HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

EXHIBIT #3
Fasken Oil and Ranch, Ltd.
Federal "26-A" No. 5
1875' FSL & 2255' FEL
Sec. 26, T18S, R33E
Lea County, New Mexico

30-025-39810

I. Hydrogen sulfide Training.

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H2S).

2. The proper use and maintenance of personal protective equipment and life support systems.

3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

4. The proper techniques of first aid and rescue procedures.

In addition the supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.

3. The contents and requirements of the H2S Drilling Operations Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan. This plan shall be available at the will site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S Safety Equipment and Systems.

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above or three days prior to penetration the first zone containing or reasonable expected to contain H2S.

1. Well Control Equipment:

A. Flare line.

B. Choke manifold.

C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

D. Auxiliary equipment to include: annular preventer, mud-gas separator (if necessary) and rotating head.

2. Protective equipment for essential personnel:

A. 5-minute escape units located in the dog house and 30-minute air units at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 3 - portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

B. 1 - portable SO2 monitor positioned near flare line during H2S flaring operations.

4. Visual warning systems:

A. Wind direction indicators as shown on well site diagram.

B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be a readable distance from the immediate location.

5. Mud program.

A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight safe drilling practices and the use of H2S scavengers when necessary will minimize hazards when penetrating H2S bearing zones.

B. A Mud-gas separator will be utilized.

6. Metallurgy:

A. All drill strings, casings, tubing, wellhead, blowout preventors, drilling spools kill lines, choke manifold and lines valves shall be suitable for H2S service.

B. All elastomers used for packing and seals shall be H2S trimmed.

7 Communications:

A. Radio communications will be available in company vehicles and rig dog house.

8. Well testing:

A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.

Fasken Oil and Ranch, Ltd.

H2S Contingency Plan

Emergency Phone Numbers

Federal "26A" No. 5

Fasken Oil and Ranch, Ltd.	432 687-1777

Key Personnel

Tommy Taylor, Drilling Manager	432 556-2228
Cory Frederick, Drilling Engineer	432-288-0086
Deryl Briles, Drilling Foreman	432 556-4269
Jimmy Davis, Operations Manager	432 557-5668

Hobbs, Lea County, New Mexico

Ambulance	911
State Police	911 or 575 392-5580
Sheriff's Office	911 or 575 396-3611
Fire Department	911 or 575 397-9308
Local Emergency Planning Committee	575 393-2870
New Mexico Oil Conservation Division	575 393-6161

Carlsbad, Eddy County, New Mexico

Ambulance	911
State Police	911 or 575 885-3138
Sheriff's Department	911 or 575 887-7551
Fire Department	911 or 575 885-3125
Local Emergency Planning Committee	575 887-7553
Bureau of Land Management	575 887-6544
New Mexico Oil Conservation Division (Artesia)	575 748-1283

Statewide and National Emergency Numbers

New Mexico Department of Homeland Security And Emergency Management	505 476-9600
New Mexico State Emergency Operations Center (24 Hour Number)	505 476-9635
National Emergency Response Center	800 424-8802

Other Numbers for Emergency Response

Boots & Coots IWC	800 256-9688 or 281 931-8884
Cudd Pressure Control	432 563-3356
MCH Care Star Flight Service (air ambulance)	432 640-4000
Aerocare (air ambulance)	806 725-1111

SURFACE USE PLAN
Fasken Oil and Ranch, Ltd.
Federal "26-A" No. 5
1875' FSL & 2255' FEL
Sec. 26, T18S, R33E
Lea County, New Mexico

1. EXISTING ROADS - Area map, Exhibit #1, is a reproduction of the U.S.G.S., NW/4 Laguna Gatuna Quadrangle. Existing and proposed roads are shown on the exhibit. All roads shall be maintained in a condition equal to that which existed prior to start of construction.

