

Overview

- ◆ FO Oil & Gas III, Ltd. (“Fund III” or the “Fund”) is an oil and gas investment that provides affluent investors with direct participation in the exploration, development and production of oil and natural gas resources.
- ◆ Fund III was established for the exclusive purpose of developing and exploiting three areas which are either an extension of, adjacent to, or offsetting existing production in wells in which the Principals of FO Energy, Ltd. (“FO Energy”) have an ongoing interest.
- ◆ Fund III is targeting oil reserves which is generally believed will continue to rise in price as global economic and demographic expansion requires greater energy needs.
- ◆ The objective of the Fund is to build cash flow and profits not only through oil and gas production, but also through the development of strategic assets such as proved undeveloped drill locations along with key acreage and seismic data, with a view toward continued development or sale of these assets at significant gain to investors.
- ◆ Fund III will focus on the development of areas in three key regions in Ohio, including areas of Huron County, Seneca County, and Stark County.



The Investment Rationale

- ◆ **Value Creation** - Value will be created when the Project Areas are proven to contain reserves. At that point, the value of the Fund assets will increase substantially, even at conservative oil and gas pricing.
- ◆ **Attractive Returns** - Based upon financial estimates and conservative oil and gas prices, Fund III estimates investor returns between 22% - 40%, net of all fees. Cash flow is estimated to begin in the second year of operation, possibly offsetting capital committed by investors by 50%.
- ◆ **Management Experience** - The managers have unparalleled experience in oil and gas development, exploration and production over the last 40+ years, including having gained many years of experience working in or adjacent to the Project Areas.
- ◆ **Prior Investments in Project Areas** - FO Energy, FO Oil & Gas I, Ltd. (“Fund I”), and FO Oil & Gas II, Ltd. (“Fund II”) have invested over \$3.5m in the adjacent and offsetting areas, which has resulted in the discovery of two separate oil and gas pools. In addition, as reservoir experience has increased, drilling success has risen to 75%.
- ◆ **Preferred Interests** - The Fund is structured so that the General Partner participates in the profit of the Fund only after the Limited Partners receive the return of capital, plus the annual preferred return of 8%.
- ◆ **FO Energy Commitment** - The Principals of FO Energy will make an aggregate Limited Partnership Commitment equal to at least 25% of the aggregate Commitments from investors in Fund III.
- ◆ **Exit Strategy** - Fund III intends to develop the Project Areas over the next five-year period and then undertake to market and sell Fund interests. If this does not occur, the General Partner will offer to purchase as much of the Limited Partner interests based upon 1/2 of the General Partner’s cash flow from the Fund.
- ◆ **Tax Advantages** - There are several significant tax advantages to investing in oil and gas projects. Please consult a tax professional to review your individual situation.

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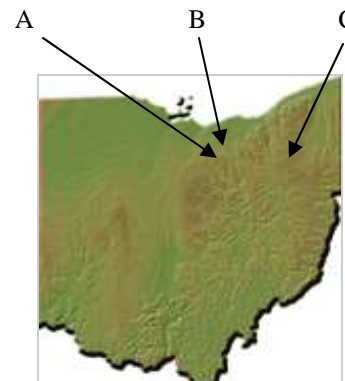
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Project Areas

The three areas of development in Ohio that the Fund will target are:

- ◆ **(A) Huron/Seneca Counties** - This area consists of a 12.5% interest in +-14,000 acres, which is adjacent to existing producing acreage owned by the FO Energy Principals.
- ◆ **(B) Huron County** - This area consists of an approximate 22% interest in +-6,000 acres, which is an extension along the same geologic trend as currently producing wells owned by the FO Energy Principals.
- ◆ **(C) Stark County** - This area consists of a 43.75% interest in +-1,200 acres, which is offsetting very productive wells held by the FO Energy Principals, Fund I, and Fund II.

An important characteristic of the Fund is that the Project Areas are adjacent to prolific pools of production. Each of these pools continue to produce.



