

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

July 9, 2012

Chevron USA Inc.
1400 Smith Street
Houston, TX 77002

Attn: Mr. Kevin Stubbs

RE: Well Proposal
Madera 17 Federal 1H
330' FNL 660' FEL Section 17
T-24S R-34E NMPM
Lea County, New Mexico

Dear Mr. Stubbs,

Regeneration Energy Corp. would propose the drilling of the above described well. Enclosed for your review is an AFE and a JOA for the proposed well. Regeneration has drilled 2 wells in T-23S R-34E and has another one scheduled for September of this year. We would like to schedule this well for the fourth quarter of this year. We would prefer to have a larger interest in this project and as such we would make the following offers to you:

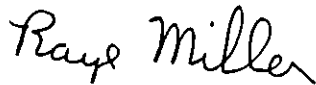
1. Carry you for a 50% interest in the drilling of the first well for an amount equal to \$1,000.00 per acre times the net acres assigned to us (1/2 of your interest) with Regeneration receiving an assignment at your full net revenue interest.
2. Purchase 50% of your interest at an 82.5% net revenue interest for \$900.00 per net acre.
3. Purchase all of your interest for \$1,000.00 per net acre for your full net revenue interest.

Oil Conservation Division
Case No. 2 15043
Exhibit No.

Our offers are extended to you for a period of 30 days from the date of this letter. If you wish to participate with your full interest please sign and return the AFE and signature page to my attention.

Regeneration is a small startup company with its principals being previous employees of Marbob Energy Corporation prior to its sale in 2010 to Concho. If you need more information regarding Regeneration or the well proposal please contact me.

Sincerely,

A handwritten signature in black ink that reads "Raye Miller". The signature is written in a cursive, flowing style.

Raye Miller
President

Authority for Expenditure		Well No:	Madera 17 Fed 1H		AFE No.:	02012-003
		Page:	330' FNL, 660' FEL		Date:	10-Jul-12
Regeneration Energy Corp		Section:	17			
PO Box 210		Township:	24s			
Artesia, NM 88211-0210		Range:	34e			
		County:	Lea			
Prepared By:	Raye Miller	State:	NM			
Description:	Drill hole to 9000', log well, drill horizontal well in Bone Spring Avalon Shale					
	Plan to run 5 1/2" production csg with plug/perf completion.					
TD:	16300' MD	Est. Days:	45 days drilling rig			
			Dry Hole	Completed		
Intangible Drilling Costs:						
	Permit/ROW		15,000	25,000		
	Location Construction		75,000	75,000		
	Conductor/RH/MH		10,000	10,000		
	Drilling, WSU		0	0		
	Drilling Daywork, d @ 19000/d		855,000	855,000		
	Mob/Demob		80,000	80,000		
	Fuel		160,000	160,000		
	Mud		100,000	100,000		
	Chemicals		5,000	5,000		
	Water		60,000	60,000		
	Closed Loop Pkg		60,000	60,000		
	Solids/Mud Disposal		90,000	90,000		
	Bits		100,000	100,000		
	Tool Rental		100,000	100,000		
	Motor Rental		75,000	75,000		
	Communication Eqp		28,000	28,000		
	Directional Services		325,000	325,000		
	Misc Rental		125,000	125,000		
	Fishing Services		0	0		
	Mudlogging		83,000	83,000		
	Wireline/Logging		25,000	25,000		
	Cementing		200,000	200,000		
	Csg Prep/Crew/Laydown		45,000	45,000		
	Trucking/Transportation		50,000	50,000		
	Tank Rental		10,000	10,000		
	Wellsite Supervision		67,500	67,500		
	DP/DC Inspection		25,000	25,000		
	Welders		5,000	5,000		
	BOP Testing		6,000	6,000		
	Admin/Overhead		10,000	10,000		
	Plug and Abandonment		50,000	0		
	Other		100,000	100,000		
	Total IDC:		2,939,500	2,899,500		
Intangible Completion Costs:						
	Anchors/Loc Prep		0	3,000		
	WSU		0	30,000		
	BOP/Eqpt Rental		0	10,000		
	Tank Rental		0	25,000		
	Reverse Unit Pkg		0	15,000		
	Water/Mud		0	183,000		
	Fluid/Solids Removal		0	300,000		
	Kill/Transp/Vac Truck		0	15,000		
	Tubing Testing		0	0		
	Packer Rental/Service		0	0		
	Trucking/Transportation		0	75,000		
	Wireline/Perforating/Logging		0	175,000		
	Acidizing		0	100,000		
	Fracing		0	3,600,000		
	Cementing		0	0		
	Coiled Tubing		0	60,000		
	Wellsite Supervision		0	20,000		
	Admin and Overhead		0	10,000		
	Misc. Rentals		0	50,000		
	Misc. Services		0	100,000		
	Fishing Services		0	0		
	Roustabouts		0	10,000		
	Battery Construction		0	75,000		
	Other		0	100,000		

