State of New Mexico
Energy, Minerals and Natural Resources Department

Administrative Order SWD-1389
February 12, 2013

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of 19.15.26.8B NMAC, Regeneration Energy, Corporation, seeks an administrative order to re-enter and utilize its Antelope Ridge 24 SWD Well No. 1 (API 30-025-26547) located 1980 feet from the South line and 1980 feet from the West line, Unit letter K of Section 24, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Regeneration Energy, Corporation, is hereby authorized to utilize its Antelope Ridge 24 SWD Well No. 1 (API 30-025-26547) located 1980 feet from the South line and 1980 feet from the West line, Unit letter K of Section 24, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Delaware Mountain Group through perforations from 5280 feet to 7820 feet through internally coated tubing and a packer set within 100 feet of the permitted interval.

Within one year of commencing disposal, the operator shall run an injection survey (at least including a temperature log or its equivalent) with the goal of determining which intervals are taking the disposal waters and supply the results of that survey to the Division.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine

leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 1056 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district office of the date and time of the installation of disposal equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.

JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Hobbs District Office
State Land Office – Oil, Gas, and Minerals Division

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
1/28/13		WVJ		SWD 1389	pWVJ130258

ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED OCD

2013 JAN 28 A 9:29

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

~~Stevens #1~~
K/24/23S/34E/LEA
30-025-26547
Delaware
5280-7820 Perfs

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

REEsavation Energy CORP.

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William Miller		Petroleum Landman	1/8/2013
Print or Type Name	Signature	Title	Date

wmiller@pvtn.net
e-mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance __X__ Disposal _____ Storage
Application qualifies for administrative approval? __X__ Yes _____ No

II. OPERATOR: Regeneration Energy Corp.

ADDRESS: P.O. Box 210 Artesia NM 88211-0210

CONTACT PARTY: Raye Miller PHONE: 575 736 3535

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes __X__ No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: William Miller TITLE: Petroleum Landman

SIGNATURE: _____ DATE: 1/8/2013

E-MAIL ADDRESS: wmiller@pvtn.net

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

C-108 Application for Authorization to Inject
Antelope Ridge 24 SWD #1
(Formerly State Com 24 #1)
1980' FSL, 1980' FWL
K-24- T23S R34E, Lea County NM

Regeneration Energy Corp. proposes to re-enter the captioned well for salt water disposal service into the Delaware Sand from 5280' to 7820'.

V. Map is attached.

VI. No wells within the ½ mile radius area of review penetrate the proposed injection zone

VII. 1. Proposed average daily injection rate = 2000 BWPD
Proposed maximum daily injection rate = 5000 BWPD

2. Closed system

3. Proposed maximum injection pressure = 1056 p.s.i.
(0.2 psi/ft x 5280ft)

4. Source of injected water will be Delaware Sand and Bone Spring Sand produced water. No compatability problems are expected. Analyses of Delaware and Bone Spring waters from analogous source wells are attached.

VII. The injection zone is the Delaware Sandstone, a fine-grained sandstone from 5280' to 7820'. Any underground water sources will be shallower than 450' based on research for area water wells on State Engineer website.

IX. The Delaware sand injection interval will be acidized with approx.. 20 gal/ft of 7 ½ % HCL acid. If necessary, the injection interval may be fraced with up to 300,000 lbs. of 20/40 mesh sand.

X. Well logs are filed with the Division. The porosity log showing proposed injection interval is attached.

XI. There is one fresh water well within a mile of the proposed SWD well. A water analysis for the typical fresh water well is attached as one could not be obtained on the well within the mile radius.

XII. After examining the available geologic and engineering data, no evidence was found of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Proof of Notice is attached.

III.

WELL DATA

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Regeneration Energy Corp.

WELL NAME & NUMBER: Antelope Ridge SWD #1 (Formerly State 24 Com #1)

WELL LOCATION: 1980' FSL 1980' FWL K 24 23S 34E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC

See Attached Before & After Schematics

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 26" Casing Size: 20" @ 739'

Cemented with: 1325 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ to Surface

Intermediate Casing

Hole Size: 17 ½" Casing Size: 13 3/8" @ 5130'

Cemented with: 2900 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ to surface

Production Casing

Hole Size: 12 ¼" Casing Size: 7" @ 7900'

Cemented with: 950 sx. *or* _____ ft³

Top of Cement: approx. 8,000' Method Determined: calculated

Total Depth: 13900'

Injection Interval

5280' feet to 7820'

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2" or 2 7/8" Lining Material: Plastic Coated

Type of Packer: Nickel plated double grip retrievable

Packer Setting Depth: ± 5230'