   A. Exhibit #1 shows the proposed development well site as staked.

   B. From the junction of state highway 529 and L125 (Quecho Rd.), turn Southwest on lease road for 3.7 miles. Turn South and go 0.6 miles. Turn South and go 0.2 miles. Turn East and go 0.3 miles to the Fasken Federal "26-A" No. 1 location and lease road to the East. Go East .25 miles to the proposed Federal "26-A" No. 6 location. At the edge of the proposed location follow proposed lease road .2 miles NW to location.

2. PLANNED ACCESS ROADS, POWERLINE, AND PIPELINE – 935' of new access road will be constructed from the proposed Federal "26-A" No. 6 pad. If the well is successful, we will bury a 3" or 4" pipeline along the edge of the road to connect to the production facilities at the Federal "26-A" No. 1 location. A powerline, either overhead or underground would also be constructed along the road, connecting to an existing powerline on the Federal "26-A" No. 1 location. Exhibit #7 illustrates the route of the proposed flowline, Exhibit #8 illustrates the path of the proposed powerline.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS.

   A. Water wells – None Known.

   B. Disposal wells – As shown on Exhibit #2.

Marbob Energy	Pick State #2

   C. Drilling wells – None Known.

   D. Producing wells - As shown on Exhibit #2

Fasken Oil and Ranch, Ltd.	Federal "27" No. 2
Fasken Oil and Ranch, Ltd:	Federal "27" No. 1
Fasken Oil and Ranch, Ltd.:	Federal "26-A" No. 1
Fasken Oil and Ranch, Ltd.:	Federal "26-A" No. 3
Concho Resources	Archie Federal No. 1
T. H. McElvain Oil and Gas	McElvain No. 7
T. H. McElvaini Oil and Gas	McElvain No. 9
Chesapeake	Edith Federal No. 1
Chesapeake	McElvain No. 5
Chesapeake	Edith Federal No. 4
Chesapeake	Edith Federal No. 3
Seely Oil Co.	E-K Penrose Sand Unit No. 201
Seely Oil Co	E-K Penrose Sand Unit No. 206
Roca Resources	State LG No. 2484
Marbob Energy	Rugburn State #2
Seely Oil Co.	Buffalo Unit No. 8
Seely Oil Co.	Buffalo Unit No. 10

E. Abandoned wells - As shown on Exhibit #2.

Texo Oil Co.	Buffalo Unit No. 11
Manzano	Sun Federal No. 1
Fasken Oil and Ranch Ltd	Federal "26-A" No. 2
Hanagan Petroleum	Southern Union No. 1
Seely Oil	McElvain Federal No. 4
Western Drilling Co. Inc.	Buffalo Federal Unit #2

4. If, upon completion, the well is a producer Fasken Oil and Ranch, Ltd. will furnish maps or plats showing "On Well Pad Facilities" and "Off Well Pad Facilities" (if needed) on a Sundry Notice before construction of these facilities starts.

5. LOCATION AND TYPE OF WATER SUPPLY

Fresh and Brine water will be purchased locally from a private source and trucked over the access roads.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill sites excavations or from a local source. These materials will be transported over the access roads as shown on Exhibit #1.

7. METHOD FOR HANDLING WASTE DISPOSAL

A. 1. Drill cuttings will be disposed hauled off location to an approved disposal site.

2. Trash, waste paper, and garbage will be contained in a trash trailer and disposed of in an approved public landfill.

3. All mud materials including salts will be picked up by the mud supplier and transported back to their warehouse facilities.

4. Sewage from trailer houses will drain into hole with a minimum depth of 10'. A "Porta John" will be provided for the rig crews. This will be properly maintained and removed after drilling operations are completed.

5. Chemicals remaining after completion of the well will be stored in the manufacturer containers and picked up by the supplier.

B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time, they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during the testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

A. Exhibit #3 is the H_2S Drilling Operations Plan.

B. Exhibit #4 (Scale 1" = 50') shows the proposed well site layout.

C. This exhibit indicates the proposed location of reserve pit, trash trailer and living facilities.

D. Mud pits in the active circulation system will be steel pits.

E. The reserve pit will be lined with a 20 mil polyethylene liner laid over a layer of geotextile material to prevent liner tears. The pit liner will be a minimum of 2' over the reserve pit walls where the liner will be anchored down.

F. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion operations. The fourth side will be fenced after drilling has been completed. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location pad and surface facilities. After the area has been shaped and contoured, top soil from the spoil pile (if any) will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recontoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

11. OTHER INFORMATION

A. The topography is of sand hills with vegetation of sagebrush and native grasses. The soils are sandy and very shallow.

B. The surface is used for livestock grazing. The surface is owned by the United States and is leased by Mr. Kenneth Smith, 267 Smith Ranch Road, Hobbs, NM 88240.

C. An archeological study for this location, road and proposed pipeline is attached.

D. There are no buildings of any kind in the area.

12. OPERATOR'S REPRESENTATIVE - Field representative for contact regarding compliance with the Surface Use Plan is:

Before, during & after Construction:

Cory Frederick
303 W. Wall Ave., Suite 1800
Midland, Texas 79701-5116
(432) 687-1777

Fasken Oil and Ranch, Ltd.

Federal "26A" No. 5

Operator Certification

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws application to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 15th day of March 2010.

Tommy C. Taylor

Signature

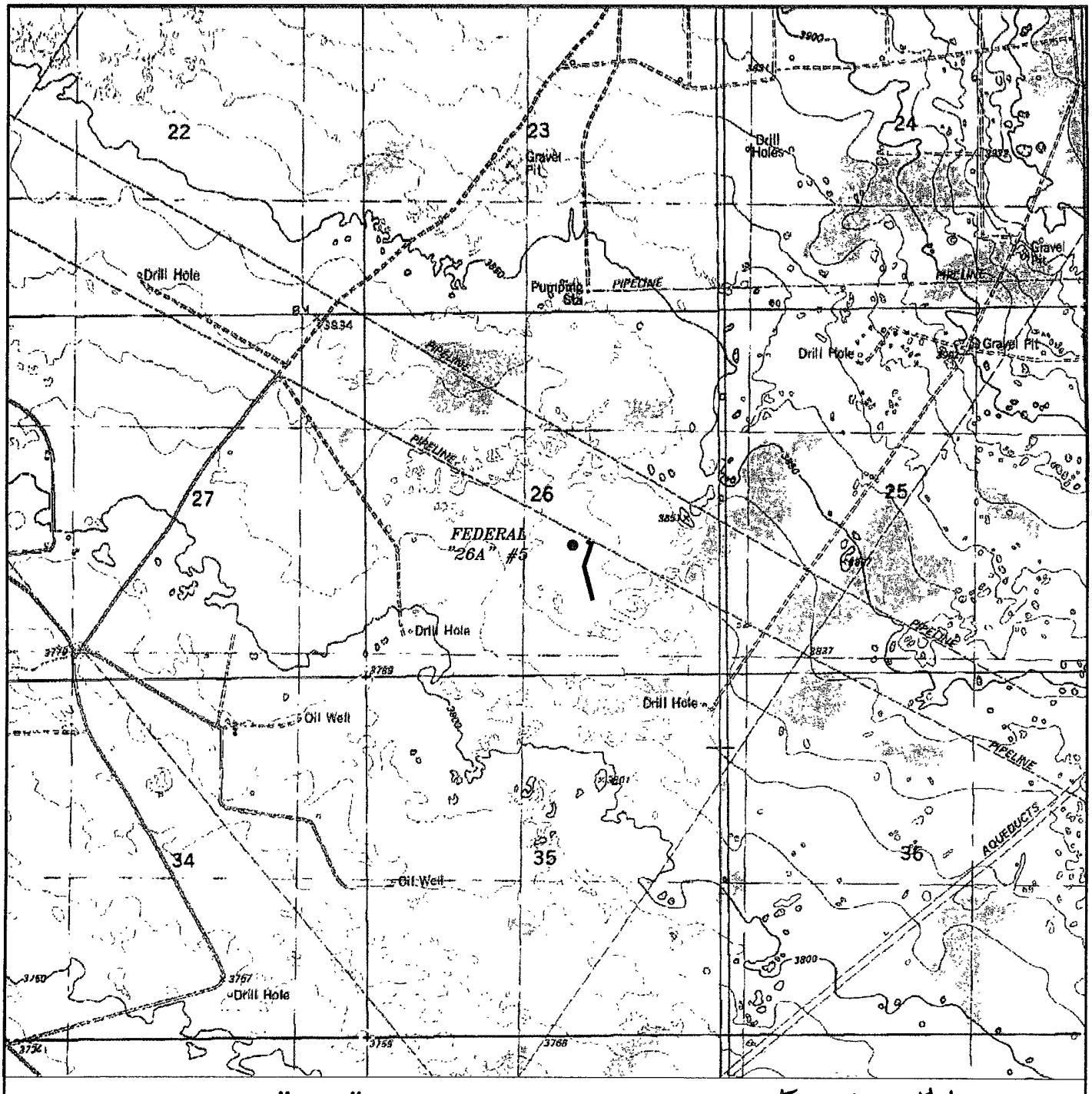
Name: Tommy Taylor

Position: Drilling Manager

Address: 303 West Wall, Suite 1800
Midland, TX 79701

Telephone: (432) 687-1777

Email: tommyt@forl.com



FEDERAL "26A" #5
Located 1875' FSL and 2255' FEL
Section 26, Township 18 South, Range 33 East,
N.M.P.M., Lea County, New Mexico.

Exhibit #1

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number:	JMS 22351
Survey Date:	02-12-2010
Scale:	1" = 2000'
Date:	02-17-2010