<p>AFE is an estimate of expected costs. Actual costs incurred in drilling, completing and equipping well will likely vary from AFE. Well participants agree to pay their share of the actual costs incurred in drilling, completing, equipping and otherwise making the well ready for production.</p>											
Operator: Regeneration Energy Corp				Approved: <u>Rays Muller</u>				Title: <u>President</u>			
				Decimal Working Interest: <u>.125</u>				Date: <u>7/10/12</u>			
Partner:				Approved:				Title:			
				Decimal Working Interest:				Date:			



Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

August 15, 2012

Chevron USA Inc.
1400 Smith Street
Houston, TX 77002

Attn: Mr. Austin Brown

RE: Letter including Well Proposal dated 7/9/2012
Madera 17 Federal 1H
330' FNL 660' FEL Section 17
T-24S R-34E NMPM
Lea County, New Mexico

Dear Mr. Brown,

Regeneration Energy Corp. is agreeable to extend the above offer to you for an additional 30 days being to the date of September 14, 2012. We hope that we can find an agreement that will be a win-win for both of our companies.

Sincerely,

Raye Miller
President

Raye P Miller

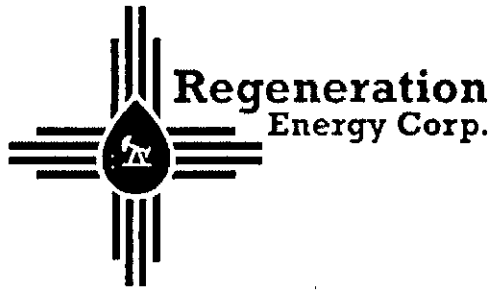
From: Raye P Miller <rmiller@pvtn.net>
Sent: Monday, January 28, 2013 9:45 AM
To: 'austinbrown@chevron.com'
Subject: Madera Trade
Attachments: MX-3100N_20130128_115702.pdf

Austin:

Attached is the proposed trade acreage. Please review and see if it works for your folks

Sincerely;

Raye Miller



PO Box 210
Artesia, NM 88211-0210

office: 575-736-3535

Regen ^{29/48}
Allar ^{19/48}

Chevron to assign 75% interest

N M 113418

480 net acres

Regeneration + Allar to assign 25% interest

N M 113419

310 net acres

N M 113417

110 net acres

Allar to assign 25% interest

N M 123527 w/2 SW/4 Sec 12

24-34

50 net acres

E/2 NW/4, SWNW. Sec 13

Allar to assign 12.5% interest

10 net acres

N M 123532 w/2 SW/4 Sec 25 24-34

Raye P Miller

From: Brown, Austin <AustinBrown@chevron.com>
Sent: Wednesday, February 13, 2013 3:38 PM
To: rmiller@pvtm.net
Subject: RE: Madera Trade

Raye,

My apologies for just now getting back to you. I am waiting to hear a final word from management on this, with the hopes of hearing something definitive sometime this week.

I will be in touch.

Thanks,

Austin Brown

Land Representative
Permian Asset Development
Chevron U.S.A. Inc.
1400 Smith, Room #43034
Houston, TX 77002
Phone: 713-372-7540

austinbrown@chevron.com

From: Raye P Miller [<mailto:rmiller@pvtm.net>]
Sent: Monday, January 28, 2013 10:45 AM
To: Brown, Austin
Subject: Madera Trade

Austin:

Attached is the proposed trade acreage. Please review and see if it works for your folks

Sincerely;

Raye Miller



**PO Box 210
Artesia, NM 88211-0210**

office: 575-736-3535



**Regeneration
Energy Corp.**

Office: 575-736-3535

**Post Office Box 210
Artesia, New Mexico 88211-0210**

Certified Return Receipt

June 5, 2013

Chevron USA Inc.
1400 Smith Street
Houston, TX 77002

The Allar Company
PO Box 1567
Graham, TX 76450

Attn: Mr. Austin Brown

Attn: Mr. John C. Graham

RE: Well Proposal
Madera 17 Federal 1H
330' FNL 380' FEL Section 17
T-24S R-34E NMPM
Lea County, New Mexico

Gentlemen,

Regeneration Energy Corp. would propose the drilling of the above described well. Enclosed for your review is an AFE and replacement pages for the previously submitted JOA. We would like to schedule this well for the third quarter of this year. We would prefer to have a larger interest in this project and as such we would make the following offers to you:

1. Carry you for a 50% interest in the drilling of the first well for an amount equal to \$1,000.00 per acre times the net acres assigned to us (1/2 of your interest) with Regeneration receiving an assignment at your full net revenue interest.
2. Purchase 50% of your interest at an 82.5% net revenue interest for \$900.00 per net acre.
3. Purchase all of your interest for \$1,000.00 per net acre for your full net revenue interest.

