	Salary $	Stock Awards $ (1)	Total $
Darryl Reed, Chairman, CEO and CFO (1)	2012	$ 150,000	$ 968,591	$ 1,118,591
	2013	$ 150,000	$ --	$ 150,000

(1) Mr. Reed does not have an employment agreement. The salary represents amounts accrued as an at-will employee. In 2012, Mr. Reed received a stock grant of 70,000,000 shares of common stock that was applied to accrued compensation of $223,859, an account payable of $32,550 due to an affiliate of Mr. Reed for lease expense, and the balance as a stock award. The shares were valued at $1,225,000 based on the market price of $0.0175 on the date of issuance. The value of stock reported for Mr. Reed is the amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with ASC Topic 718.

We did not grant any stock options or stock appreciation rights to our named executive officers in the last fiscal year. We did not make any award to any named executive officer under any long-term incentive plan in the last fiscal year. We did not reprice any options or stock appreciation rights during the last fiscal year. Our executive officers did not have any unexercised options, stock that was not vested or equity incentive plan awards as of December 31, 2013. In the future, we may continue to pay Mr. Reed in shares of common stock in lieu of a cash salary if we are unable to raise adequate capital or generate cash from proceeds.

Employment Agreements
We do not have any employment agreements with any of our officers.

Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Darryl Reed	-	-	-	-	-	-	-

We do not have any policy regarding the compensation of directors and have paid no compensation for director services in the last two years.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information, as of March 19, 2014, with respect to the beneficial ownership of our common stock by (i) all of our directors, (ii) each of our executive officers named in the Summary Compensation Table, (iii) all of our directors and named executive officers as a group, and (iv) all persons known to us to be the beneficial owner of more than five percent (5%) of any class of our voting securities.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Darryl Reed (2) 7351 (N) Lockport Place Lorton, VA 22079	86,759,716	38 %
All Officers and Directors as a Group	86,759,716	38 %

(1) Based upon 228,346,094 shares of Common Stock issued and outstanding as of March 19, 2014.

(2) All of Mr. Reed's shares are owned outright.

Equity Compensation Plan Information

The following table provides information as of December 31, 2013 about our outstanding compensation plans under which shares of stock have been authorized:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (c)
Equity compensation plans approved by security holders	--	--	--
Equity compensation plans not approved by security holders			
2010 Stock Option Plan	800,000	0.30	-
Total	800,000	0.30	-

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Related Party Transactions

On December 3, 2012, we issued 70,000,000 shares (post-split) of common stock to Darryl Reed valued at $1,225,000, or $0.0175 per share, which was the market price on the date of issuance. Mr. Reed is our chairman and chief executive officer. Mr. Reed paid for the shares by crediting the purchase price against amounts owed to him for accrued wages and other payables, and the remainder as additional compensation

On March 25, 2010, we loaned $125,000 to Joel Sens. ("Sens") pursuant to a promissory note that bears interest at 6% per annum, and is payable in full 24 months after the date of the note. The loan proceeds were used by Knox County Minerals, LLC ("Knox Minerals"), a subsidiary of Seawright, to pay the down payment on an option to purchase the oil and gas mineral rights under 6,615 acres of land in Knox County, Kentucky for $1,575,000. On April 16, 2010, Knox Minerals assigned its rights under the option agreement to the Company. A portion of the consideration for the assignment was a promissory note payable by the Company to Knox Minerals in the amount of $600,000 payable with interest at the rate of 6% per annum five years after the date of the note. The parties agreed that the promissory note would be secured by the oil and gas properties in the event we completed the purchase of the properties, which we did not do. Joel Sens is the principal shareholder and sole director and officer of Seawright. At the time both notes were issued, Mr. Sens was not an officer, director or shareholder of the Company. After April 16, 2010, Mr. Sens became an officer and director of the Company. As of December 31, 2012, Joel Sens was indebted to us for principal of $125,000 and accrued interest of $20,795. There was also a non-interest advance of $65,000. As of December 31, 2012 the total amount of $210,795 was reserved as allowance for bad debt. On February 12, 2014, Mr. Sens resigned as a director and executive officer of the Company pursuant to an Agreement entered between the Company, Mr. Sens, Knox County Minerals and Seawright (the "Sens Agreement"). The Sens Agreement was dated January 24, 2014 but signed on February 12, 2014. Pursuant to the Sens Agreement, Mr. Sens and Seawright agreed to return 4,650,000 and 10,000,000 shares of common stock, respectively, to the Company for cancellation. In consideration for Seawright returning the 10,000,000 shares of common stock to the Company, the Company agreed to a reduction of $25,000 in the amount of debt owed to the Company by Seawright. Further, the parties agreed to a full release except with respect to the debt owed to the Company by Seawright.

On March 22, 2011, we purchased all of the membership interests of Knox Gas, LLC for $500,000. The purchase price is payable pursuant to two promissory notes in the amount of $250,000 each that are payable to Joel Sens and Barbara Reed. Mr. Sens is a former officer and director of the Company. Ms. Reed is the spouse of Darryl Reed, who is an officer and director of the Company. Knox Gas, LLC owns a lease of 100 acres, which contains five drilled wells; a lease of 20.2 acres, which contains two drilled wells; a lease of 700 acres which contains no wells, and a lease of 400 acres, which contains three drilled wells. The properties have been appraised at $624,360 by an independent valuation firm. The promissory note payable to Joel Sens and Barbara Reed, was forgiven for principal balance and accrued interest and fees on December 15, 2012.