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FASKEN OIL AND RANCH, LTD

Date: 2/25/2010
Time: 1:36 PM

PI/Dwights PLUS on CD Map Report

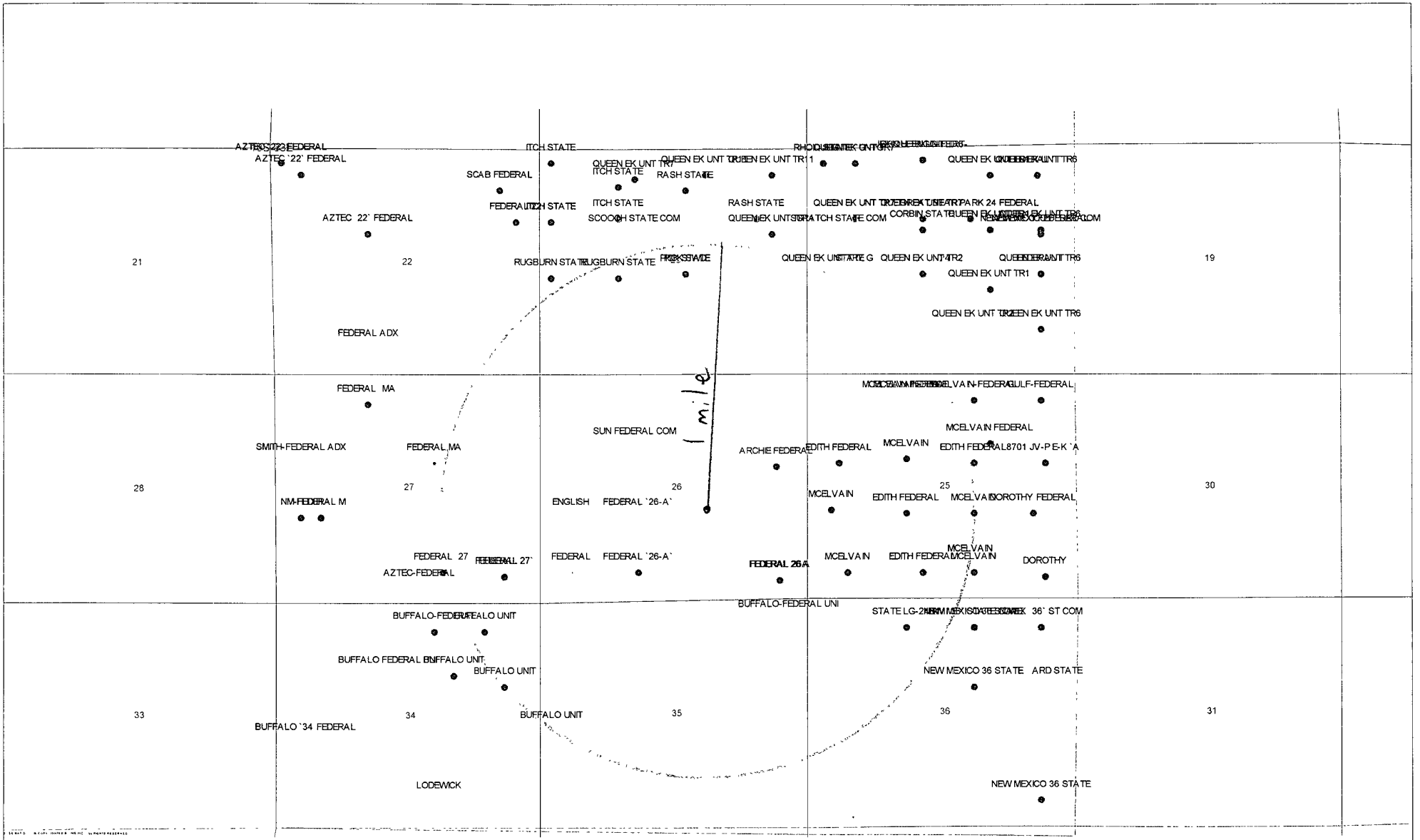


Exhibit #2

SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO.