Related Entities

- ◆ **FO Energy, Ltd.** - FO Energy is an investment partnership created by Henry S. Belden, IV, Todd A. Lensman, John B. Thomas and Leo A. Schrider, otherwise known as the FO Energy Principals. The Principals are also managers of the Fund.
- ◆ **FO Oil & Gas I, Ltd.** - Formed in 2006, Fund I invests in oil and gas land acquisitions and drilling projects with select drilling and operating partners. Fund I focuses on exploratory and developmental drilling in Ohio and Pennsylvania.
- ◆ **FO Oil & Gas II, Ltd.** - Formed in 2008, Fund II invests in oil and gas land acquisition and drilling projects with select drilling and operating partners. Fund II focuses on developmental and drilling projects in northern and northwest Ohio, similar to the areas targeted by Fund III.

Investment Strategy and Objective

- ◆ **Strategy** - The investment strategy is to create valuable assets in each of the Project Areas by unlocking the oil and gas production potential of the acreage through key acquisitions, seismic work and proving production potential. Once this is achieved, the assets may be sold or continue to be developed and produced, whichever is considered more valuable.
- ◆ **Objective** - The investment objective is to create maximum cash flow and value within each of the Project Areas that is realized via the production of oil and gas, the sale of developed assets, or a combination of both. Value creation depends upon the proven, unproven and developed oil and gas reserves.
- ◆ **Value Estimates** - If the drilling results confirm the potential that we believe exists in the Project Areas and the commodity prices are at conservative estimated levels, potential value would approximate the figures projected in the chart below, net of fees and expenses.

Estimated Potential Value	Property A	Property B	Property C	Total
Proved Developed Producing and Proved Developed Non-Producing Value ¹	\$3,464,000	\$5,695,000	\$9,289,000	\$18,448,000
Proved Undeveloped Value ²	\$1,125,000	\$1,750,000	\$3,030,000	\$5,905,000
Unproved Reserves Value ³	\$300,000	\$500,000	\$200,000	\$1,000,000
Total ⁴	\$4,889,000	\$7,945,000	\$12,519,000	\$25,353,000

- (1) Projected revenue to the Fund from commencement to June 30, 2015 plus the estimated present value (PV10) of Proved reserves at June 30, 2015, after Fund expenses. For these purposes, production is assumed to be similar to the production results in the applicable adjacent or offsetting areas and prices are assumed to be \$4.00 per mcf of gas and \$75.00 per barrel of oil.
- (2) Estimated at the development or sale value of Proved Undeveloped reserves at June 30, 2015.
- (3) Estimated at the development or sale value of Unproved reserves at June 30, 2015.
- (4) Includes the aggregate value to the General Partner and the Limited Partners.

Summary of Terms

THE FUND:	FO Oil & Gas III, Ltd. (“Fund III” or the “Fund”), an Ohio Limited Partnership.
FUND OBJECTIVES:	For the exclusive purpose of developing and exploiting three Project Areas, each of which is near or adjacent to existing production wells in which the Principals of FO Energy have an interest.
USE OF PROCEEDS:	Investor Capital will be used for drilling costs, seismic surveys, purchase of acreage, the payment of fees and expenses and any other costs to achieve the Fund objectives.
COMMITTED CAPITAL:	\$7,500,000.
CLOSING DATE:	June 30, 2010, or upon the fulfillment of the Committed Capital.
INVESTOR SUITABILITY:	Limited Partnership Interests are offered in units of \$250,000 to Accredited Investors.
GENERAL PARTNER:	FO Oil & Gas, LLC (“GP”), a wholly-owned subsidiary of FOFM, LLC.
FUND MANAGERS:	FOFM, LLC and FO Energy Development, LLC.
GENERAL PARTNER AND RELATED PARTY COMMITMENTS:	The GP will make a cash Commitment equal to 1% of the aggregate Commitments. The FO Energy Principals will make an aggregate Limited Partner Commitment equal to at least 25% of the aggregate Commitments.
INVESTMENT PERIOD:	Five years from the final closing.
FUND TERM:	Ten years, subject to two consecutive one-year extensions at the election of the General Partner and approval of Limited Partners holding a majority of the Limited Partner interests.
DISTRIBUTIONS:	The Limited Partners (“LPs”) will first receive a return of Capital invested, plus an 8% annual preferred return on these amounts. After the LPs have received the “Payout,” subsequent distributions shall be made 50% to the LPs and 50% to the GP until the total distribution ratio is 80% to the LPs and 20% to the GP. Thereafter, all distributions shall be paid 80% to the LPs and 20% to the GP.
REPURCHASE OF LIMITED PARTNERSHIP INTERESTS:	Within one year after the Payout, the GP shall offer to acquire so much of the LPs interests as may be acquired using one-half of the then GP cash flow from its interest in the Fund and based upon the value of such interests as determined by independent valuation.
MANAGEMENT FEES:	During the Fund Term, 2% per annum of the aggregate Commitments, payable from production or quarterly in advance if pursuant to a call upon the LPs.
TRANSACTION FEES:	The GP will not charge transaction fees on the costs and expenses of the Fund or the disposition of Fund assets.
ORGANIZATION EXPENSES:	The Fund will bear up to \$225k of organizational and marketing expenses. Any expenses in excess of this amount shall be borne by the GP.
LEVERAGE:	There will be no use of leverage.