Other Type of Tubing/Casing Seal (if applicable): N/A

Additional Data

1. Is this a new well drilled for injection? ____ Yes X No

   If no, for what purpose was the well originally drilled? oil & Gas

2. Name of the Injection Formation: Delaware Sand

3. Name of Field or Pool (if applicable): Antelope Ridge

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

   See Attached WB schematic

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

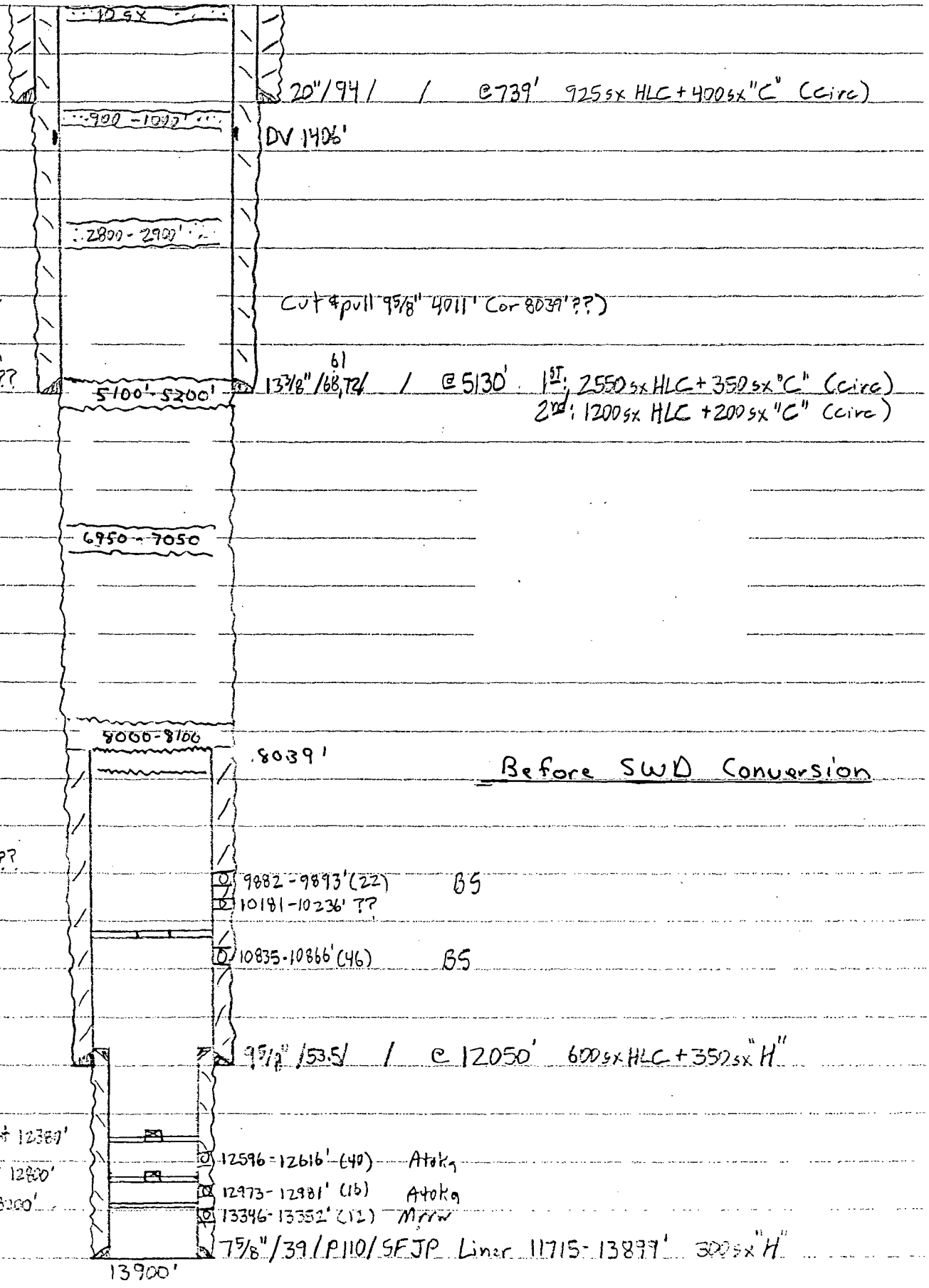
   Overlying : None

   Underlying : Bone Spring ± 8800'

   Strawn ± 12000' Atoka ± 12200' Morrow ± 13500'

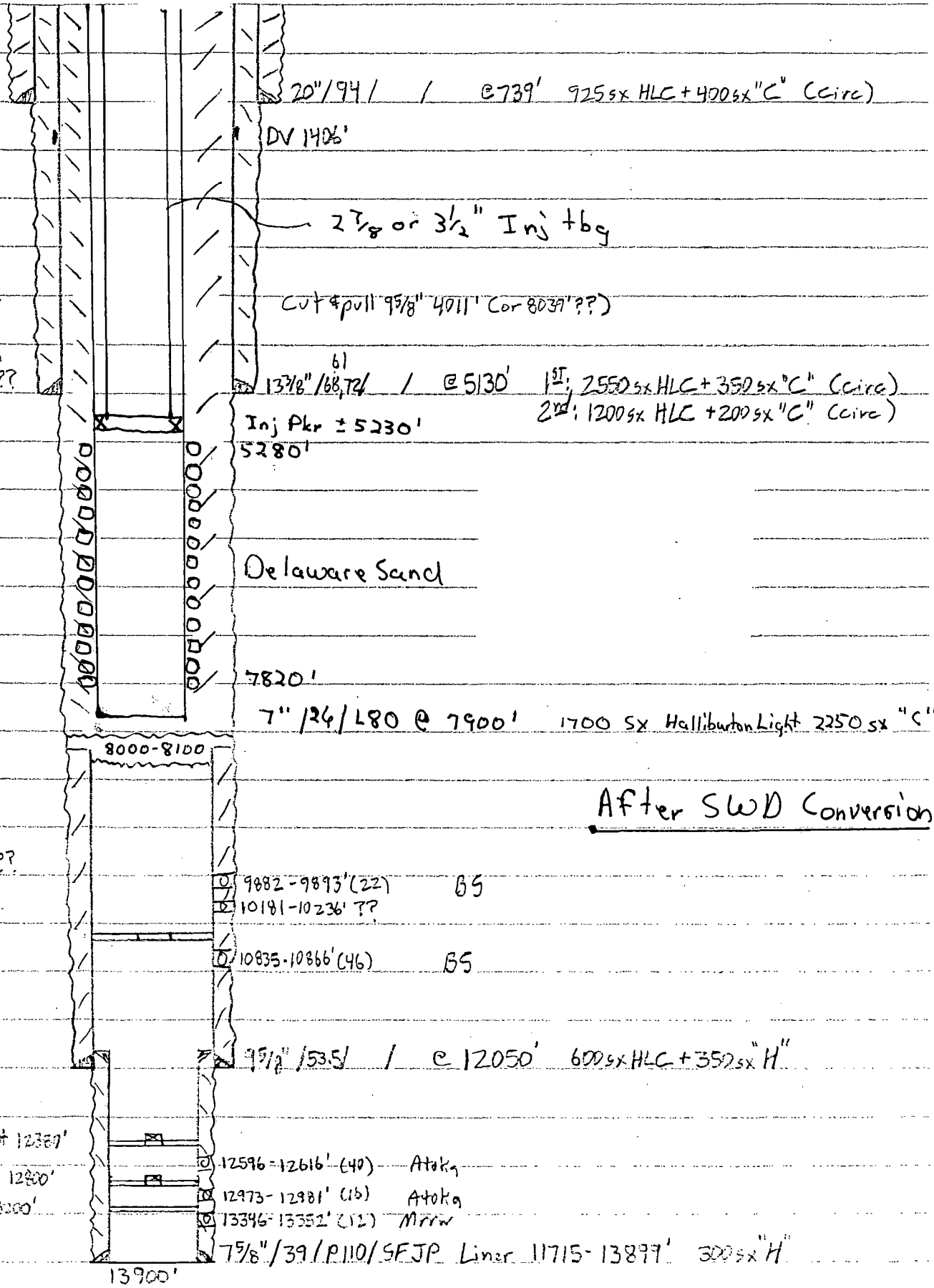
State 24 Com. 1
1980' FSL, 1980' FWL
K-24-23s-34e
Lea, NM