The BLM and OCD have now approved our Application to Drill at this location.

Our offers are extended to you for a period of 30 days from the date of this letter. If you wish to participate with your full interest please sign and return the AFE and signature page to my attention.

Additionally if Chevron would trade 50% of your acreage position to Concho, we would be agreeable to Concho operating and drilling this well.

We went thru an extended discussion with Chevron previously and could never get anything finalized on the property and well proposal and as such if we do not hear from you within 30 days we plan to go forward with a compulsory pooling for this well. If you need more information regarding Regeneration or the well proposal please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Raye Miller".

Raye Miller
President

Authority for Expenditure		Well:	Madera 17 Fed 1H		AFE No.:	2013-001
Regeneration Energy Corp		Location:	330' FNL, 380' FEL		Date:	5-Jun-13
PO Box 210		Section:	17			
Artesia, NM 88211-0210		Township:	24s			
		Range:	34e			
		County:	Lea			
Prepared By:	Raye Miller	State:	NM			
Description:	Drill horizontal well in Bone Spring Avalon Formation					
	Plan to run 5 1/2" production csg with plug/perf completion.					
TD:	16300' MD	Est. Days:	30 days drilling rig			
			Dry Hole	Completed		
Intangible Drilling Costs:						
Permit/ROW			15,000	25,000		
Location Construction			155,000	155,000		
Conductor/RH/MH			10,000	10,000		
Drilling, WSU			0	0		
Drilling Daywork, d @ 19000/d			570,000	570,000		
Mob/Demob			80,000	80,000		
Fuel			160,000	160,000		
Mud			100,000	100,000		
Chemicals			5,000	5,000		
Water			60,000	60,000		
Closed Loop Pkg			60,000	60,000		
Solids/Mud Disposal			120,000	120,000		
Bits			140,000	140,000		
Tool Rental			100,000	100,000		
Motor Rental			75,000	75,000		
Communication Eqpt			28,000	28,000		
Directional Services			325,000	325,000		
Misc Rental			125,000	125,000		
Fishing Services			0	0		
Mudlogging			83,000	83,000		
Wireline/Logging			25,000	25,000		
Cementing			200,000	200,000		
Csg Prep/Crew/Laydown			45,000	45,000		
Trucking/Transportation			50,000	50,000		
Tank Rental			10,000	10,000		
Wellsite Supervision			67,500	67,500		
DP/DC Inspection			25,000	25,000		
Welders			5,000	5,000		
BOP Testing			6,000	6,000		
Admin/Overhead			10,000	10,000		
Plug and Abandonment			50,000	0		
Other			100,000	100,000		
Total IDC:			2,804,500	2,764,500		
Intangible Completion Costs:						
Anchors/Loc Prep			0	3,000		
WSU			0	30,000		
BOP/Eqpt Rental			0	10,000		
Tank Rental			0	25,000		
Reverse Unit Pkg			0	15,000		
Water/Mud			0	183,000		
Fluid/Solids Removal			0	300,000		
Kill/Transp/Vac Truck			0	15,000		
Tubing Testing			0	0		
Packer Rental/Service			0	0		
Trucking/Transportation			0	75,000		
Wireline/Perforating/Logging			0	175,000		
Acidizing			0	100,000		
Fracing			0	3,600,000		
Cementing			0	0		
Coiled Tubing			0	60,000		
Wellsite Supervision			0	20,000		
Admin and Overhead			0	10,000		
Misc. Rentals			0	50,000		
Misc. Services			0	100,000		
Fishing Services			0	0		
Roostabouts			0	10,000		
Battery Construction			0	75,000		
Other			0	100,000		

ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

Regeneration Energy Corp. shall be the

Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 30th day of September, 2013, Operator shall commence the drilling of a well for oil and gas at the following location:

Madison 17 Federal LH
330° FNL 380° FEL
Section 17 T-24S R-34E

and shall thereafter continue the drilling of the well with due diligence to

Test the Bone Spring Formation

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

EXHIBIT "A"

Attached to a made a part of that certain Joint Operating Agreement dated July 10, 2012, by and between Regeneration Energy Corp., as Operator, and The Allar Company, et al, as Non-Operators.

