

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 NMPPM
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.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 4

Submitted by: CHEVRON U.S.A. INC

Case No. 15,058

Hearing Date: October 31, 2013

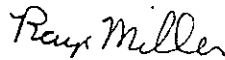
The BLM and OCD have now approved our Application to Drill at this location.

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	Footage:	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/OC 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	

Total ICC:	0	4,956,000
Tangibles:		
Conductor 0' @ 100/ft	0	0
Surface Csg 900' 13-3/8" @ 41.42/ft	0	38,000
Intermediate Csg 5200' 9-5/8" @ 41.67/ft	0	217,000
Intermediate Csg 0' @ 0/ft	0	0
Production Csg 0' @ 0/ft	0	0
Production Csg 13500' 5-1/2" @ 35.15/ft	0	475,000
Tubing 9000' 2-7/8" @ 6.78/ft	0	61,000
Float Eqpt. Etc.	0	35,000
Wellhead Eqpt	20,000	35,000
Packer Eqpt	0	0
Other	5,000	10,000
Total Tangible:	25,000	871,000
Lease and Production Equipment:		
Tanks	0	75,000
Heater Treater	0	35,000
Separator/Stackpack	0	35,000
Dehy/H2S Treater	0	0
Compressor	0	0
Meters	0	5,000
Flowlines	0	25,000
Valves/Fittings	0	98,000
Electrical Hookup	0	115,000
Artificial Lift	0	150,000
Rods/Pump	0	65,000
Other	0	25,000
Total Lease/Production Eqpt:	0	628,000
Total Costs:	2,829,500	9,219,500
<p>AFE is an estimate of expected costs. Actual costs incurred in drilling, completing and equipping well will likely vary from AFE.</p> <p>We'll 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>Ray Miller</u>	Title: <u>President</u>
	Decimal Working Interest: <u>.125</u>	Date: <u>6/5/13</u>
Partner:	Approved:	Title:
	Decimal Working Interest:	Date:

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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	

Total ICC:	0	4,956,000
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Meters	0	5,000
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Well participants agree to pay their share of the actual costs incurred in drilling, completing, equipping and otherwise making the well ready for production.

Operator: Regeneration Energy Corp	Approved: <u>Ray M. Miller</u>	Title: <u>President</u>
	Decimal Working Interest: <u>.125</u>	Date: <u>6/5/13</u>
Partner:	Approved:	Title:
	Decimal Working Interest:	Date:

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, 1992, 2013, Operator shall commence the drilling of a well for oil and gas at the following location:

Maden 17 Federal LH
330 FNL 380 FEL
Section 17 T-245 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