30-025-26547



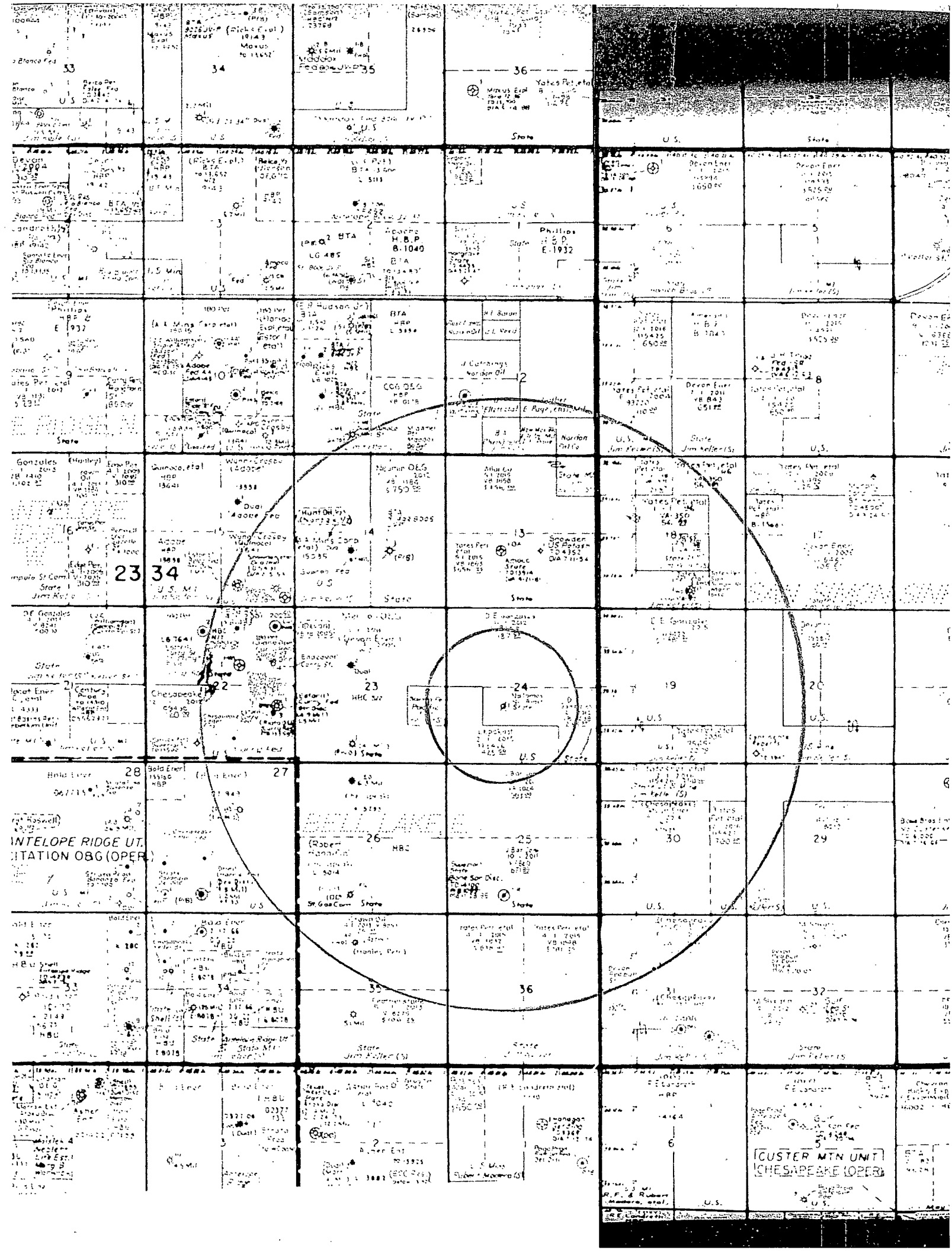
State 24 Com. 1
1980' FSL, 1980' FWL
K-24-23s-34e
Lea, NM

30-025-26547



V.

MAP


ANTELOPE RIDGE UT.
CITATION OBG (OPER.)
CUSTER MTN UNIT
CHESAPEAKE (OPER.)

VII.

Water Analysis Produced and Receiving Formation Water

Produced Water Samples
Basic Ionic Analysis

County	Field	Formation	Depth	Chlorides	pH	Res	Ca	Mg	SO4	CO3
Lea	Airstrip	Bone Sprin	9,350	118,000			5,000	2,000		30
Lea	EK	Bone Sprin	8,400	143,000	6.40	0.048	20,500	3,120	1,700	110
Lea	Eunice	Bone Sprin	8,900	106,800	5.90	0.068	7,570	1,630	950	
Lea	Lea	Bone Sprin	9,480	115,600			10,400	1,700	450	110
	Pearl	Bone Springs		117,000	7.10	0.042	2,880	437	700	232
Lea	Vacuum S	Bone Sprin	8,500	134,700			12,500	2,250	670	280
Lea	Wolfcamp	Bone Sprin	10,600	107,000	6.70	0.072	800	360	3,000	6,100
Lea	Antelope R	Cherry Can	6,800	177,300			29,200	4,500	375	
Lea	Bell Lake	Cherry Can	7,000	160,000	6.10	0.052	24,000	17,700	1,100	245
Lea	Diamondta	Delaware	6,625	177,500		0.050				
L	Double X	Delaware	4,900	123,000		0.036	16,250	2,630	425	145
Lea	Geronimo	Delaware	7,600	174,700		0.480	32,800	4,100	250	
Lea	Hat Mesa	Delaware	6,850	145,400		0.041				
Lea	Jal W	Delaware		148,400	5.80		21,700	3,370	250	
Lea	Lea	Delaware	7,335	130,000		0.057				
Lea	Paduca	Delaware	4,640	187,000		0.037	3,800	650	17,000	
Lea	Red Tank	Delaware	8,350	141,000		0.050				
Lea	Salado Dra	Delaware	5,050	170,000		0.050				
Lea	Salt Lake	Delaware	4,950	167,000		0.052	26,000	2,900	100	183
Lea	Triple X	Delaware	5,000	152,000		0.049	22,800	2,640	1,800	195
Lea	Triste Draw	Delaware	4,975	159,000			21,200	2,900	625	18

X.

Porosity Log Across Proposed Delaware Sand Portion of Injection Interval

1980
NATOMAS NORTH AMERI
STATE 24 COM # 1
30-025-26547
K-24-T23S-R34E

COMPANY PRODUCTION CO

WELL STATE COM. 24 #1

FIELD ANTELOPE RIDGE

COUNTY LEA STATE NE

LOCATION 1980' FSL & 1980' FWL,

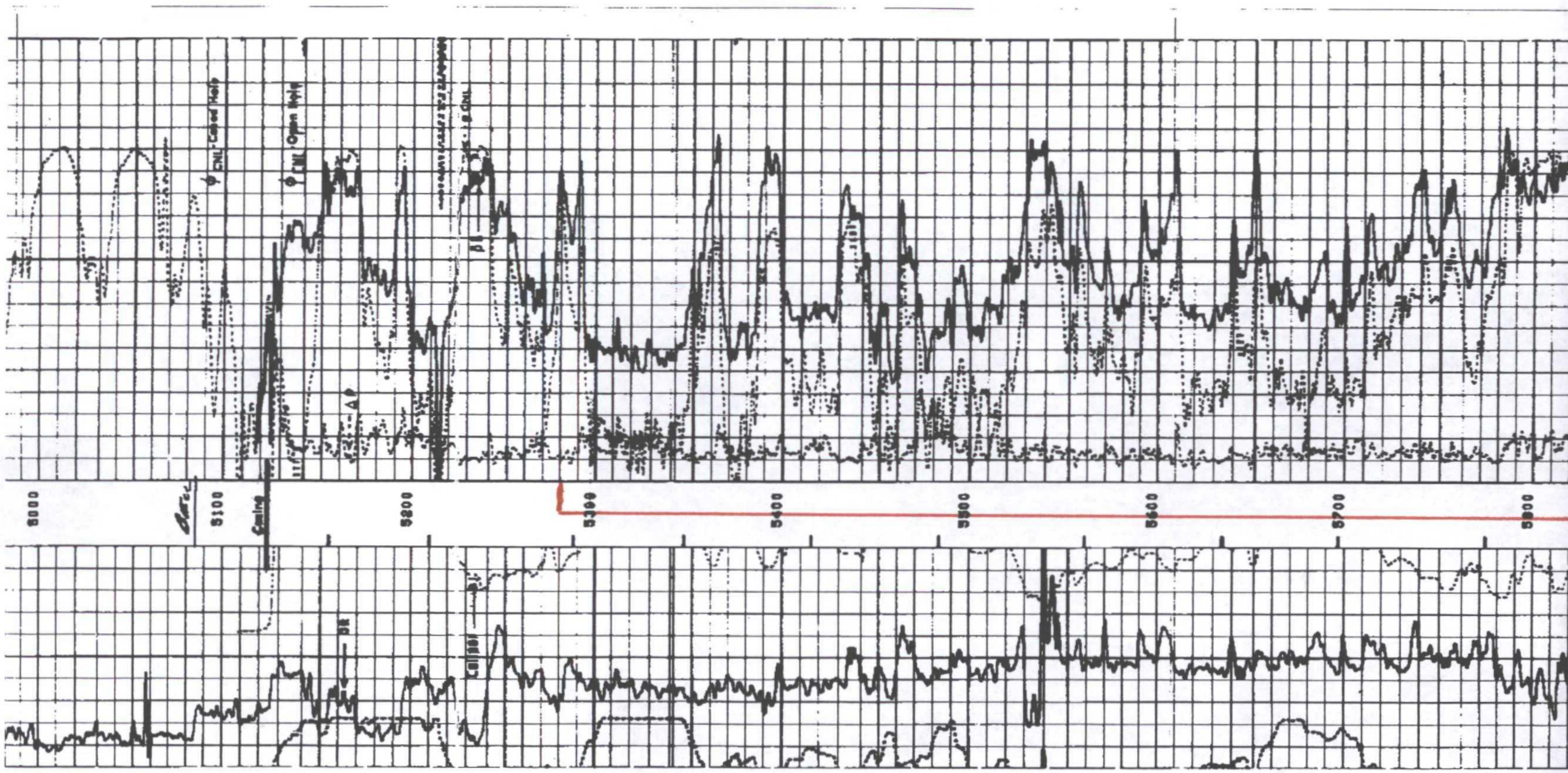
API SERIAL NO.	SEC.	TWP.	RANGE
	24	23-S	34-E