As of December 31, 2012 , the value was established at $213,881, and an impairment loss of $286,119 was recognized. The impairment was primarily due to the Company anticipating conversion of the leases into a royalty agreement with an operator.

On March 22, 2011, the Company conveyed its 35% interest in Dynatech, LLC to Darryl Reed, the Company's chief executive officer, for $10. At the time of the conveyance, Dynatech's only asset was an office building in Virginia. The office building's principal tenant was United, which went out of business in early 2010, and its other tenants had vacated the premises as well. As a result of the loss of tenants, Dynatech was unable to pay the mortgages on the property. As of the Company's September 30, 2010 financial statements, the building had a book value of $3,415,176 and was subject to indebtedness of $4,200,000, plus interest.

On September 22, 2011, we issued 10,000,000 shares of common stock to Darryl Reed, our chief executive officer, in payment of accrued compensation of $600,000. The shares were valued at the market price on the date of approval by the board of directors. Mr. Reed waived $11,795 of compensation as part of the settlement.

On September 22, 2011, we issued 10,000,000 shares of common stock to Seawright Holdings, Inc. in satisfaction of a note payable by the Company to Seawright in the original principal amount of $600,000. Joel Sens, one of our officers and directors, is also an officer and director and significant shareholder of Seawright. The shares were valued at the market price on the date of approval by the board of directors. Seawright waived $60,420 of interest as part of the settlement.

The Company leased office space from Capitol Home Remodeling, LC, which is partially owned by Darryl Reed, our chief executive officer. As of December 17, 2012, we owed Capital Home Remodeling, LLC $32,550 for accrued but unpaid rental expense. The expense was settled by issuance of shares on December 3, 2012 to Darryl Reed.

Review, Approval and Ratification of Related Party Transactions

The board of directors has responsibility for establishing and maintaining guidelines relating to any related party transactions between us and any of our officers or directors. Under our Code of Ethics, any conflict of interest between a director or officer and us must be referred to the non-interested directors for approval. We intend to adopt written guidelines for the board of directors which will set forth the requirements for review and approval of any related party transactions.

Director Independence

Our common stock is currently quoted on the OTC Bulletin Board, or the OTCBB, and the OTCQB. Since neither the OTCBB nor the OTCQB has its own rules for director independence, we use the definition of independence established by the NYSE Amex (formerly the American Stock Exchange). Under applicable NYSE Amex rules, a director will only qualify as an "independent director" if, in the opinion of our Board, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

We periodically review the independence of each director. Pursuant to this review, our directors and officers, on an annual basis, are required to complete and forward to the Corporate Secretary a detailed questionnaire to determine if there are any transactions or relationships between any of the directors or officers (including immediate family and affiliates) and us. If any transactions or relationships exist, we then consider whether such transactions or relationships are inconsistent with a determination that the director is independent. As this time, we have two directors, Darryl Reed and Joel Sens, neither of which are independent.

Conflicts Relating to Officers and Directors

To date, we do not believe that there are any conflicts of interest involving our officers or directors, other than as disclosed above. With respect to transactions involving real or apparent conflicts of interest, we have adopted policies and procedures which require that: (i) the fact of the relationship or interest giving rise to the potential conflict be disclosed or known to the directors who authorize or approve the transaction prior to such authorization or approval, (ii) the transaction be approved by a majority of our disinterested outside directors, and (iii) the transaction be fair and reasonable to us at the time it is authorized or approved by our directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

In the last two fiscal years ended December 31, 2013 and 2012, we have retained Turner Jones & Associates, pllc ("Turner Jones") as our principal accountants. We understand the need for our principal accountants to maintain objectivity and independence in their audit of our financial statements. To minimize relationships that could appear to impair the objectivity of our principal accountants, our board has restricted the non-audit services that our principal accountants may provide to us primarily to tax services and audit related services. We are only to obtain non-audit services from our principal accountants when the services offered by our principal accountants are more effective or economical than services available from other service providers, and, to the extent possible, only after competitive bidding. The board has adopted policies and procedures for pre-approving work performed by our principal accountants. After careful consideration, the board has determined that payment of the audit fees is in conformance with the independent status of our principal independent accountants.

The following is a summary of the fees billed to the Company by Turner Jones for professional services rendered for the fiscal years ended December 31, 2013 and 2012:

Fee Category	Fiscal 2012 Fees	Fiscal 2013 Fees
Audit Fees	$[42,594]	$[42,514]
Audit-Related Fees	--	--
Tax Fees	1,000	1000
All Other Fees	--	--
Total Fees	$[43,594]	$[43,514]

Audit Fees consist of fees billed for professional services rendered for the audit of Next Generation Energy Corp.'s consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Turner Jones in connection with statutory and regulatory filings or engagements.

Audit Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Next Generation Energy Corp.'s consolidated financial statements and are not reported under "Audit Fees".

Tax Fees consist of fees billed for professional services for tax compliance, tax advice and tax planning.

All Other Fees consist of fees for products and services other than the services reported above. There were no management consulting services provided in fiscal 2012 or 2013.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) List the following documents filed as a part of the report:

(1) All financial statements: Audited financial statements of Next Generation Energy Corp. as of December 31, 2013 and 2012, and for the years ended December 31, 2013 and 2012, including a balance sheet, statement of operations, statement of cash flows, and statement of changes in stockholders' deficit

(2) Those financial statement schedules required to be filed by Item 8 of this form, and by paragraph (b) below: none.