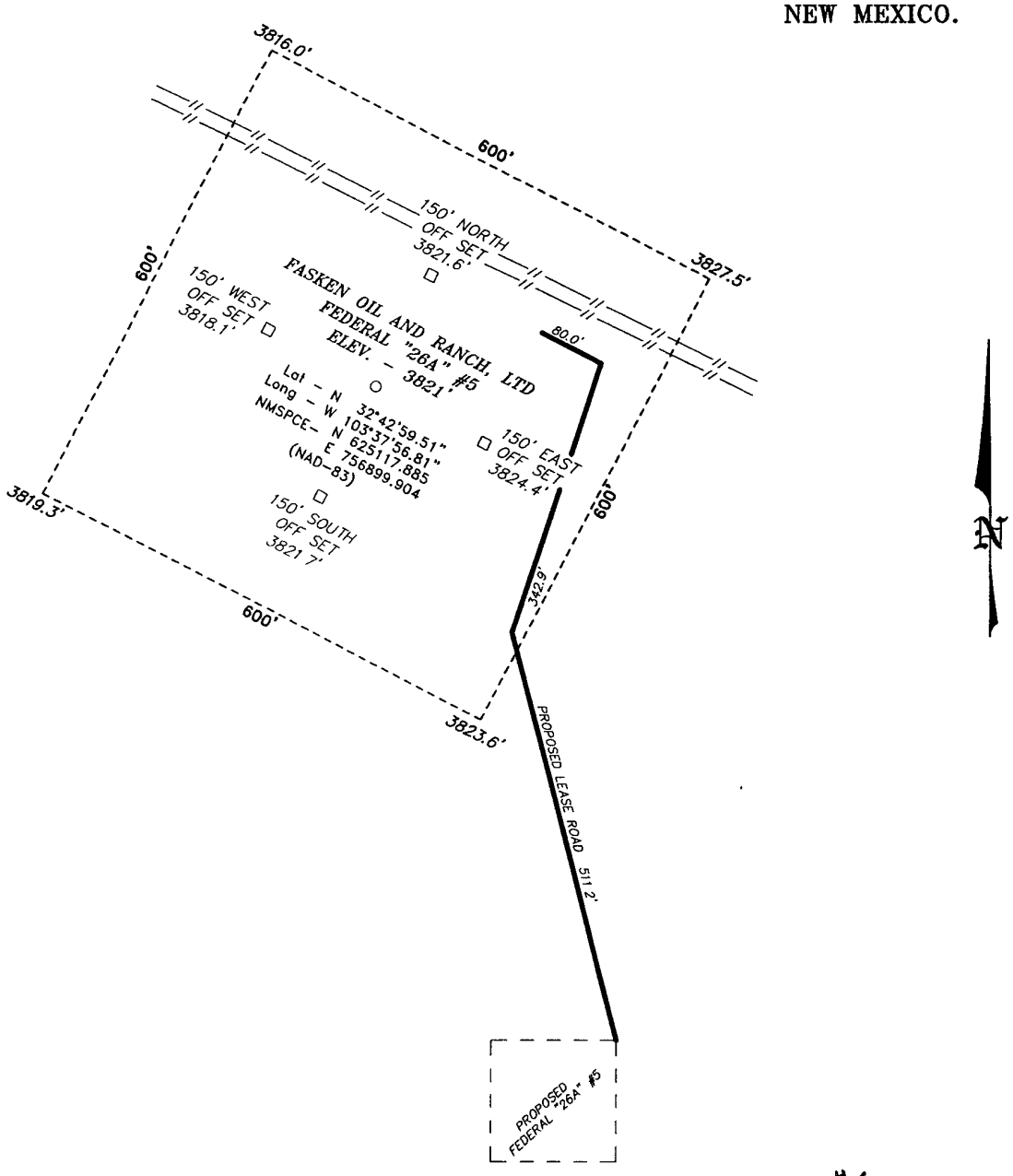


Exhibit #6

200 0 200 400 FEET

SCALE: 1" = 200'

Directions to Location:

FROM MILE MARKER 17 OF HWY 209, GO WEST 0.1 MILS TO LEASE ROAD, ON LEASE ROAD GO SOUTHWEST 0.1 MILES TURNING SOUTH 0.3 MILES TO A "T". GO SOUTHWEST 2.9 MILES TO ANOTHER "T", GO SOUTHEAST 1.0 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 0.2 MILES TO THE FEDERAL "26A" #1 LOCATION AND CONTINUE EASTERLY 0.2 MILES TO PROPOSED WELL AND PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 22351	Drawn By: J. SMALL
Date: 02-17-2010	Disk: JMS 22351