I. CONTRACT AREA/DEPTH RESTRICTIONS:

Township 24 South, Range 34 East, N.M.P.M.
Section 17: ALL

Township 25 South, Range 34 East, N.M.P.M.
Section 11: S/2
Section 12: ALL
Section 13: NE/4, E/2NW/4

II. NAME, WORKING INTEREST PERCENTAGES, AND ADDRESSES OF THE PARTIES FOR NOTICE PURPOSES:

	Working Interest
Regeneration Energy Corp. P.O. Box 210 Artesia, NM 88211-0210	.125
The Allar Company PO Box 1567 Graham, TX 76450	.125
Chevron USA Inc. PO Box 2100 Houston, TX 77252-2100	.75

III. OIL AND GAS LEASES SUBJECT TO THE AGREEMENT:

Federal Lease Number:	NM 113418
Lease Date:	March 1, 2005
Lessor:	United States of America
Lessee:	The Allar Company

Federal Lease Number:	NM 113419
Lease Date:	March 1, 2005
Lessor:	United States of America
Lessee:	The Allar Company

Raye P Miller

From: Levine, Jason <JLevine@chevron.com>
Sent: Friday, June 21, 2013 1:37 PM
To: rmiller@pvtm.net
Cc: jmiller@pvtm.net
Subject: RE: Chevron - Well Proposal re: Madera 17 Federal 1H (Lea County, New Mexico)

Raye:

It was good to talk. Per our conversation, I want to clarify that although the well proposal letter is dated June 5, 2013, Chevron received it on June 14, 2013.

Sincerely,
Jason.

From: Levine, Jason
Sent: Friday, June 21, 2013 2:38 PM
To: 'jmiller@pvtm.net'
Cc: rmiller@pvtm.net
Subject: Chevron - Well Proposal re: Madera 17 Federal 1H (Lea County, New Mexico)

Joel:

Thanks for the note. Would you please send the JOA, the JOA Amendment and the JOA Exhibits in Word format?

Sincerely,
Jason A. Levine
Land Representative
jlevine@chevron.com

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
713-372-5313
Schedule A

From: Joel Miller [<mailto:jmiller@pvtm.net>]
Sent: Wednesday, June 19, 2013 5:09 PM
To: Levine, Jason
Cc: rmiller@pvtm.net
Subject: JOA Info Email No. 1

Jason,

Attached is the Original Offer Letter, Original AFE, and I also included the Revised JOA cover page that my dad, Raye Miller, should have included in the letter you recently received. I will send the Original JOA in a separate email due to size.

I think my dad left you a message. You can call him on his cell at 575-513-0176

Joel W. Miller



**PO Box 210
Artesia, NM 88211-0210
575-736-3535 office
575-513-0755 cell**

Boomer Sooner!

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chevron USA
Attn: Mr. Austin Brown
1400 Smith Street
Houston, TX 77002

2. Air Number

(Transfer from service label)

7012 2210 0001 7106 0905

PS Form 3811, February 2004

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

6-14-13

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

102595-02-M-1540

Raye P Miller

From: Levine, Jason <JLevine@chevron.com>
Sent: Monday, July 29, 2013 1:58 PM
To: rmiller@pvttn.net
Cc: jack@allarcompany.com; jmiller@pvttn.net; wmiller@pvttn.net; mjoyce@pvttn.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Bikun, Pam A.; Allen, Jessica L.; Verner, Frederick C
Subject: Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

Chevron has reviewed the proposal below and finds it acceptable **except** the idea that Chevron would assign its entire interest to Regeneration in Section 17, T24S, R34E if Chevron failed to spud by January 1, 2015. Chevron, or its assignee as the case may be, desires to enjoy the full primary term of March 1, 2015.

If Regeneration is interested in this counterproposal, please contact me by close of business tomorrow. Any agreement between Chevron and Regeneration would be subject to legal review and management approval. I look forward to hearing from you.

Sincerely,
Jason A. Levine
Land Representative
jlevine@chevron.com

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
713-372-5313
Schedule A

From: Raye P Miller [<mailto:rmiller@pvttn.net>]
Sent: Tuesday, July 09, 2013 9:07 AM
To: jack@allarcompany.com
Cc: mjoyce@pvttn.net
Subject: Trade Proposal Medera 17 Federal #1 Section 17 T-24S R-34E NMPM Lea county New Mexico

Dear Jason:

Regeneration and Allar would propose to trade our 25% interest in NM 113419 as to all depths (160 net acres) for a similar interest (160 net acres) in NM 113419 as to all depths except for the NW/4NW/4 of Section 13.

Chevron would sign a JOA for NM 113419 except for the NW/4NW/4 of Section 13 with Regeneration Energy Corp named as operator using the form currently proposed.

Chevron would reimburse Regeneration \$14,144.26 for expense incurred with permitting the approved APD on the Madera 17 Federal #1 and Regeneration would transfer operatorship to Chevron for that APD.