(3) Those exhibits required by Item 601 of Regulation S-K (Section 229.601 of this chapter) and by paragraph (b) below. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this report.

Exhibit Number	Description of Exhibits
3.1	Articles of Incorporation, under the name Micro Tech Industries, Inc. (incorporated by reference to the Company's annual report on Form 10KSB filed on April 15, 1998)
3.2	Amendment to the Articles of Incorporation (incorporated by reference to the Company's quarterly report filed on Form 10 Q filed on May 15, 1997)
3.3	Certificate of Change filed May 5, 2010 (incorporated by reference to the Form 8-K filed May 7, 2010)
3.4	Amendment to the Articles of Incorporation filed July 23, 2010 (incorporated by reference to the Form 10-Q filed August 23, 2010)
3.5	Amended and Restated Bylaws (incorporated by reference to the Company's annual report on Form 10KSB filed on November 12, 1999)
3.6	Amendment to Bylaws (incorporated by reference to the Form 8-K filed May 7, 2010)
4.1	Agreement between Next Generation Energy Corp. and Actual Investments LLC
4.2*	6% Promissory Note dated March 13, 2013 between Next Generation Energy Corp. and Actual Investments, LLC
4.3	Note Agreement dated May 24, 2013 between Next Generation Energy Corp. and Actual Investments, LLC
4.4	2014 Incentive Stock Plan (incorporated by reference to the Form S-8 filed on February 14, 2014)
10.1	Convertible Debenture Purchase Agreement by and among Next Generation Media Corp., Forge, LLC and Knox Gas,

	LLC dated July 23, 2010 (incorporated by reference to the Form 10-Q filed August 23, 2010)
10.2	2010 Employee, Consultant and Advisor Stock Compensation Plan (incorporated by reference to the Form S-8 filed October 22, 2010)
10.3	Form on Stock Payment Agreement (incorporated by reference to the Form S-8 filed October 22, 2010)
10.4	2010 Stock Option Plan (incorporated by reference to the Form S-8 filed October 22, 2010)
10.5	Form of Stock Option Agreement (incorporated by reference to the Form S-8 filed October 22, 2010)
10.6	Debt Forgiveness Note in the amount of $277,863 by Barbara Reed (incorporated by reference to Form 8-K filed March 23, 2011)
10.7	Debt Forgiveness Note in the amount of $277,863 by Joel Sens (incorporated by reference to Form 8-K filed March 23, 2011)
10.8	Promissory Note dated March 25, 2010 payable by Seawright Holdings, Inc. to Next Generation Media Corporation in the principal amount of $125,000 (incorporated by reference to Form 10-K filed May 16, 2010)
10.9	Transfer and Assignment dated March 23, 2011 by and among Barbara Reed, Joel Sens, Next Generation Energy Corp. and Knox Gas, LLC (incorporated by reference to Form 8-K filed March 23, 2011)

10.10	Memorandum of Oral Sublease between Next Generation Energy Corp. and Capitol Homes Remodeling, LLC (incorporated by reference to Form 10-K/A filed March 2, 2012)
10.11	Oil and Gas Lease dated June 3, 2010 by and among Billy Ray Smith, Stella Smith and Hammons Fork Ventures, LLC (100 acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)
10.12	Oil and Gas Lease dated June 3, 2010 by and among Billy Ray Smith, Stella Smith and Hammons Fork Ventures, LLC (20.2acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)
10.13	Oil and Gas Lease dated June 3, 2010 by and among Billy Ray Smith, Stella Smith, Stacey Smith, Heather Smith and Hammons Fork Ventures, LLC (700 acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)
10.14	Oil and Gas Lease dated May 26, 2010 by and among William J. Patterson, Sr. and Sharron F. Patterson and Knox Gas, LLC (400 acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)
10.15	2012 Employee, Consultant and Advisor Stock Compensation Plan (incorporated by reference to the Form S-8 filed March 22, 2012)
10.16	Agreement entered between Next Generation Energy Corp., Joel Sens, Knox County Minerals LLC and Seawright Holdings Inc.
10.16	Form on Stock Payment Agreement (incorporated by reference to the Form S-8 filed March 22, 2012)
11**	Statement re earnings per share
14	Code of Business Conduct and Ethics (incorporated by reference to Form 10-K filed May 16, 2010)
21*	List of subsidiaries
23*	Consent of Turner Jones & Associates, pllc
31*	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief Financial Officer
32*	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

** Included within financial statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NEXT GENERATION ENERGY CORP.

Dated: April 14, 2014

/s/ Darryl Reed
Darryl Reed, Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and on the dates indicated.

Dated: April 14, 2014

/s/ Darryl Reed
Darryl Reed, Chairman of the Board of Directors, Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)

EXHIBIT A

Next Generation Energy Corp.

and Subsidiary

Consolidated Financial Statements

For The Years Ended December 31, 2013 and 2012

With Audit Report of Independent

Registered Public Accounting Firm

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Turner, Jones & Associates, P.L.L.C.
Certified Public Accountants
108 Center Street, North, 2 nd Floor
Vienna, Virginia 22180-5712
(703) 242-6500
FAX (703) 242-1600

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Next Generation Energy Corp.
4270 John Marr Drive
Annandale, Virginia 22003

We have audited the accompanying consolidated balance sheet of Next Generation Energy Corp. and its subsidiary (a Nevada Incorporation) as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Next Generation Energy Corp. and subsidiary as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the footnotes, conditions exist that raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Turner, Jones & Associates, PLLC