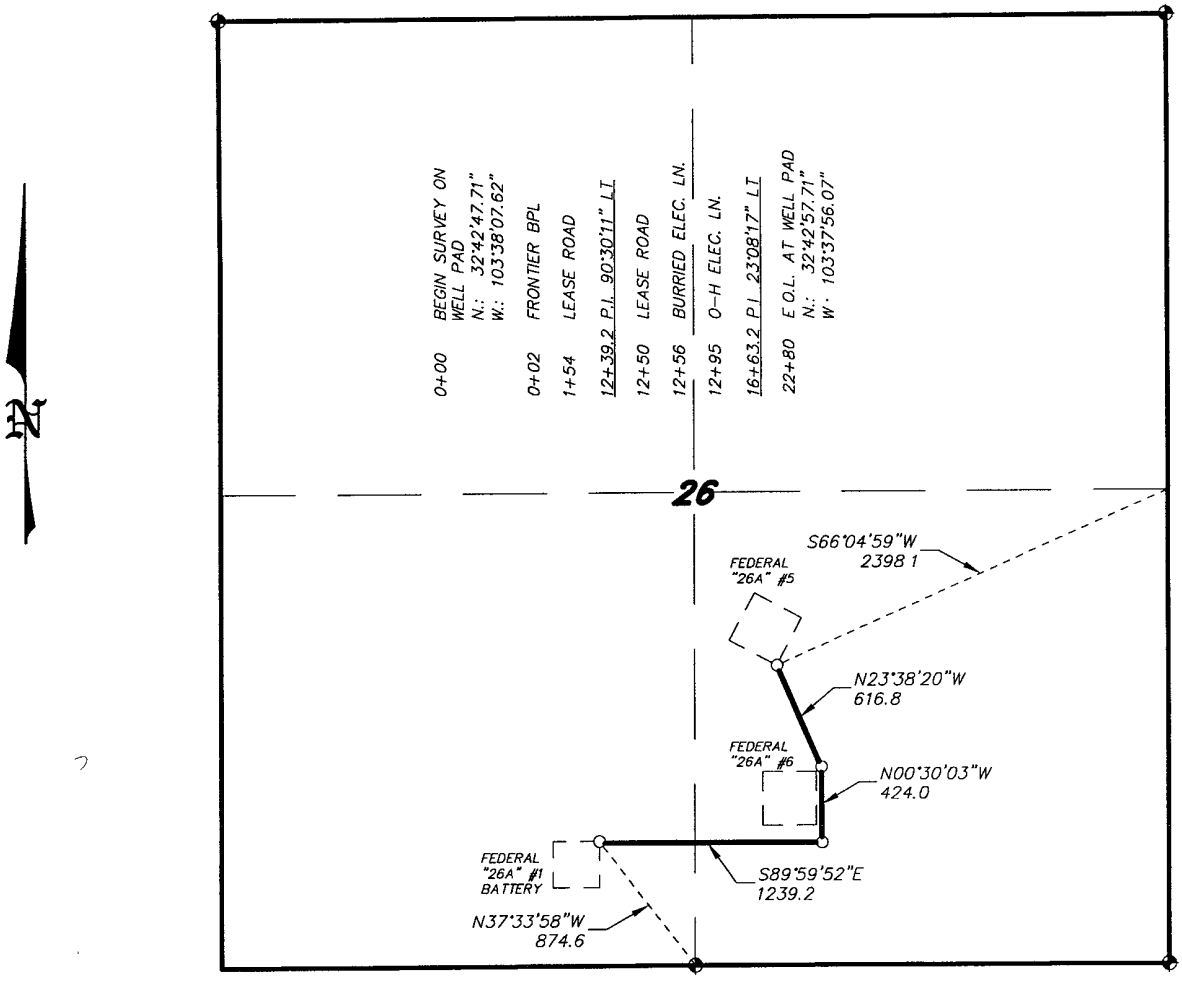
FASKEN OIL AND RANCH, LTD

REF: FEDERAL "26A" #5 / WELL PAD TOPO

THE FEDERAL "26A" #5 LOCATED 1875' FROM THE SOUTH LINE AND 2255' FROM THE EAST LINE OF SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 02-12-2010	Sheet 1 of 1 Sheets

SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 26 = 2280.0 FEET = 138.18 RODS = 0.43 MILES = 1.57 ACRES

Exhibit No. 7

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES — NEW MEXICO No. 7977 — TEXAS P.L.S. No. 5074

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 22351	Drawn By: J. M. SMALL
Date: 02-17-2010	Disk: JMS 22351