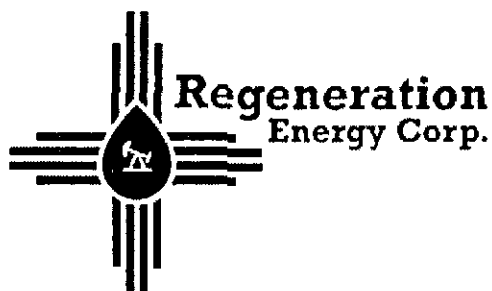
We would have an agreement that if Chevron does not spud a well on lease NM 113418 before 60 days prior to the expiration date of the lease then Chevron would transfer operations on any approved location to Regeneration and assign 100% of the interest to Regeneration and Allar at the full net revenue currently owned by Chevron so that we can try and spud a well to save the lease.

Regeneration and Allar would deliver their interest at a 75% NRI in lease NM 113418 and Chevron would deliver its interest at an 87.5% NRI in lease NM 113419. Chevron would have a blended NRI of 84.375% in lease NM 113418.

This offer is extended to you for a period of 15 days from July 15, 2013 and if you are in agreement we will prepare the necessary paperwork to complete this transaction as soon as you let us know you are in agreement with it.

Sincerely,

Raye Miller



**PO Box 210
Artesia, NM 88211-0210**

office: 575-736-3535

Raye P Miller

From: Levine, Jason <JLevine@chevron.com>
Sent: Wednesday, July 31, 2013 12:22 PM
To: rmiller@pvtn.net
Cc: Schwartz, Kenneth M.
Subject: RE: Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

I hope you are well. I just left you a voicemail. Would you mind sharing why you are so passionate about having Section 17 drilled before it expires, given that Regeneration would have no working interest after the proposed trade would be completed? Are there any other reasons besides your point about producing and saving it?

Sincerely,
Jason.

From: Raye P Miller [mailto:rmiller@pvtn.net]
Sent: Monday, July 29, 2013 5:32 PM
To: Levine, Jason
Cc: jack@allarcompany.com; jmiller@pvtn.net; wmiller@pvtn.net; mjoyce@pvtn.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Bikun, Pam A.; Allen, Jessica L.; Verner, Frederick C
Subject: RE: Counterproposal to Regeneration (Lea County, New Mexico)

Jason:

Thank you for your response. We are agreeable to Chevron or its assignee enjoying the full term of the lease to 3/1/15 if Chevron or its assignee will commit by January 1, 2015 to spud a well by 3/1/15 to try and save the lease. If no commitment is made and the lease will expire on 3/1/15 then Chevron or its assignee will assign the rights as previously described. If the commitment to drill is made and no drilling is done whereby the lease expires then Chevron or its assignee would pay Regeneration and Allar a \$500,000.00 penalty fee. We believe as you do, that this lease should produce and be saved. This offer is extended to you until 5pm CST Monday August 5, 2013.

Sincerely,

Raye Miller

From: Levine, Jason [mailto:JLevine@chevron.com]
Sent: Monday, July 29, 2013 1:58 PM
To: rmiller@pvtn.net
Cc: jack@allarcompany.com; jmiller@pvtn.net; wmiller@pvtn.net; mjoyce@pvtn.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Bikun, Pam A.; Allen, Jessica L.; Verner, Frederick C
Subject: Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

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If Regeneration is interested in this counterproposal, please contact me by close of business tomorrow. Any agreement between Chevron and Regeneration would be subject to legal review and management approval. I look forward to hearing from you.

Sincerely,
Jason A. Levine
Land Representative
jlevine@chevron.com

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
713-372-5313
Schedule A

From: Raye P Miller [<mailto:rmiller@pvtn.net>]
Sent: Tuesday, July 09, 2013 9:07 AM
To: jack@allarcompany.com
Cc: mjoyce@pvtn.net
Subject: Trade Proposal Medera 17 Federal #1 Section 17 T-24S R-34E NMPM Lea county New Mexico

Dear Jason:

Regeneration and Allar would propose to trade our 25% interest in NM 113419 as to all depths (160 net acres) for a similar interest (160 net acres) in NM 113419 as to all depths except for the NW/4NW/4 of Section 13.

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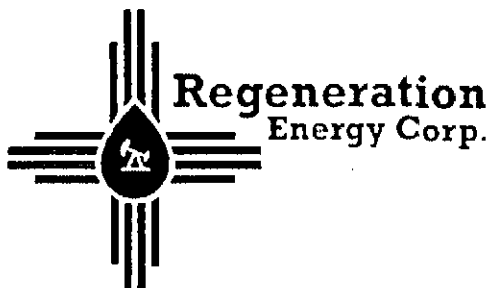
We would have an agreement that if Chevron does not spud a well on lease NM 113418 before 60 days prior to the expiration date of the lease then Chevron would transfer operations on any approved location to Regeneration and assign 100% of the interest to Regeneration and Allar at the full net revenue currently owned by Chevron so that we can try and spud a well to save the lease.