Vienna, Virginia

April 06, 2014

Next Generation Energy Corporation
Consolidated Balance Sheets
December 31, 2013 and 2012

ASSETS

	2013	Restated 2012
CURRENT ASSETS:		
Cash and cash equivalents	$1,173	$528
Total current assets	1,173	528
OIL & GAS PROPERTIES (FULL COST METHOD):		
Evaluated	71,000	71,000
Mineral rights	14,930	14,930
Gross oil & natural gas properties	85,930	85,930
TOTAL ASSETS	$87,103	$86,458

See accompanying notes and accountant's audit report

Next Generation Energy Corporation
Consolidated Balance Sheets
December 31, 2013 and 2012

LIABILITIES AND STOCKHOLDERS' EQUITY

	2013	Restated 2012
CURRENT LIABILITIES:		
Accounts payable	$150,724	$119,258
Accrued wages	238,596	52,238
Accounts payable-related party	170,000	-
Accrued interest payable	59,329	33,813
Beneficial conversion feature	44,386	106,071
Note Payable	60,000	30,000
Convertible notes payable, net of debt discount of $88,000	133,000	150,000
Due to related party	40,000	-
Total current liabilities	896,035	491,380
LONG TERM LIABILITIES:		
Due to related party	-	40,000
Total long term liabilities	-	40,000
Total liabilities	896,035	531,380
STOCKHOLDERS' EQUITY:		
Common stock, $0.001 par value, 999,000,000 shares authorized 125,996,094 and 113,853,237 issued and outstanding		
Common stock, $0.001 par value, 500,000,000	125,996	113,853
Preferred stock Series A, $0.001 par value, 500,000 shares authorized, zero issued outstanding	-	-
Preferred stock Series B, $0.001 par value, 500,000 shares authorized, zero issued outstanding	-	-
Additional paid in capital	17,978,597	13,553,569
Accumulated deficit	(18,913,525)	(14,112,344)
Total stockholders' equity (deficit)	(808,932)	(444,922)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$87,103	$86,458

See accompanying notes and accountant's audit report

Next Generation Energy Corporation
Consolidated Statements of Operations
For The Years Ended December 31, 2013 and 2012

	2013	Restated 2012
REVENUES:	$1,265	$2,274
OPERATING EXPENSES:		
General and administrative	418,444	1,558,054
Total operating expenses	418,444	1,558,054
Loss from operations	(417,179)	(1,555,780)
OTHER INCOME AND EXPENSES:		
Gain (Loss) on beneficial conversion	61,684	(47,050)
Loss on Conversion	-	(44,871)
Interest expense	(25,515)	(31,492)
Loss on debt restructure	(4,420,171)	-
Amortization of debt discount	-	(41,113)
Total other income and expenses	(4,384,002)	(164,526)
Net loss	(4,801,181)	(1,720,306)
Loss applicable to common stockholders	$(4,801,181)	$(1,720,306)
Basic loss per common share	$(0.04)	$(0.04)
Weighted average common shares	120,972,611	39,680,134
Diluted loss per common share	N/A	N/A
Fully diluted common shares	177,933,198	58,048,831

See accompanying notes and accountant's audit report

Next Generation Energy Corporation
Consolidated Statements of Stockholders' Equity
For Years Ended December 31, 2013 and 2012

	Common Stock Shares	Amount	Stock Sub. Rec.	Additional Paid In Capital	Accum. Deficit	Total
December 31, 2011 (Restated)	32,519,433	$325,194	$(62,135)	$11,863,261	$(12,392,038)	$(265,718)
Shares issued for accrued expenses and bonus	70,000,000	70,000	-	1,155,000	-	1,225,000
Shares issued for option exercises	1,333,804	13,338	-	49, 629	-	62,967
Shares issued for settlement of notes payable	10,000,000	10,000	-	110,000	-	120,000
Cancellation of debts by related parties (Restated)	-	-	-	71,000	-	126,726
Adjustment for change of Par Value	-	(304,679)	-	304,679	-	-
Charge-off of Stock Subscription	-	-	62,135	-	-	62,135
Net loss (Restated)	-	-	-	-	(1,720,306)	(1,720,306)
December 31, 2012 (Restated)	113,853,237	$113,853	$-	$13,553,569	$(14,112,344)	$(444,922)
Debt restructuring	-	-	-	4,420,171	-	4,420,171
Shares issued in debt restructuring	12,142,857	12,143	-	4,857	-	17,000
Net loss	-	-	-	-	(4,801,181)	(4,801,181)
	125,996,094	$125,996	$-	$17,978,597	$(18,913,525)	$(808,932)

See accompanying notes and accountant's audit report

Next Generation Energy Corporation
Consolidated Statements of Cash Flows
For The Years Ended December 31, 2013 and 2012