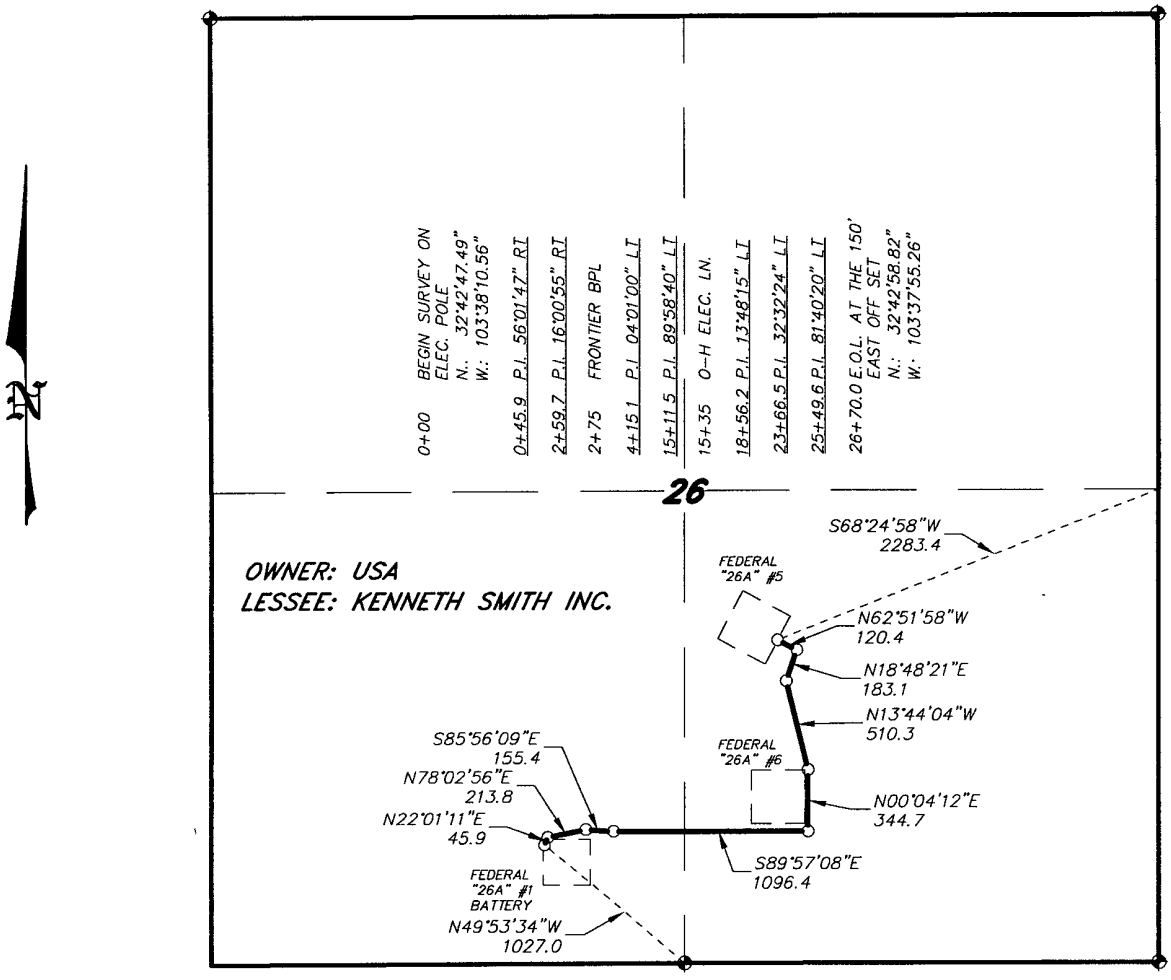
FASKEN OIL AND RANCH, LTD

REF: PROPOSED FLOWLINE TO THE FEDERAL 26A #.5

A FLOWLINE CROSSING USA LAND IN SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 02-12-2010	Sheet 1 of 1 Sheets

SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 26 = 2670.0 FEET = 161.82 RODS = 0.51 MILES = 1.84 ACRES

Exhibit No. 8

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES — NEW MEXICO No. 7977 — TEXAS P.L.S. No. 5074

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 22351	Drawn By: J. M. SMALL
Date: 02-17-2010	Disk: JMS 22351

FASKEN OIL AND RANCH, LTD

REF: PROPOSED ELECTRIC LINE TO THE FEDERAL 26A #5

AN ELECTRIC LINE CROSSING USA LAND IN SECTION 26, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 02-12-2010	Sheet 1 of 1 Sheets