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PO Box 210
Artesia, NM 88211-0210

office: 575-736-3535

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From: Raye P Miller <rmiller@pvtn.net>
Sent: Monday, July 29, 2013 3:32 PM
To: 'Levine, Jason'
Cc: 'jack@allarcompany.com'; 'jmiller@pvtn.net'; 'wmiller@pvtn.net'; 'mjoyce@pvtn.net'; 'LeMieux, Vince J.'; 'O'Toole, Fredrick S. (fredotoole)'; 'Schwartz, Kenneth M.'; 'Bikun, Pam A.'; 'Allen, Jessica L.'; 'Verner, Frederick C'
Subject: RE: Counterproposal to Regeneration (Lea County, New Mexico)

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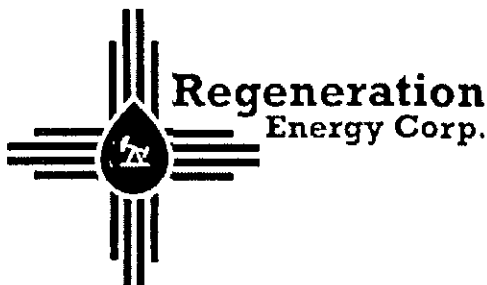
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To: 'Levine, Jason'
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Section 17 T 24S R 34E Lea County NM (640 gross acres)

CVX trades Regeneration its 75% WI (240 net acres) in the E/2 and its 18.75% WI (60 net acres) in the W/2

Regeneration obtains the interest at all depths at the full NRI owned by CVX

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This proposal is extended to you until 5:00 pm CST Monday August 12, 2013. We are pleased that this will make a fair trade between us and glad to get it finished to everyone's satisfaction.

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Raye Miller

From: Levine, Jason [mailto:JLevine@chevron.com]
Sent: Monday, August 05, 2013 12:40 PM
To: rmiller@pvtm.net
Subject: Revised Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

I revised the counterproposal. I hope this makes sense.

- *Section 17, T24S, R34E, Lea County, NM. (640 gross acres)*
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Cc: jack@allarcompany.com; jmiller@pvttn.net; wmiller@pvttn.net; mjoyce@pvttn.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.

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office: 575-736-3535

Raye P Miller

From: Raye P Miller <rmiller@pvtn.net>
Sent: Monday, August 19, 2013 8:02 AM
To: 'Levine, Jason'
Cc: jack@allarcompany.com; 'mimt@chevron.com'
Subject: RE: Response

Jason:

Thank you for your response. As you will remember I ask you if you felt your offer of August 5, 2013 was fair to all of the parties involved which you indicated it was. That is why it is so interesting that when it is flipped it is not acceptable to Chevron. As you point out in our proposal Chevron would have no interest in the E/2(typo) of Section 17. If you look at your proposal of August 5th you ask us to give up all of our interest in Section 17. You have no problem asking us to give up all of our interest in Section 17 but you are not willing to do it yourself. Fair should be fair. We will again offer to Chevron our proposal of August 6, 2013 and our proposal of July 9, 2013 which affords Chevron several options with your acreage since you appear unwilling to participate in our well proposal the Madrea 17 Federal #1 in Section 17 of T 24S R 34E. Since your latest email indicated that you do not believe a deal can be reached we will be contacting our attorney to file a compulsory pooling application on you as the other interest is committed to drilling a horizontal Bone Spring well in this section. We will ask our attorney to direct it to your attention at your Houston address. I am truly sorry that an agreement could not be reached but as I said earlier both offers are still open to your management if they change their minds.

Sincerely,

Raye Miller
President

From: Levine, Jason [mailto:JLevine@chevron.com]
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To: rmiller@pvtn.net
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Regeneration obtains the interest at all depths at the full NRI owned by CVX

Regeneration would agree to spud a well by 1/1/2015. If Regeneration cannot spud by 1/1/2015 then the only repercussion would be that Regeneration would transfer the permit and its interest to CVX with no further liability between the parties.

S/2 of Section 11, all of Section 12, NE/4, E/2NW/4 of Section 13 T 25S R 34E Lea County NM (1200 gross acres)

Regeneration would trade CVX 300 net acres equaling a 25% WI whereby CVX would own 100% of the WI at Regeneration's full net revenue currently owned and as to all depths

This proposal is extended to you until 5:00 pm CST Monday August 12, 2013. We are pleased that this will make a fair trade between us and glad to get it finished to everyone's satisfaction.

Sincerely,

Raye Miller

From: Levine, Jason [<mailto:JLevine@chevron.com>]
Sent: Monday, August 05, 2013 12:40 PM
To: rmiller@pvtm.net
Subject: Revised Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

I revised the counterproposal. I hope this makes sense.