	2013	Restated 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)		
Adjustments to reconcile net income to net cash Provided by operating activities:	$(4,801,181)	$(1,720,306)
Loss (gain) on Beneficial Conversion	(61,684)	47,050
Loss on Conversion	-	44,871
Bad Debt	-	265,450
Stock issued for services & accrued expenses	-	1,225,000
Loss on debt restructuring	4,420,171	-
Shares issued for accrued interest	-	7,555
Amortization	-	41,113
Decrease in assets		
Prepaid expenses and other current assets	-	12,460
Increase (decrease) in liabilities	-	-
Accounts payable	31,466	11,115
Accrued wages	186,359	(38,859)
Accrued interest payable	25,514	23,936
Accounts payable-related	170,000	-
Net cash flows (used) by operating activities		
	(29,355)	(80,615)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in royalty interest	-	3,525
Net cash flows provided by investing activities	-	3,525
CASH FLOWS FROM FINANCING ACTIVITIES:		
Note payable	30,000	30,000
Related Party Advances	-	40,000
Net cash flows provided by financing activities	30,000	70,000
NET (INCREASE) IN CASH	645	(7,090)
CASH, BEGINNING OF PERIOD	528	7,618
CASH, END OF PERIOD	$1,173	$528
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$-	$-
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Shares issued for debt restructuring	4,420,171	-
Shares issued for services & accrued expenses	-	1,225,000
Cancellation of indebtedness	-	71,000

Shares issued for accrued interest	-	7,555

See accompanying notes and accountant's audit report

Next Generation Energy Corporation
Notes to Consolidated Financial Statements
For The Years Ended December 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

Next Generation Energy Corporation was incorporated in the State of Nevada in November 1980 as Micro Tech Industries, with an official name change to Next Generation Media Corporation in April 1997 and an official name change to Next Generation Energy Corporation in July 2010. The Company is an independent oil and natural gas company engaged in the exploration, development, and production of predominantly natural gas properties located onshore in the United States.

Property, Plant and Equipment:

Property, plant and equipment are stated at cost. The company uses the straight line method in computing depreciation for financial statement purposes.

Expenditures for repairs and maintenance are charged to income, and renewals and replacements are capitalized. When assets are retired or otherwise disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts.

The Company did not record any depreciation expense for 2013 or 2012.

Advertising Expense:

The Company expenses the cost of advertising and promotions as incurred. The Company incurred no advertising costs in the years ended December 31, 2013 and 2012.

Revenue Recognition:

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10"). ASC 605-10 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

ASC 605-10 incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arraignments ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing ASC 605-25 on the Company's financial position and results of operations was not significant.

Impairment of Long-Lived Assets:

The Company has adopted Accounting Standards Codification subtopic 360-10, Property, plant and equipment ("ASC 360-10"). The Statement requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell. The impairment expense recognized under ASC 360-10 for the years ended December 31, 2013 and 2012 was zero.

Comprehensive Income:

The Company adopted Accounting Standards Codification subtopic 220-10, Comprehensive Income ("ASC 220-10") which establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owners sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company does not have any items of comprehensive income in any of the periods presented.

Segment Information:

The Company adopted Accounting Standards Codification subtopic 280-10, Segment Reporting - Overall - Disclosure ("ASC 280-10") which establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions on how to allocate resources and assess performance.

Stock Based Compensation:

Effective for the year beginning January 1, 2006, the Company has adopted Accounting Standards Codification subtopic 718-10, Compensation ("ASC 718-10"). The Company made no employee stock– based compensation grants before December 31, 2005 and therefore has no unrecognized stock compensation related liabilities or expense unvested or vested prior to 2006. Stock-based compensation expense recognized under ASC 718-10 for the years ended December 31, 2013 and 2012 was $0 and $1,070,056, respectively.

Liquidity:

As shown in the accompanying financial statements, the Company recorded a net (loss) of ($4,801,181) and ($1,720,306) during the years ended December 31, 2013 and 2012, respectively. The Company's total liabilities exceeded its total assets by $808,932 as of December 31, 2013.

Concentration of Credit Risk:

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

Use of Estimates:

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the respective reporting periods. The Company bases its estimates and judgments on historical experience and on various other assumptions and information that are believed to be reasonable under the circumstances. Estimates and assumptions about future events and their effects cannot be perceived with certainty and, accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Actual results may differ from the estimates and assumptions used in the preparation of the Company's condensed consolidated financial statements.

The Company's most significant areas of estimation and assumption are:

- Estimation of future cash flows used to assess the recoverability of long-lived assets
- Estimation of the net deferred income tax asset valuation allowance
- Determination of the appropriate assumptions to use to estimate the fair value of stock-based compensation for purposes of recording stock-based compensation

Gas and Oil Properties:

The Company will follow the full cost method of accounting for the exploration, development, and acquisition of gas and oil reserves. Under this method, all such costs (productive and nonproductive) including salaries, benefits, and other internal costs directly attributable to these activities are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the units-of– production method. The Company excludes all costs of unevaluated properties from immediate amortization. The Company's unamortized costs of natural gas and oil properties are limited to the sum of the future net revenues attributable to proved natural gas and oil reserves discounted at 10 percent plus the lower of cost or market value of any unproved properties. If the Company's unamortized costs in natural gas and oil properties exceed this ceiling amount, a provision for additional depreciation, depletion and amortization is required. Decreases in market prices, as well as changes in production rates, levels of reserves, and the evaluation of costs excluded from amortization, could result m future ceiling test impairments.

Asset Retirement Obligations:

Accounting Standards Codification 410, Asset retirement and environmental obligations ("ASC 410") was adopted by the Company. ASC 410 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The Company has an option to purchase natural gas and oil properties which may require expenditures to plug and abandon the wells when reserves in the wells are depleted. These expenditures under ASC 410 will be recorded in the period the liability is incurred (at the time the wells are drilled or acquired).

Amortization:

Oil and gas producing property costs are amortized using the unit of production method. The Company did not record any amortization expense in the twelve months ending December 31, 2013 or 2012.