Permanent Datum: G.L. ; Elev.: 3372

Log Measured From K.B. , 22 Ft. Above Perm. Datum

Drilling Measured From K.B.

Date	4-20-80	5-13-80	5-20-80
Run No.	ONE	TWO	THREE
Depth—Driller	1893	13179	13900
Depth—Logger	1891	13178	13896
Btm. Log Interval	1890	13177	13895
Top Log Interval	SURF	11800	12960
Casing—Driller	13 3/8 @ 5130	9 5/8 @ 12050	9 5/8 @ 12
Casing—Logger	5124	12050	12050
Bit Size	12 1/4	8 1/2	8 1/2
Type Fluid in Hole	SEE REMARKS	CARBOFAST	CARBOFAS
Dens. / Visc.	10.1 / 36	14.4 / 47	14.6 / 45
pH / Fluid Loss	8 / 38 ml	/ 19 ml	/ 11
Source of Sample	PIT	PIT	PIT
R_m @ Meas. Temp.	.068 @ 85 °F	@ 65 °F	@ 65
R_{mf} @ Meas. Temp.	.058 @ 85 °F	@ 65 °F	@ 65
R_{mc} @ Meas. Temp.	@ °F	@ °F	@
Source: R_{mf} / R_{mc}	M /	/	/
R_m @ BHT	.037 @ 158 °F	@ °F	@
TIME Circulation Stopped	1400 4-19	2200 5-12	1700 5-
TIME Logger on Bottom	0230 4-20	0800 5-13	0800 5-
Max. Rec. Temp.	158 °F	165 °F	167
Equip. / Location	8067 / HOBBS	8042 / HOBBS	8185 / HO
Recorded By	WILSON	SPRINGER	SPRINGER
Witnessed By Mr.	WELLS	HOOKER	HOOKER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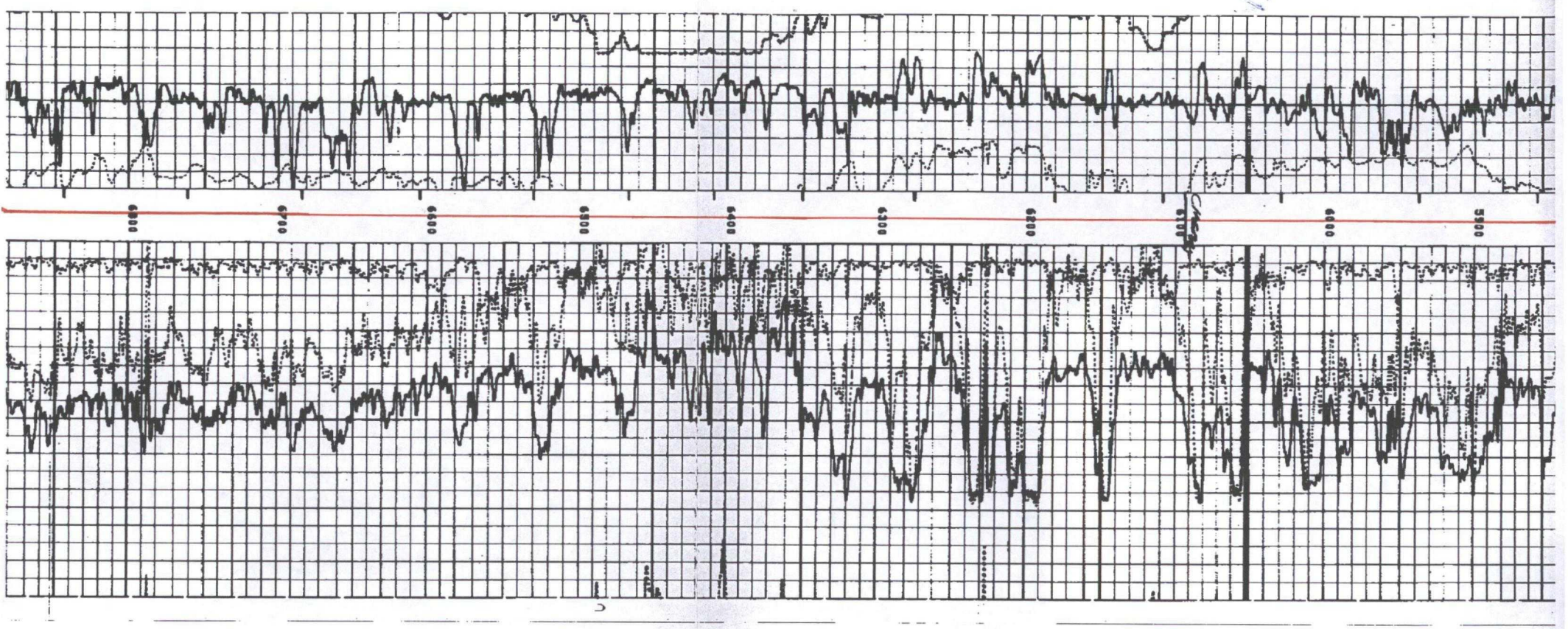