- *Section 17, T24S, R34E, Lea County, NM. (640 gross acres)*
 - Regeneration trades CVX its 25% WI (160 net acres). And Regeneration transfers its drilling permit to CVX. CVX pays Regeneration for this permit and the expenses associated therewith for a total of \$14,144.26.
 - CVX obtains a 100% WI at all depths. Regeneration would deliver an NRI based on leasehold burdens that have been filed, recorded, and/or approved as of today (8/2/2013). CVX understands that a geologist already owns a small override evident in the chain of title. However, CVX would owe no override to either Allar or Regeneration, or either of its assigns, representatives, affiliates, partners, and so on.

- Section 17 expires 3/1/2015 but CVX would agree to spud a well by 1/1/2015. If CVX cannot spud by 1/1/2015, then the only repercussion would be that CVX would return the permit and its interest to Regeneration with no further liability between the parties.
- S/2 of Section 11, All of Section 12, NE/4, E/2NW/4 of Section 13, T25S, R34E, Lea County, NM (1,200 gross acres)
 - CVX would trade Regeneration 160 net acres equaling a 13.33% WI (160 net acres / 1,200 net acres).

Sincerely,
Jason.

From: Levine, Jason

Sent: Friday, August 02, 2013 1:07 PM

To: 'rmiller@pvttn.net'

Cc: jack@allarcompany.com; jmiller@pvttn.net; wmiller@pvttn.net; mjoyce@pvttn.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.

Subject: RE: Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

Thanks for your note. In light of our conversation this week, here is Chevron's ("CVX") response.

- Section 17, T24S, R34E, Lea County, NM.
 - Regeneration trades CVX its 25% WI (160 net acres). And Regeneration transfers its drilling permit to CVX. CVX pays Regeneration for this permit. I thought that a permit should cost no more than \$6,500.00. How did you arrive at \$14,144.26?
 - CVX obtains a 100% WI at all depths. Regeneration would deliver an NRI based on leasehold burdens that have been filed, recorded, and/or approved as of today (8/2/2013). CVX understands that a geologist already owns a small override evident in the chain of title. However, CVX would owe no override to either Allar or Regeneration, or either of its assigns, representatives, affiliates, partners, and so on.
 - Section 17 expires 3/1/2015 but CVX would agree to spud a well by 1/1/2015. If CVX cannot spud by 1/1/2015, then the only repercussion would be that CVX would return the permit and its interest to Regeneration with no further liability between the parties.
- Section 15, T24S, R34E, Lea County, NM
 - CVX trades Regeneration its 25% WI (160 net acres). As a result, CVX owns a 50% WI and Regeneration owns a 50% WI.

I hope you find this arrangement palatable.

Sincerely,
Jason.

From: Raye P Miller [mailto:rmiller@pvttn.net]

Sent: Monday, July 29, 2013 5:32 PM

To: Levine, Jason

Cc: jack@allarcompany.com; jmiller@pvttn.net; wmiller@pvttn.net; mjoyce@pvttn.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Bikun, Pam A.; Allen, Jessica L.; Verner, Frederick C

Subject: RE: Counterproposal to Regeneration (Lea County, New Mexico)

Jason:

Thank you for your response. We are agreeable to Chevron or its assignee enjoying the full term of the lease to 3/1/15 if Chevron or its assignee will commit by January 1, 2015 to spud a well by 3/1/15 to try and save the lease. If no commitment is made and the lease will expire on 3/1/15 then Chevron or its assignee will assign the rights as previously described. If the commitment to drill is made and no drilling is done whereby the lease expires then Chevron or its assignee would pay Regeneration and Allar a \$500,000.00 penalty fee. We believe as you do, that this lease should produce and be saved. This offer is extended to you until 5pm CST Monday August 5, 2013.

Sincerely,

Raye Miller

From: Levine, Jason [<mailto:JLevine@chevron.com>]

Sent: Monday, July 29, 2013 1:58 PM

To: rmiller@pvt.net

Cc: jack@allarcompany.com; jmiller@pvt.net; wmiller@pvt.net; mjoyce@pvt.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Bikun, Pam A.; Allen, Jessica L.; Verner, Frederick C

Subject: Counterproposal to Regeneration (Lea County, New Mexico)

Raye:

Chevron has reviewed the proposal below and finds it acceptable **except** the idea that Chevron would assign its entire interest to Regeneration in Section 17, T24S, R34E if Chevron failed to spud by January 1, 2015. Chevron, or its assignee as the case may be, desires to enjoy the full primary term of March 1, 2015.

If Regeneration is interested in this counterproposal, please contact me by close of business tomorrow. Any agreement between Chevron and Regeneration would be subject to legal review and management approval. I look forward to hearing from you.