Research and Development:

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company did not incur expenditures on research and product development for the years ended December 31, 2013 and 2012.

Income Taxes:

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

Risks and Uncertainties:

The Company at times may have cash deposits in excess of federally insured limits.

Earnings Per Common Share:

We calculate earnings per share, or EPS, in accordance with ASC 260, Earnings Per Share, which requires the computation and disclosure of two EPS amounts: basic and diluted. We compute basic EPS based on the weighted-average number of shares of Common Stock outstanding during the period. We compute diluted EPS based on the weighted-average number of shares of our Common Stock outstanding plus all potentially dilutive shares of our Common Stock outstanding during the period. Such potentially dilutive shares of our Common Stock consist of options, convertible debt and warrants. Potentially dilutive shares of our Common Stock representing 56,960,587 and 18,368,697 shares of our Common Stock for 2013 and 2012, respectively, were excluded from the calculation of diluted earnings per share for these periods because their effect would have been anti-dilutive due to the net loss reported by us.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the parent company, Next Generation Energy Corporation and its subsidiary Next Generation Royalties, LLC for the year ended December 31, 2013 and 2012. All inter-company balances and transactions have been eliminated in consolidation.

New Accounting Pronouncements:

The Company did not adopt any new accounting standards that had a material impact on the financial statements.

Reclassifications:

Certain 2012 amounts have been reclassified to conform to current year presentation.

NOTE 2 – NOTES PAYABLE

Notes payable at December 31, 2013 and 2012 consists of the following:

	2013	2012
Note payable-Forge, LLC, bearing interest at 18.00% per annum, the loan is payable at maturity in July 2012 plus accrued interest. (1)	$80,000	$150,000
Note payable -Actual Investments, LLC, bearing interest at 6.00% per annum, all principle and accrued interest is payable at maturity in October 2013 (3)	30,000	30,000
Note payable-Actual Investments, LLC, bearing interest at 6% per annum, all principle and accrued interest due in March 2014	30,000	-
Note payable-Actual Investments, LLC, bearing interest at 8% per annum, all principle and accrued interest due in September 2013 (2)	53,000	-
Total notes payable	193,000	180,000
Less: current maturities	193,000	180,000
Long term portion	$-	$-

(1) Obligation to Forge, LLC for $150,000, bearing interest at 18.00% per annum, the loan in payable at maturity in July 2012 plus accrued interest. The note is secured by certain oil and gas properties owned by Knox Gas, LLC, a subsidiary of the Company. The note is convertible to Common Stock at a conversion price equal to 75% of the average of the closing prices of the Common Stock for the 10 trading days immediately preceding a conversion date. The balance outstanding at December 31, 2013 was $80,000 plus accrued interest of $53,158. Our obligation to Forge, LLC contains an embedded beneficial conversion feature since the fair value of our Common Stock on the date of issuance was in excess of the effective conversion price. The embedded beneficial conversion feature was recorded by allocating a portion of the proceeds equal to the intrinsic value of the feature to "Additional paid-in-capital". The intrinsic value of the feature is calculated on the issuance date by multiplying the difference between the quoted market price of our Common Stock and the effective conversion price by the number of common shares into which the note may be converted. The resulting discount on the immediately convertible shares is recorded within "Additional paid-in capital" and is amortized over the period from the date of issuance of the to the stated maturity date. The amount of the discount was fully amortized in 2012.

(2) Actual Investment LLC purchased $70,000 of the note due to Forge, LLC and renegotiated the terms of the debt. As a result, the interest rate was reduced to 8% per annum and the conversion rate was reduced to $.0017.

(3) The company entered into a promissory note with Actual Investment, LLC on November 27, 2012. The note is unsecured and accrues interest at 6% per annum payable on maturity October 26, 2013. Subsequent to year end the note was converted into 10,000,000 shares of the Company's Common Stock.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

The Company may become party to various legal matters encountered in the normal course of business. In the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the Company's financial position or the future results of operations.

NOTE 4 – INCOME TAXES

Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis.

The Company had a net operating loss of approximately $16,000,000 at December 31, 2013 expiring through 2033.

Management has provided a valuation allowance for the total net deferred tax assets as of December 31, 2013 and 2012, as they believe that it is more likely than not that the entire amount of deferred tax assets will not be realized.

The company will file a consolidated return, with a tax liability of $0 for the year 2013.

Tax returns filed since 2009 are subject to audit by the Internal Revenue Service or other tax authorities.

NOTE 5 – COMMON STOCK

The Board of Directors approved an increase in the number of authorized common shares on December 3, 2012. The Company's authorized 999,000,000 shares with 126,346,094 shares issued and outstanding at December 31, 2013.

During 2012 the Company issued shares of common stock in the following transaction:

- In the quarter ended March 2012, we issued 1,333,804 shares of common stock upon the conversion of $62,967 of convertible notes;

- On December 3, 2012, we issued 70,000,000 shares of common stock to Darryl Reed, our chief executive officer, in payment of any accounts payable or accrued expenses owed. The shares were valued at the market price of $0.0175 for $1,225,000 on the date of approval by the board of directors.

- On December 17, 2012, we issued 10,000,000 shares of common stock, valued at $120,000, to Actual Investments in satisfaction of a note payable by the Company to Asher Enterprise.

During 2013 the Company issued shares of common stock in the following transaction:

- In May of 2013 the Company issued 12,142,857 shares of common stock upon the partial conversion ($17,000) of a promissory note.

