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Case 15043

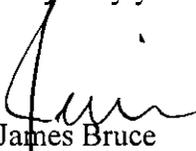
August 20, 2013

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Regeneration Energy Corp., are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 19, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Regeneration Energy Corp.

PERSONS BEING NOTIFIED

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF REGENERATION ENERGY
CORP. FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

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Case No. 15043

APPLICATION

Regeneration Energy Corp. applies for an order creating a non-standard 160-acre oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2E/2 of Section 17, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

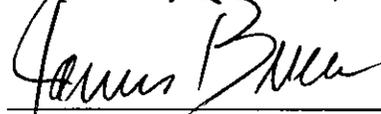
1. Applicant is a working interest owner in the E/2E/2 of Section 17 and has the right to drill a well thereon.
2. Applicant proposes to dedicate the E/2E/2 of Section 17 to its proposed Madera 17 Fed. Well No. 1H, to be horizontally drilled from a surface location in the NE/4NE/4, to a standard bottomhole location in the SE/4SE/4, of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2E/2 of Section 17 for the purposes set forth herein.
4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Applicant seeks an order pooling all mineral interest owners in the E/2E/2 of Section 17, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E/2E/2 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2E/2 of Section 17, Township 23 South, Range 34 East, N.M.P.M.;
- B. Pooling all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit;
- C. Designating Applicant as operator of the subject well;
- D. Considering the cost of drilling and completing the well, and allocating its cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Regeneration Energy Corp.

Proposed Advertisement

Case 15043 :

Application of Regeneration Energy Corp. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard 160-acre oil spacing and proration unit in the Bone Spring formation comprised of the E/2E/2 of Section 17, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The non-standard unit is to be dedicated to applicant's Madera 17 Fed. Well No. 1H, to be drilled horizontally from a surface location 330 feet from the north line and 380 feet from the east line, to a bottom hole location 330 feet from the south line and 380 feet from the east line, of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for risk involved in drilling the well. The unit is located approximately 18-1/2 miles west-northwest of Jal, New Mexico.

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