Summary

- ◆ **Opportunity to Participate in Oil and Gas Production and Development** - The need for energy in the U.S. and the world will only increase as economic conditions improve and economies grow. Fund III is allowing affluent individuals to take advantage of this key investment opportunity on a private basis. The Fund will allow investors to participate as closely to oil and gas developing, without being an oil and gas developer.
- ◆ **Building upon Past Success and Knowledge** - The Principals of FO Energy and FO Oil & Gas, LLC have made significant commitments to target areas and strategies. They have years of experience and technical knowledge invested in the Project Areas. Fund III investors will benefit from their past work and continued participation.
- ◆ **Clearly Defined Strategies and Objectives** - Fund III has a clearly defined development plan that targets key Project Areas either adjacent to or offsetting existing production. The Fund's objectives are to create value for investors not only through oil and gas production, but by development of strategic assets. As a result, cash flows are projected to offset committed capital in the third year.
- ◆ **Tax Advantages to Oil and Gas Investing** - Oil and gas investments enjoy tax advantages that are not available with other investments, which will become more important as Federal and State governments seek to increase their revenues. Please see your tax advisor to review your particular situation.



Certain Risk Factors

Disclosures

This document is provided on a confidential basis to a limited number of investors for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any securities of the Fund. If any offer of securities is made, it will be made pursuant to a confidential private placement memorandum and subscription documents and will be subject to the terms and conditions contained in such documents. The Fund has not yet commenced operations. The information contained herein is qualified in its entirety by reference to the Fund's private placement memorandum, which contains additional information about any investment objectives, terms and conditions of an investment in the Fund and also contains tax information and risk disclosures that are important to any investment decision regarding the Fund. This document is intended solely for the designated recipient and the Fund, FOFM, LLC, FO Oil & Gas, LLC, and any of their affiliates or employees shall have no liability for the use, misuse, or distribution of this document to unauthorized parties. Opinions expressed herein are subject to change without notice. The investment mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors. Additional information may be provided upon request.

No Assurance of Investment Return and No Operating History

The Fund will be newly formed and therefore has no operating history upon which prospective investors may evaluate its performance. An investment in the Fund requires a long-term commitment with no certainty of return. There is no assurance that the Fund will be able to generate attractive returns for the investors or that the returns will be commensurate with the risks of investing in the type of operation described herein. An investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Any past performance of persons or investment entities associated with the Fund and its affiliates is not necessarily indicative of the Fund's future results and may not be construed as an indication of future results of an investment in the Fund. There can be no assurance that targeted returns for the Fund will be achieved. The Fund is subject to all of the business risks and uncertainties associated with oil and gas investing, including the risk that it will not achieve its investment objective and that the value of the investment could decline.

Projections and Forward-Looking Statements

Certain information contained herein (including targets, forward-looking statements, economic and market information) has been obtained from published sources and/or prepared by third-parties and in certain cases has not been updated through the date hereof. While such sources are believed to be reliable, none of the Fund, FOFM, LLC, FO Oil & Gas, LLC, or any of their affiliates or employees assumes any responsibility for the accuracy or completeness of such information.

To insure compliance with IRS Circular 230, you are hereby notified that any discussions of tax matters set forth herein were not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding penalties that may be imposed. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.