Options/Warrants

Transactions involving options issued m the years ended December 31, 2013 and 2012 are summarized below:

	Options /Warrants	Weighted average Exercise Price
Outstanding as of December 31, 2011	800,300	$ 0.30
Issued	-	0.167 to 4.40
Options exercised	-	0.167 to 4.40
Cancelled/Expired	300	$ 500.00
Outstanding as of December 31, 2012	800,000	$ 0.30
Issued Exercised	-	-
Cancelled/Expired	-	-
Outstanding as of December 31, 2013	800,000	$ 0.30

Total stock-based compensation expense recognized by for the years ended December 31, 2013 and 2012 attributable to the issuance of options was zero.

The weighted average remaining contractual life of the options and warrants issued by the Company as of December 31, 2013 is set forth below:

Date of Issuance	Number of Options /Warrants	Exercise Price	Contractual Life	Weighted Average Remaining Contractual Life (Years)
October 22, 2010	800,000	0.30	5 years	1.8
	800,000			1.8

Stock and Option Plans

On October 22, 2010, the Company filed a registration statement on Form S-8 to register up to 2,000,000 shares of common stock for issuance for services rendered or to be rendered the Company under the Company's 2010 Stock Option Plan (the "Option Plan"). During 2010, the Company issued 1,100,000 options under the Option Plan.

On October 22, 2010, the Company filed a registration statement on Form S-8 to register up to 1,500,000 shares of common stock for issuance for services rendered or to be rendered under the Company's 2010 Employee, Consultant and Advisor Stock Compensation Plan. During 2010, the Company issued 1,250,000 shares of common stock under the Plan, of which 500,000 were issued to officers and directors of the Company.

NOTE 6 – RECLASSIFICATIONS

Certain amounts on the 2012 financial statements have been reclassified to conform to the 2013 presentation. These reclassifications have no effect on net income.

NOTE 7 – OIL AND NATURAL GAS PROPERTIES

The Company uses the full cost method of accounting for its investment in oil and natural gas properties. Under this method of accounting, all costs of acquisition, exploration and development of oil and natural gas reserves (including such costs as leasehold acquisition costs, geological expenditures, dry hole costs, tangible and intangible development costs and direct internal costs) are capitalized as the cost of oil and natural gas properties when incurred. To the extent capitalized costs of evaluated oil and natural gas properties, net of accumulated depletion exceed the discounted future net revenues of proved oil and natural gas reserves net of deferred taxes, such excess capitalized costs are charged to expense. Beginning December 31, 2009, full cost companies use the unweighted arithmetic average first day of the month price for oil and natural gas for the 12-month period preceding the calculation date to calculate the future net revenues of proved reserves.

The Company assesses all items classified as unevaluated property on a quarterly basis for possible impairment or reduction in value. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

NOTE 8 – ACQUISITION OF ASSETS

On March 22, 2011, the Company purchased all of the membership interests of Knox Gas, LLC for $500,000. The purchase price is payable pursuant to two promissory notes in the amount of $250,000 each that are payable to Joel Sens and Barbara Reed. Mr. Sens is an officer and director of the Company. Mrs. Reed is the spouse of Darryl Reed, who is an officer and director of the Company. These loans were forgiven in 2012. In addition, the carrying amount of the wells was adjusted to $71,000.

Knox Gas, LLC owns a lease of 100 acres, which contains five drilled wells; a lease of 20.2 acres, which contains two drilled wells; a lease of 700 acres which contains no wells, and a lease of 400 acres, which contains three drilled wells. The properties have been appraised, as an operator, at $624,360 by an independent valuation firm. However, the property is now used as royalty interest. Prior to the Company's acquisition of Knox Gas, LLC, Knox Gas, LLC had agreed to guarantee a loan obtained by the Company in July 2011 in the amount of $150,000, and pledged its interest in the wells to secure the guarantee. See Note 1 -Notes Payable.

NOTE 9 – CONVERTIBLE PROMISSORY NOTES PAYABLE

The Company entered into a Convertible Promissory Note in July 2010, under which it received $150,000 of loan proceeds. The Convertible Note accrues interest at 18% per annum which is payable and due quarterly. The noteholder has the option to convert any unpaid note principal and accrued interest to the Company's common stock at a rate of 75% of the average closing price of the last ten days of trading any time after the issuance date of the note.

During 2011, the Company entered into two Convertible Promissory Notes, under which it received an aggregate of $88,000 of loan proceeds. The Convertible Notes accrue interest 8% per annum payable upon maturity. The note holders have the option to convert any unpaid principal and accrued interest at any time to the Company's common stock at a rate of 55% of the average three trading days low out of the immediately preceding ten trading days. In accordance ASC 470-20, the Company allocated, on a relative fair value basis, the net proceeds amongst the common stock, convertible notes and warrants issued to the investors. The two convertible note were settled on December 17, 2012 by issuance of 10 million shares at the market price of $0.012. The company suffered a loss of $44,871 for the conversion.

NOTE 10 – SEGMENT INFORMATION

The Company had one reportable segment for the years ended December 31, 2013 and 2012, and accordingly is not required to present financial information by segment.