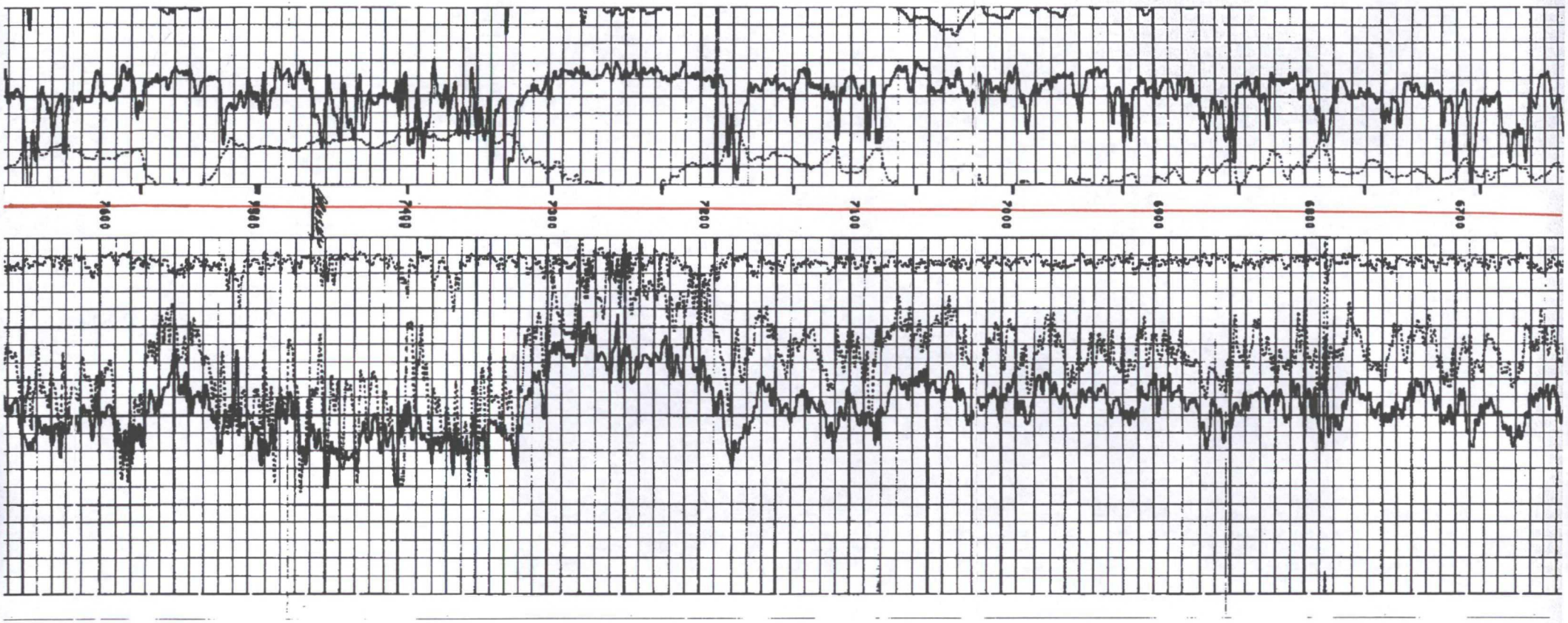
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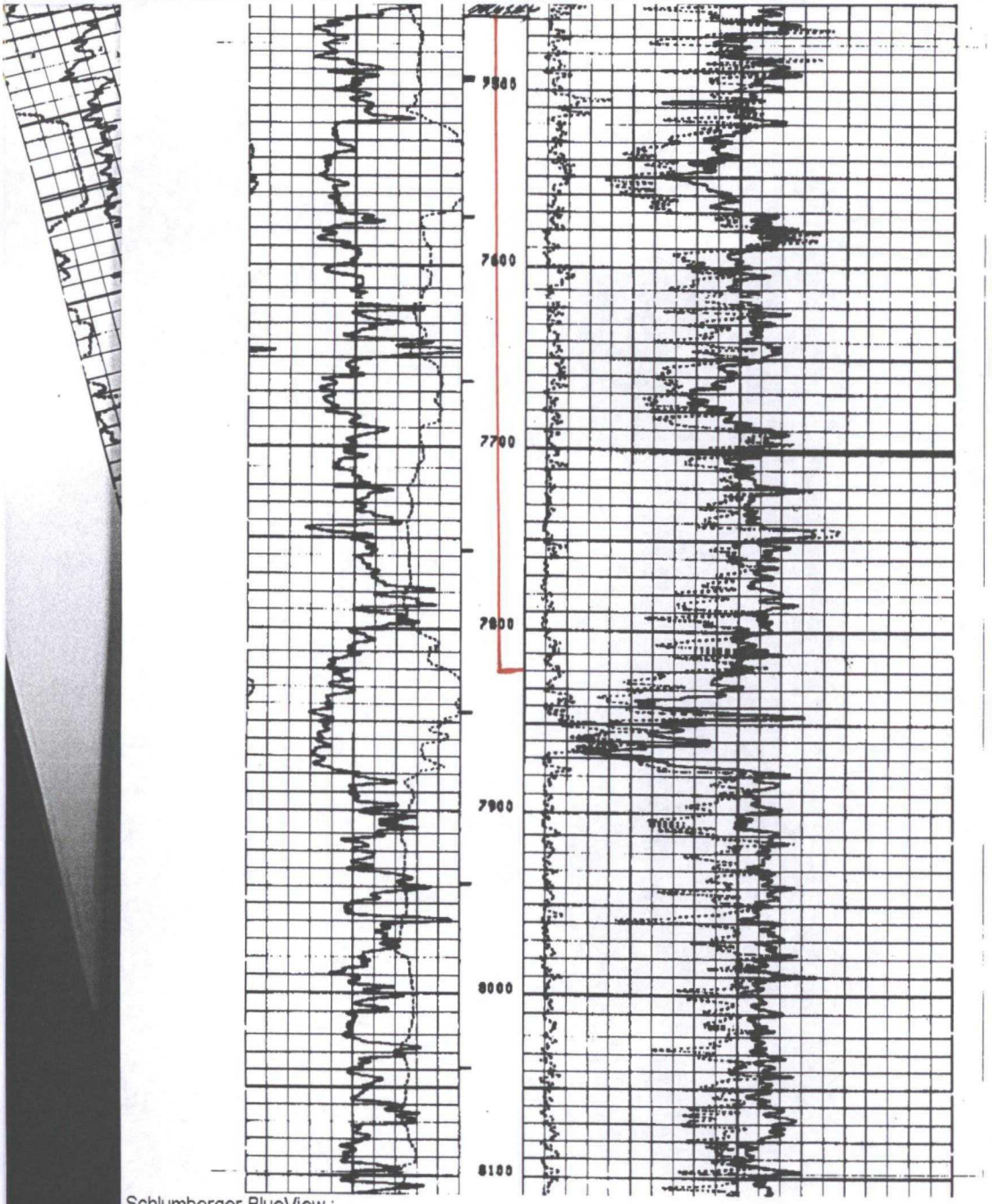
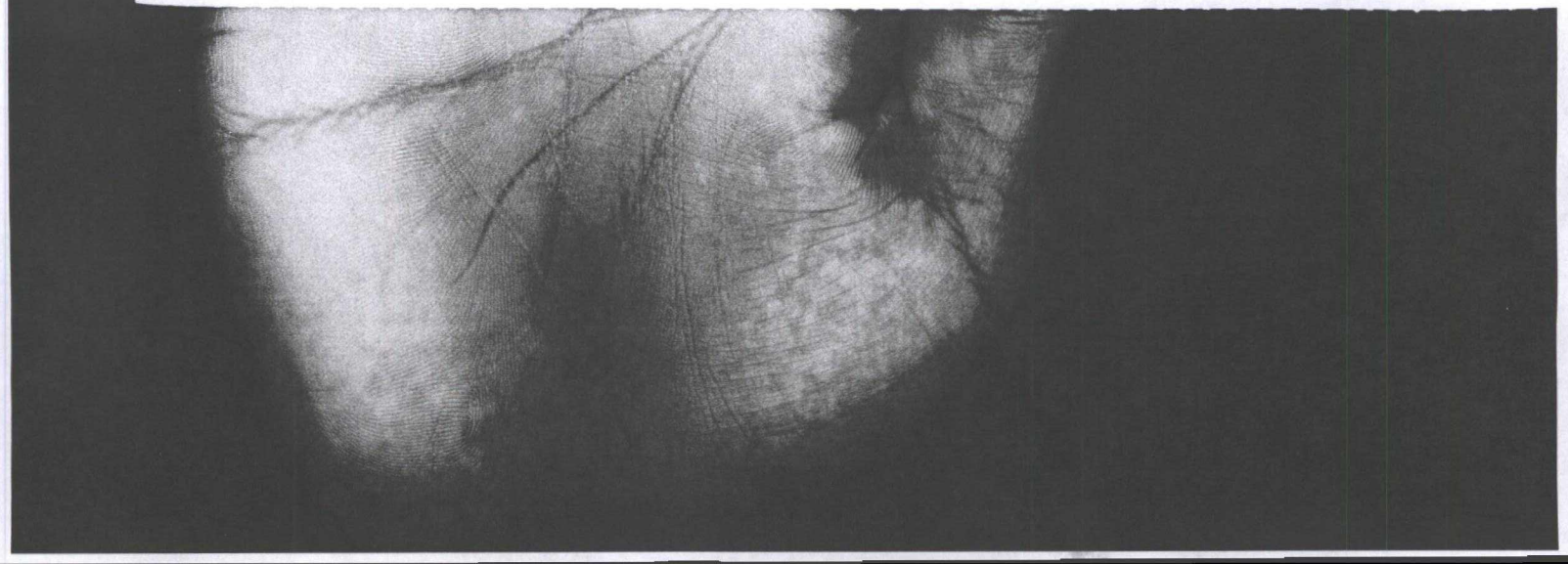