Sincerely,

Jason A. Levine

Land Representative

jlevine@chevron.com

Delaware Basin - New Mexico

Chevron North America Exploration and Production Company

1400 Smith St.

Houston, TX 77002

713-372-5313

Schedule A

From: Raye P Miller [<mailto:rmiller@pvt.net>]

Sent: Tuesday, July 09, 2013 9:07 AM

To: jack@allarcompany.com

Cc: mjoyce@pvt.net

Subject: Trade Proposal Medera 17 Federal #1 Section 17 T-24S R-34E NMPM Lea county New Mexico

Dear Jason:

Regeneration and Allar would propose to trade our 25% interest in NM 113419 as to all depths (160 net acres) for a similar interest (160 net acres) in NM 113419 as to all depths except for the NW/4NW/4 of Section 13.

Chevron would sign a JOA for NM 113419 except for the NW/4NW/4 of Section 13 with Regeneration Energy Corp named as operator using the form currently proposed.

Chevron would reimburse Regeneration \$14,144.26 for expense incurred with permitting the approved APD on the Madera 17 Federal #1 and Regeneration would transfer operatorship to Chevron for that APD.

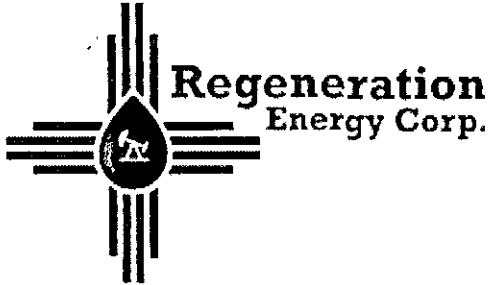
We would have an agreement that if Chevron does not spud a well on lease NM 113418 before 60 days prior to the expiration date of the lease then Chevron would transfer operations on any approved location to Regeneration and assign 100% of the interest to Regeneration and Allar at the full net revenue currently owned by Chevron so that we can try and spud a well to save the lease.

Regeneration and Allar would deliver their interest at a 75% NRI in lease NM 113418 and Chevron would deliver its interest at an 87.5% NRI in lease NM 113419. Chevron would have a blended NRI of 84.375% in lease NM 113418.

This offer is extended to you for a period of 15 days from July 15, 2013 and if you are in agreement we will prepare the necessary paperwork to complete this transaction as soon as you let us know you are in agreement with it.

Sincerely,

Raye Miller



PO Box 210
Artesia, NM 88211-0210

office: 575-736-3535

Raye P Miller

From: Raye P Miller <rmiller@pvtm.net>
Sent: Wednesday, September 25, 2013 10:30 AM
To: jlevine@chevron.com
Subject: Pooling Hearing

Jason,

Thanks for your call this morning. We would decline your request to postpone the hearing as this is already a postponement. We have received nothing from you to justify another postponement and have been talking to your folks about this location for over a year.

Sincerely,

Raye Miller



PO Box 210
Artesia, NM 88211-0210

office: 575-736-3535

Raye P Miller

From: Levine, Jason <JLevine@chevron.com>
Sent: Wednesday, October 02, 2013 5:42 PM
To: rmiller@pvtm.net
Subject: RE: Chevron Well Proposal for Prodigal Sun E/2E/2 of Section 17 T24S, R34E, Lea County, New Mexico

Raye:

Thanks for your note. I will send it to you.

Sincerely,
Jason.

From: Raye P Miller [mailto:rmiller@pvtm.net]
Sent: Tuesday, October 01, 2013 9:43 AM
To: Levine, Jason; jack@allarcompany.com
Cc: jmillar@pvtm.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Fulk, Bryant R; Bikun, Pam A.; 'Michael Feldewert'; Bosell, Benjamin L
Subject: RE: Chevron Well Proposal for Prodigal Sun E/2E/2 of Section 17 T24S, R34E, Lea County, New Mexico

Jason:

I would ask that you send the JOA as we always want a JOA with any well proposal.

Thanks.

Raye Miller

From: Levine, Jason [mailto:JLevine@chevron.com]
Sent: Monday, September 30, 2013 3:28 PM
To: rmiller@pvtm.net; jack@allarcompany.com
Cc: jmillar@pvtm.net; LeMieux, Vince J.; O'Toole, Fredrick S. (fredotoole); Schwartz, Kenneth M.; Fulk, Bryant R; Bikun, Pam A.; Michael Feldewert; Bosell, Benjamin L
Subject: Chevron Well Proposal for Prodigal Sun E/2E/2 of Section 17 T24S, R34E, Lea County, New Mexico

Gentlemen:

Please find attached a well proposal by Chevron U.S.A. Inc. regarding the E/2E/2 of Section 17, T24S, R34E, Lea County, New Mexico. The same is being mailed to you.

I look forward to hearing from you.

Sincerely,
Jason A. Levine
Land Representative
jlevine@chevron.com

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
713-372-5313
Schedule A