NOTE 11 – PREFERREDSTOCK

We may issue shares of preferred stock in one or more classes or series within a class as may be determined by our board of directors, who may establish the number of shares to be included in each class or series, may fix the designation, powers, preferences and rights of the shares of each such class or series and any qualifications, limitations or restrictions thereof. Any preferred stock so issued by the board of directors may rank senior to the common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up of us, or both. Moreover, under certain circumstances, the issuance of preferred stock or the existence of the un-issued preferred stock might tend to discourage or render more difficult a merger or other change in control. We have designated two series of preferred stock, one for 500,000 shares that is referred to as "Callable Cumulative Convertible Preferred Stock (Series A Preferred Stock)" and the other for 500,000 shares that is referred to as "Redeemable Cumulative Convertible Preferred Stock (Series B Preferred Stock)." There are no shares outstanding of either series.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Company leased office space from Capitol Home Remodeling, LC, which was partially owned by Darryl Reed, our chief executive officer. The lease was terminated on August 31, 2012. As of December 3, 2012, we owed Capital Home Remodeling, LLC $32,550 for accrued but unpaid rental expense. The expense was settled by issuance of shares, to Darryl Reed on December 3, 2012.

On December 3, 2012, we issued 70,000,000 shares (post-split) of common stock to Darryl Reed for $1,225,000, or $0.0175 per share, which was the market price on the date of issuance. Mr. Reed is our chairman and chief executive officer. Mr. Reed paid for the shares by crediting the purchase price against amounts owed to him for accrued wages and other payables, and the remainder as bonus compensation.

On March 25, 2010, we loaned $125,000 to Seawright Holdings, Inc. ("Seawright") pursuant to a promissory note executed by Joel Sens that bears interest at 6% per annum, and is payable in full 24 months after the date of the note. The loan proceeds were used by Knox County Minerals, LLC ("Knox Minerals"), a subsidiary of Seawright, to pay the down payment on an option to purchase the oil and gas mineral rights under 6,615 acres of land in Knox County, Kentucky for $1,575,000. On April 16, 2010, Knox Minerals assigned its rights under the option agreement to the Company. A portion of the consideration for the assignment was a promissory note payable by the Company to Knox Minerals in the amount of $600,000 payable with interest at the rate of 6% per annum five years after the date of the note. The parties agreed that the promissory note would be secured by the oil and gas properties in the event we completed the purchase of the properties, which we did not do. Joel Sens is the principal shareholder and sole director and officer of Seawright. At the time both notes were issued, Mr. Sens was not an officer, director or shareholder of the Company. After April 16, 2010, Mr. Sens became an officer and director of the Company, and as a result both notes are reflected as related party obligations on our financial statements. As of December 31, 2012, Seawright was indebted to us for principal of $125,000 and accrued interest of $20,795. There was also a non-interest advance of $65,000. The total amount of $210,795 was adjusted against the allowance for bad debt reserve.

On March 22, 2011, the Company purchased all of the membership interests of Knox Gas, LLC for $500,000. The purchase price is payable pursuant to two promissory notes in the amount of $250,000 each that are payable to Joel Sens and Barbara Reed. Mr. Sens is an officer and director of the Company. Ms. Reed is the spouse of Darryl Reed, who is an officer and director of the Company. Knox Gas, LLC owns a lease of 100 acres, which contains five drilled wells; a lease of 20.2 acres, which contains two drilled wells; a lease of 700 acres which contains no wells, and a lease of 400 acres, which contains three drilled wells. The properties have been appraised at $624,360 by an independent valuation firm. The note payable to related parties, Joel Sens and Barbara Reed, was forgiven for principal balance and accrued interest and fees on December 15, 2012. The carrying amount of these leases have been adjusted to reflect the cost of the leases to Knox Gas, LLC.

NOTE 13 – GOING CONCERN MATTERS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements for the year ended December 31, 2013 and 2012, the Company has incurred operating losses of ($4,801,181) and ($1,720,306), respectively. In addition, the Company has a deficiency in stockholder's equity of ($808,932) and ($444,922) at December 31, 2013 and 2012, respectively. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations. Management is devoting substantially all of its efforts to establishing its business and there can be no assurance that the Company's efforts will be successful. However, the planned principal operations have not fully commenced and no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

In order to improve the Company's liquidity, the Company is currently trying to raise capital through conversion of ownership of wells into royalty interests. There can be no assurance that the Company will be successful in its efforts to secure additional equity financing.

NOTE 14 – DEBT RESTRUCTING

The Company restructured its $70,000 debt obligation to Actual Investments LLC whereby the creditor reduced the interest rate from 18% to 8% and extended the debts maturity date. In exchange, the Company changed the conversion rate in which the debt is convertible into shares of its Common Stock. The original conversion rate was at a 25% discount from market based on the preceding ten day average was changed to a conversion rate fixed at $.0017 per share. The change in the conversion rate resulted in a loss to the Company, net of interest savings, of $4,420,171 or $.04 per share.

In May of 2013. The lender converted $17,000 of the debt into 12,142,857 shares of Common Stock.

NOTE 15 – RESTATEMENT

The Company is restating its financial statements to adjust the cost of its gas leases acquired under common control and the related impairment. The impact of the restatement on 2012 is a decrease in the reported loss of $316,037, decrease in assets of $142,881 and decrease in paid in capital of $484,726 related to cancelation of indebtedness.

NOTE 16 – SUBSEQUENT EVENTS (UNAUDITED)

Management has evaluated the Company's activity since the end of the period on December 31, 2013, and in their opinion has determined that the following material subsequent events occurred that would require disclosure in the financial statements.

In February of 2014, Actual Investments LLC converted one of its $30,000 promissory notes into 10,000,000 shares of the Company's Common Stock.