Schlumberger BlueView :



XI.

Fresh Water Sample Analyses

Fresh Water Representative of Area Wells

HALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY
WATER ANALYSIS REPORT
HOBBS, NEW MEXICO

COMPANY	Regeneration	REPORT	W11-089
	Ranch Water Well	DATE	November 11, 2011
	SE SW SW Sec 29-23S-35E	DISTRICT	Hobbs

SUBMITTED BY Raye Miller

TANK SAMPLE	Source Water				
Sample Temp.	68 °F	°F	°F	°F	°F
RESISTIVITY	15.8				
SPECIFIC GR.	1.001				
pH	7.64				
CALCIUM	87 mpl	mpl	mpl	mpl	mpl
MAGNESIUM	85 mpl	mpl	mpl	mpl	mpl
CHLORIDE	52 mpl	mpl	mpl	mpl	mpl
SULFATES	Light mpl	mpl	mpl	mpl	mpl
BICARBONATES	214 mpl	mpl	mpl	mpl	mpl
SOLUBLE IRON	0 mpl	mpl	mpl	mpl	mpl
KCL	None				
Sodium	mpl	mpl	mpl	mpl	mpl
TDS	mpl	mpl	mpl	mpl	mpl
OIL GRAVITY	@ 60 °F	@ 60 °F	@ 60 °F	@ 60 °F	@ 60 °F

REMARKS

MPL = Milligrams per litter
Resitivity measured in: Ohm/m2/m

ANALYST: LF/JR

Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

January 23, 2013

Hobbs News Sun
201 N. Thorp
Hobbs, NM 88240

Re: Legal Notice
Water Disposal Well

Ladies & Gentlmen:

Enclosed is a legal notice regarding New Mexico Oil Conservation Division C-108 Application for Authorization to Inject for a salt water disposal well.

Please run this notice and return the proof of notice to the undersigned at Regeneration Energy Corp., P.O. Box 210, Artesia, NM 88211-0210.

Sincerely,

Raye Miller

Raye Miller

RM/wm

Enclosure

HOBBS NEWS SUN

LEGAL NOTICES

Regeneration Energy Corp., Post Office Box 210, Artesia, New Mexico, 88211-0210, Has Filed Form C-108 (APPLICATION FOR AUTHORIZATION TO INJECT) With The New Mexico Oil Conservation Division Seeking Administrative Approval For A Salt Water Disposal Well. THE Proposed Well, The Antelope Ridge 24 SWD #1 , is located at 1980' FSL 1980' FWL, Sec. 24, Township 23 South Range 34 East, Lea County, New Mexico. Diposal water will be sourced from area wells producing from the Delaware and Bone Spring formations. The disposal water will be injected into the Delaware formation at a depth of 5280'-7280' at a maximum surface pressure of 1056 p.s.i. and a maximum rate of 5000 BWPD. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within (15) days of this notice. Any interested party with questions or comments may contact Raye Miller at Regeneration Energy Corp., Post Office Box 210, Artesia, New Mexico 88211-0210, or call 575-736-3535.

1820'

Published in the Hobbs News Sun, Hobbs, New Mexico

_____, 2013.

Affidavit of Publication

State of New Mexico,
County of Lea.

I, JUDY HANNA
PUBLISHER
of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period

of 1 issue(s).
Beginning with the issue dated
January 25, 2013
and ending with the issue dated
January 25, 2013

PUBLISHER

Sworn and subscribed to before me
this 28th day of
January, 2013

Notary Public

My commission expires
January 29, 2015
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-15

This newspaper is duly qualified to publish legal notices or advertisments within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL LEGAL

Legal Notice
January 25, 2013

Regeneration Energy Corp., Post Office Box 210, Artesia, New Mexico, 88211-0210, Has Filed Form C-108 (APPLICATION FOR AUTHORIZATION TO INJECT) With The New Mexico Oil Conservation Division Seeking Administrative Approval For A Salt Water Disposal Well. THE Proposed Well, The Antelope Ridge 24 SWD #1 , is located at 1980' FSL 1980' FWL, Sec. 24, Township 23 South Range 34 East, Lea County, New Mexico. Diposal water will be sourced from area wells producing from the Delaware and Bone Spring formations. The disposal water will be injected into the Delaware formation at a depth of 6280'-7820' at a maximum surface pressure of 1056 p.s.i. and a maximum rate of 5000 BWPD. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within (15) days of this notice. Any interested party with questions or comments may contact Raye Miller at Regeneration Energy Corp., Post Office Box 210, Artesia, New Mexico 88211-0210, or call 575-736-3535.
#27863

67108824 00107963
REGENERATION ENERGY CORP
PO BOX 210
ARTESIA, NM 88211

Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

January 24, 2013

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Application to Inject
Antelope Ridge 24 SWD #1
Township 23 South, Range 34 East, NMPM
Section 24: 1980'FSL 1980'FWL, Unit K
Lea County, New Mexico

Ladies & Gentlemen:

Enclosed for your review is a copy of Regeneration Energy Corp. application to convert the reference well to a salt water disposal. As a requirement of the New Mexico Oil Conservation Division, we are notifying you because you have been identified as an operator or surface owner. Any objections must be submitted in writing to NMOCD, 1220 S. St. Francis Drive, Santa Fe, New Mexico, 87505. Objections must be received within fifteen 915) days of this receipt of this letter.

Please do not hesitate to contact us should you have any questions.

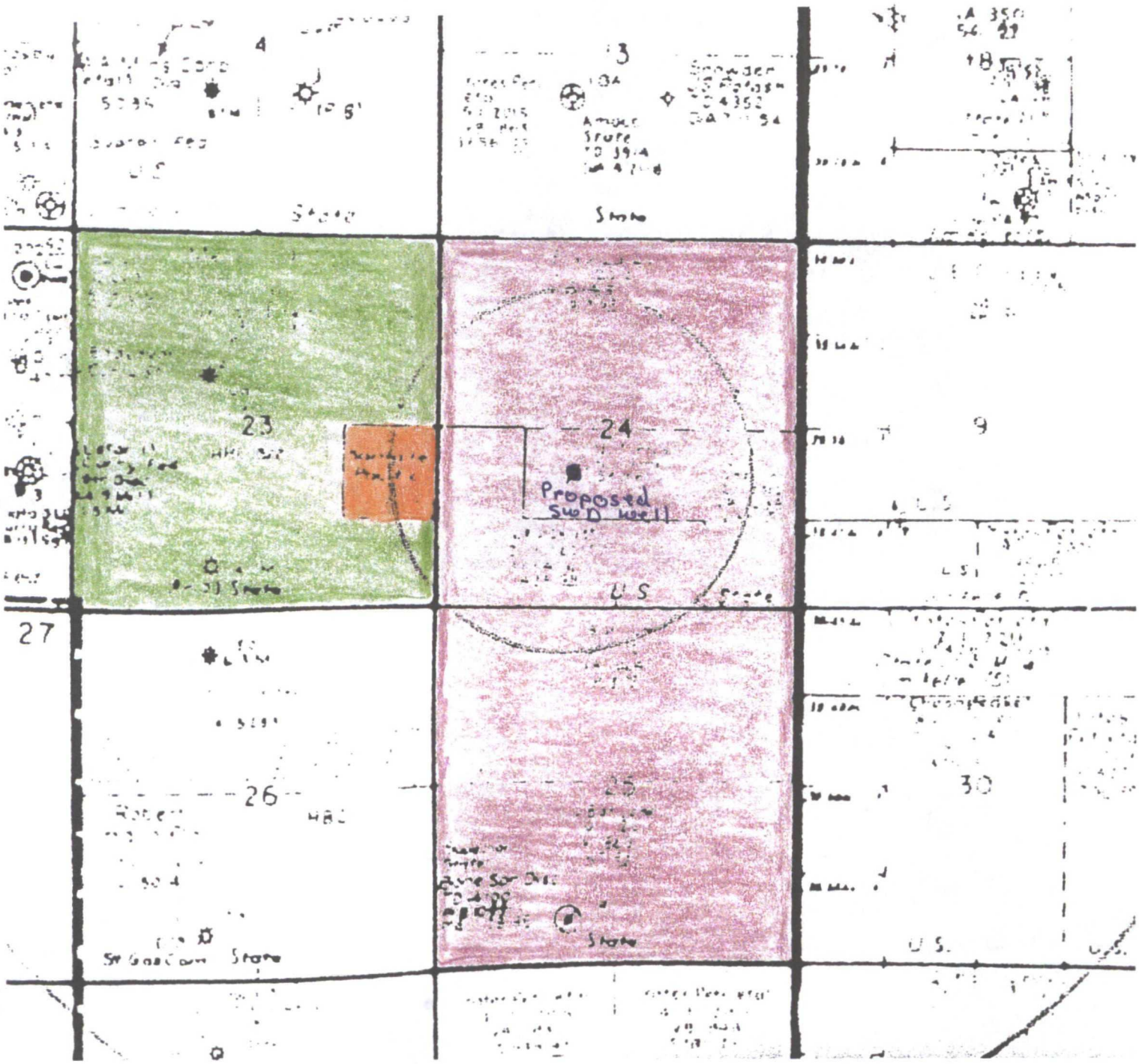
Sincerely,

Raye Miller

Raye Miller

Enclosure

- Regeneration Energy Corp Operated properties
- Lynx Petroleum Consultants Operated Lease
- Merrion Oil & Gas oil & gas leasee
- Ray Westall unleased mineral owner
- The Merchant Livestock Co. Inc unleased mineral owner



Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

January 24, 2013

Lynx Petroleum Consultants Inc.
P.O. Box 1708
Hobbs, NM 88241

Re: Application to Inject
Antelope Ridge 24 SWD #1
Township 23 South, Range 34 East, NMPM
Section 24: 1980'FSL 1980'FWL, Unit K
Lea County, New Mexico

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Sincerely,

Raye Miller

Raye Miller

Enclosure

Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

January 24, 2013

Merrion Oil & Gas
610 Reilly Ave.
Farmington, NM 87401

Re: Application to Inject
Antelope Ridge 24 SWD #1
Township 23 South, Range 34 East, NMPM
Section 24: 1980'FSL 1980'FWL, Unit K
Lea County, New Mexico

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Sincerely,

Raye Miller

Raye Miller

Enclosure

Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

January 24, 2013

Ray Westall
P.O. Box 4
Loco Hills, NM 88255

Re: Application to Inject
Antelope Ridge 24 SWD #1
Township 23 South, Range 34 East, NMPM
Section 24: 1980'FSL 1980'FWL, Unit K
Lea County, New Mexico

Ladies & Gentlemen:

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Sincerely,

Raye Miller

Raye Miller

Enclosure

Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

January 24, 2013

The Merchant Livestock Co. Inc.
P.O. Box 1105
Eunice, NM 88231

Re: Application to Inject
Antelope Ridge 24 SWD #1
Township 23 South, Range 34 East, NMPM
Section 24: 1980'FSL 1980'FWL, Unit K
Lea County, New Mexico

Ladies & Gentlemen:

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Please do not hesitate to contact us should you have any questions.

Sincerely,

Raye Miller

Raye Miller

Enclosure

Jones, William V., EMNRD

From: Raye P Miller <rmiller@pvtn.net>
Sent: Monday, February 04, 2013 8:59 AM
To: Jones, William V., EMNRD
Subject: Antelpoe Ridge 24 SWD #1 Notices
Attachments: MX-3100N_20130204_112118.pdf

Will:

Attached please find copies of the green cards of the delivery of the notices. It appears the last date one of them was picked up was January 30, 2013. If you need anything else please contact William Miller or myself.

Thanks for help in this matter.

Sincerely;

Raye Miller

Regeneration Energy Corp.

PO Box 210
Artesia, NM 88211-0210

office: 575-736-3535

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:

Lynx Petroleum Inc.
P.O. Box 1708
Hobbs NM 88241

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Barry R. Scott ☐ Agent ☐ Addressee

B. Received by (Printed Name) L. Scott C. Date of Delivery 1/25/13

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

2. Article Number (Transfer from service label) 7012 2210 0001 7109 2081

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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:

Merrion Oil & Gas
610 Reilly Ave.
Farmington, NM 87401

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) Esther Oveyan C. Date of Delivery 1/28

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

2. Article Number (Transfer from service label) 7012 2210 0001 7109 2074

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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:

Ray Westall
P.O. Box 4
Loco Hills, NM 88255

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) R. Hope
C. Date of Delivery 1/25/13

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

2. Article Number (Transfer from service label) 7012 2210 0001 7109 2067

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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:

NM OCD
1220 South St. Francis Dr.
Santa FE, NM 87505

COMPLETE THIS SECTION

A. Signature
X [signature] ☒ Agent ☐ Addressee

B. Received by (Printed Name) Louise Martinez
C. Date of Delivery 1/25

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

JAN 25 - 13

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7012 2210 0001 7109 2104

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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:

NM State Land Office
P.O. Box 1148
Santa Fe NM 87504-1148

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

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

SANTA FE, NM
JAN 30 2013
MAIN POST OFFICE

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7012 2210 0001 7109 2098

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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:

The Merchant Livestock Co.
P.O. Box 1105
Eunice NM 88231

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

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

2. Article Number (Transfer from service label) 7012 2210 0001 7109 2050

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, January 29, 2013 11:31 AM
To: 'wmiller@pvtn.net'
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal application from Regeneration Energy Corp.: Antelope Ridge SWD #1 30-025-26547 Delaware perfs from 5280 to 7820 feet
Attachments: NoticeExample_MapView_EddyNM_NASH_53_SWD.pdf

Hello Raye,
Thanks for the application,
I have not really formally looked it over yet, but at a glance, would ask,

There were several parties noticed.
Would you please send by email or mail some info as to what lands each of these parties own in the Delaware formation?
You could just give the legal description of lands owned (leased) – or send a colored map similar to the attached.

Also, for your geologist, is this Delaware broken into Bell Canyon, Cherry Canyon, Brushy Canyon? If so, what would be those member tops?
And for your geo – what is wrong with the Delaware in this area as far as being non-productive of hydrocarbons? Too high Sw? was it tested nearby to be wet? Is it tight? No closure, etc?

I am getting it seems 1 or more SWD applications per day in here – times are booming,

Thank You,

William V. Jones, P.E.
505-476-3448W 505-476-3462F
Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, January 30, 2013 4:11 PM
To: 'wmiller@pvtn.net'
Subject: RE: Disposal application from Regeneration Energy Corp.: Antelope Ridge SWD #1 30-025-26547 Delaware perfs from 5280 to 7820 feet

OK –
Just looked this over and all I am lacking (please send) is a copy of the actual newspaper notice and copy of the mailers mailed out to the affected persons – everything else seems fine.
Unless a protest comes in, this will go out on February 12.

From: Jones, William V., EMNRD
Sent: Wednesday, January 30, 2013 3:32 PM
To: 'wmiller@pvtn.net'
Subject: RE: Disposal application from Regeneration Energy Corp.: Antelope Ridge SWD #1 30-025-26547 Delaware perfs from 5280 to 7820 feet

Thank You for the quick and thorough response!
I will hurry in the evaluation and if all is well the release of this permit after the wait period.
At this point, I don't anticipate any problems.

From: William Miller [mailto:wmiller@pvtn.net]
Sent: Wednesday, January 30, 2013 3:21 PM
To: Jones, William V., EMNRD
Subject: RE: Disposal application from Regeneration Energy Corp.: Antelope Ridge SWD #1 30-025-26547 Delaware perfs from 5280 to 7820 feet

Mr. Jones,

Attached is a new map showing ownership and lands for the SWD application. Also, below is a response from Martin Joyce. He is the geologist heading up this project and if you need any additional info, please let us know. Thanks

Formation depths:

Delaware-5195; Bell Canyon Sand-5240;Cherry Canyon-6014;Manzanita-6272;Brushy Canyon Unconformity-7370;Bone Spring Lime-8625

Geology For the area:

The Delaware at this location is not in an optimal structural position as it is located on the lower portion of the east flank off the Bell Lake (or Antelope Ridge structure). Stratigraphically, there do not appear to be any traps throughout the entire Delaware section at this location. Local production approximately 1.5miles to the west

(150' updip at the Manzanita) comes from scattered zones in the lower Cherry and upper Brushy Canyon. The next nearest Delaware production is in the Cinta Roja field from a basal Brushy Canyon sand at approximately 8600' MD 2.25 miles to the SE.

We do not have a mudlog for the SWD candidate but we do have it surrounded by wells (with mudlogs) in sections 13, 14, 24 and 25 in T23S34E and 18 of 23S35E. I would have to describe gas shows as fair to poor in *all* and sample shows as exceedingly poor. The exception would be the section 18 well in which a good show occurred at about 8600'MD (basal Brushy Canyon). Besides the fact porosity and permeability are not that exceptional there, we would not be disposing any water into this particular zone as it exceeds the permit requested depth

In summary, the SWD candidate is located in neither an optimal structural or stratigraphic position to trap hydrocarbons. It is too far downdip of Delaware production to the west and in the wrong stratigraphic position similar to the productive Cinta Roja wells to the SE.

I see there being very little (if any) risk of disposal water adversely affecting any potential productive zones (if there are any) near this wellbore.

William Miller
Regeneration Energy Corp.

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Tuesday, January 29, 2013 11:31 AM
To: wmiller@pvtn.net
Cc: Ezeanyim, Richard, EMNRD
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Thank You,

William V. Jones, P.E.
505-476-3448W 505-476-3462F
Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr.

in 1/28/13

Injection Permit Checklist First Email Date: 1/28/13 Final Reply Date: _____ Final Notice Date: 1/24/13

Issued Permit: Type: WFX/PMX/SWD, Number: 1389 Permit Date 2/12/13 (Legacy Permit: _____)

Wells 1 Well Name(s): ANTELOPE RIDGE 24 SWD #1 (Formerly STATE COM 24 #1)

API Num: 30-0 25-26547 Spud Date: 4/80 New/Old: O (UIC Cl II Primacy March 7, 1982)

Footages 1980 FSL / 980 FWL Lot ___ Unit K Sec 24 Tsp 23S Rge 34E County LEA

General Location or Pool Area:

Operator: REGENERATION ENERGY, CORP. Contact RAYE MILLER

OGRID: 280240 RULE 5.9 Compliance (Wells) 0 / 4 (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed ___ Current Status: PEA

Planned Work to Well: DRILL OUT, RUN 7" TO 7,900', PERF — INJECT

Diagrams: Before Conversion ✓ After Conversion ✓ Are Elogs in Imaging?: ✓

Well Details:	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement Sx or Cf	Cement Top and Determination Method
Planned __or Existing ✓ Surface	26 20	739	—	1325	CIRC
Planned __or Existing ✓ Interm	17 1/2 13 3/8	5130	1406	2900	CIRC / CIRC
Planned ✓ or Existing __ LongSt	12 1/4 - 7	7900 (PLANNED)	~~4700~~ +2250	~~1st Stage~~ CIRC	
Planned __or Existing __ Liner					
Planned __or Existing __ OpenHole	See WBD for Details	13900' TD			

Depths/Formations:	Depths, Ft.	Formation	Tops?
Above			
Above	5195	Del —	✓
Proposed Interval TOP:	5280	Bell Canyon	
Proposed Interval BOTTOM:	7820	Cherry / Brushy	
Below	8625 —	Bone Sp.	✓
Below			

Max. PSI 1056 OpenHole ___ Perfs ✓

Tubing Size 3 1/2 2 7/8 Packer Depth _____

~~Capitan Reef? (in ___/thru ___); Potash? ___ Noticed? ___ [WIPP? ___ Noticed? ___]~~ Salado Top _____ Bot _____ ~~Cliff House?~~

Fresh Water: MaxDepth: ? FW Formation ? Wells? yes Analysis? ✓ Affirmative Statement ✓

Disposal Fluid: Formation Source(s) Bell / Bs. On Lease ~~Only~~ from Operator ✓ or Commercial ___

Disposal Interval: Protectable Waters? NO H/C Potential: Log ___ /Mudlog ✓ /DST ___ /Tested ___ /Depleted ___ Other See write up No Local Prod.

Notice: Newspaper Post Date _____ Surface Owner SLO N. Date 1/24/13 Certs #5

RULE 26.7(A) Identified Tracts? ___ Affected Persons: See LIST N. Date 1/24/13

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Formerly Produced in Interval? NO

Penetrating.....No. Active Wells 0 Num Repairs? 0 on which well(s)? —

Penetrating.....No. P&Aed Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

Permit Conditions: Run Survey within 1 year

Issues:

Issues:

Issues: