

**BEFORE THE OIL CONSERVATION COMMISSION
EXAMINER HEARING JULY 11, 2019**

CASE No. 20634

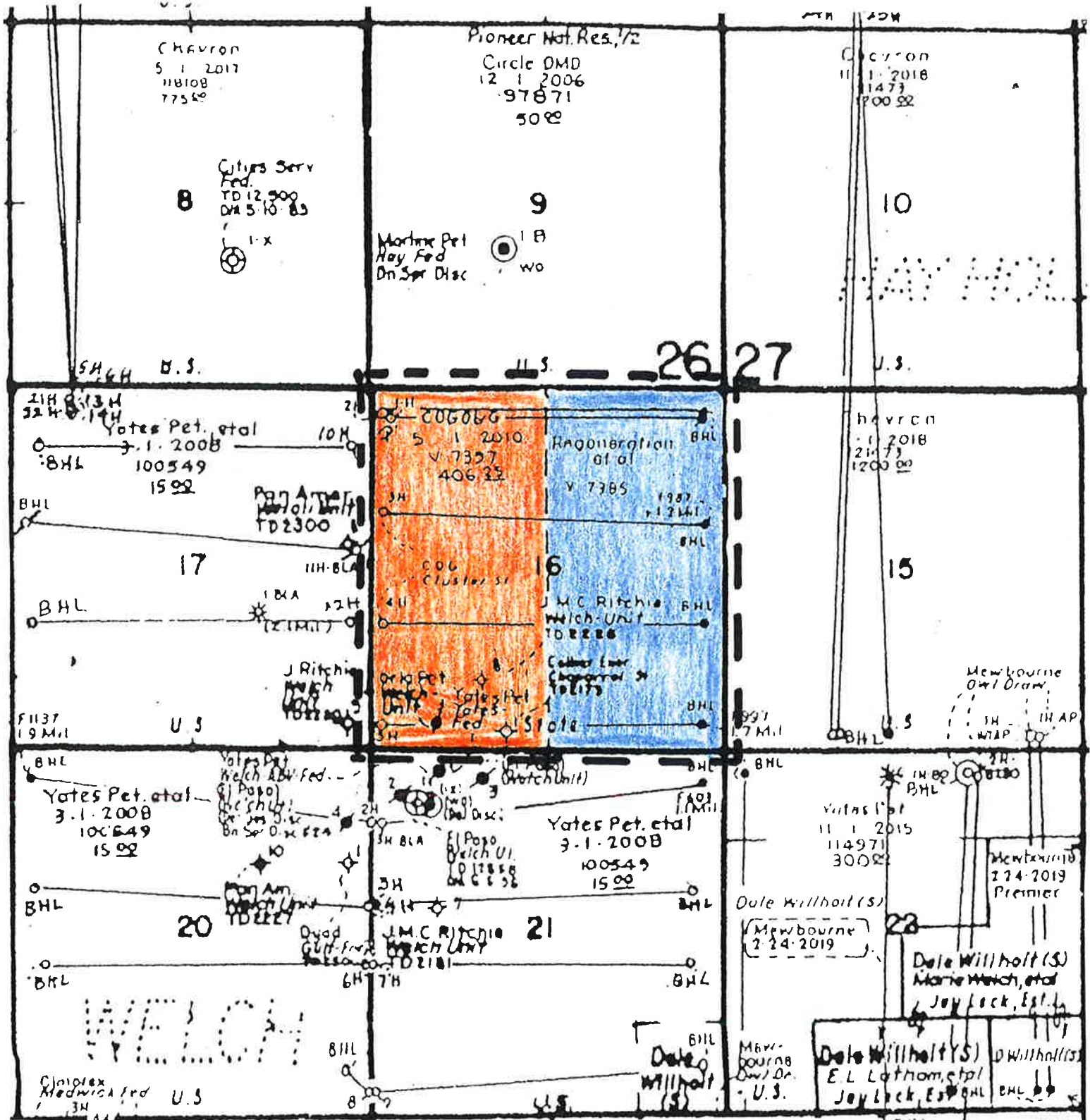
BLUE MOON UNIT

EDDY COUNTY, NEW MEXICO

*REGENERATION
ENERGY CORPORATION*

Exhibit

----- Unit Boundary
 VO-7398
 VO-7385



ONLINE VERSION

STATE/FEE
EXPLORATORY UNIT

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

Blue Moon State

UNIT AREA

Eddy

County(ies),

NEW MEXICO

ONLINE VERSION

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

STATE/FEE
EXPLORATORY UNITS
Revised February 12, 2004

Blue Moon State

UNIT AREA

Eddy

COUNTY(IES), NEW MEXICO

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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE

Blue Moon State

UNIT AREA

Eddy

COUNTY(IES), NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 20____, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N.M. Statutes 1978 Annotated), to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 19, Art. 10, Sec. 47, N.M. Statutes 1978 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (hereinafter referred to as the "Division"), is authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended, being Section 70-2-1 et seq. N. M. Statutes Annotated, 1978 Compilation) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the _____ Blue Moon State _____ Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. **UNIT AREA:** The following described land is hereby designated and recognized as constituting the unit area: {Attach another page if you need more space.}

Township 26 S, Range 27 E, N.M.P.M.

Section 16* Subdivisions: * As to depths from surface to the base of Delaware formation which

Section _____ Subdivisions: depth is approximately 5,270 feet beneath the surface

Section _____ Subdivisions: _____

Section _____ Subdivisions: _____

Containing _____ total acres, more or less, in County(ies) Eddy New Mexico

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibit "A" and "B" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. **UNITIZED SUBSTANCES:** All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. **UNIT OPERATOR:** Regeneration Energy Corp.

whose address is PO Box 210 Artesia, NM 88211-0210 is hereby designated as

unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to

accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. **RESIGNATION OR REMOVAL OF UNIT OPERATOR:** Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of wells.

5. **SUCCESSOR UNIT OPERATOR:** Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

6. **ACCOUNTING PROVISIONS:** The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. **RIGHTS AND OBLIGATIONS OF UNIT OPERATOR:** Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. **DRILLING TO DISCOVERY:** The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to attain the top of the _____ Delaware _____ formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of _____ 4000 _____ feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. **OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:** Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units, but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator

and the lessees or record in the manner prescribed by (Sec. 19-10-20 N.M. Statutes 1978 Annotated), of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by (Sec. 19-10-23 N.M. Statutes 1978 Annotated), and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this agreement unless at the expiration of five (5) years after the first day of the month following the effective date of this agreement diligent drilling operations are in progress on said tracts.

10. **PARTICIPATION AFTER DISCOVERY:** Upon completion of a well capable of producing unitized substances in paying quantities the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. **ALLOCATION OF PRODUCTION:** All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tracts of said unitized area.

12. **PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:** The respective lease owners in accordance with the terms of their leases shall pay all rentals due to the State of New Mexico.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty share in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practices; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. **LEASES AND CONTRACTS CONFORMED AND EXTENDED INsofar AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:** The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offset to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as two separate leases as to such segregated portions, commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the fixed term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas, or either of them, has been discovered is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the fixed term of such

lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. **CONSERVATION:** Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. **DRAINAGE:** In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. **COVENANTS RUN WITH LAND:** The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photo static, or certified copy of the instrument of transfer.

17. **EFFECTIVE DATE AND TERM:** This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in five (5) years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are being produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to the Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof, may subject this agreement to termination as provided in said section.

18. **RATE OF PRODUCTION:** All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Division, and in conformity with all applicable laws and lawful regulations.

19. **APPEARANCES:** Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby, before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceedings.

20. **NOTICES:** All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses, set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as any such party may have furnished in writing to party sending the notice, demand, or statement.

21. **LOSS OF TITLE:** In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

22. **SUBSEQUENT JOINDER:** Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

23. **COUNTERPARTS:** This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

[Note – Signature pages follow.]

UNIT OPERATOR AND WORKING INTEREST OWNER

BUSINESS ENTITY Regeneration Energy Corp By Raye Miller
Address PO Box 210 Artesia NM 88211-0210 SIGNATURE OF OFFICER
Date of Execution 7/2/19

STATE OF New Mexico)
COUNTY OF Eddy) ss.

Acknowledgment in an Individual Capacity

This instrument was acknowledged before me on _____ Date

by _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

This instrument was acknowledged before me on July 2, 2019 Date

by Raye Miller
Name(s) of Person(s)

as President of Regeneration Energy Corp
Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Andrea Vaz
Signature of Notarial Officer

My commission expires: 12-03-22



OFFICIAL SEAL
ANDREA VAZ
NOTARY PUBLIC, STATE OF NEW MEXICO
MY COMMISSION EXPIRES 12-03-22

Exhibit A

Blue Moon State Unit
Sec. 16 T26S R27E
Eddy County, NM

State of New Mexico VO-7398 W/2 320 acres +/-	State of New Mexico VO-7385 E/2 320 +/-
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All Sec. 16 T26S R27E

EXHIBIT "B"

SCHEDULE OF OWNERSHIP

Blue Moon State Unit
Eddy County, New Mexico

<u>Lease #</u>	<u>Acres</u>	<u>Legal Description</u>	<u>Basic Royalty</u>	<u>Lease Date</u>
VO-7385	320	E/2 Sec. 16 T26S-R27E	1/6 th	05/01/2005
VO-7398	320	W/2 Sec. 16 T26S-R27E	1/6 th	05/01/2005

Working Interest

Premier	.42588738
Regeneration	.16646201
Abe	.02102186
Allar	.38662875

Recapitulation

<u>640</u>	acres of New Mexico Lands =	<u>100%</u>
<u>0</u>	acres of Fee Land =	<u>0%</u>
Total: <u>640</u>	acres	<u>100%</u>

EXHIBIT "C"

SCHEDULE OF TRACT PARTICIPATION

<u>Tract Number</u>	<u>Unit Participation</u>
<i>VO-7385</i>	<i>50%</i>
<i>VO-7398</i>	<i>50%</i>

Exhibit D

Geologic Discussion for the Regeneration Energy Application for the Blue Moon State Exploratory Unit in Sec 16 26S 27E, Eddy Co., NM

Included in the application for the unit are 5 Geologic displays:

1. Well spot map showing the unit location with all known existing wells and locations, the lines of section for 2 stratigraphic cross sections and attribute spots for well logs from which mapping data was derived.
2. Structural map for the top of the pay sand (locally known as the Williamson Sand).
3. Gross Sand Isopach map for the Williamson sand.
4. West to East stratigraphic cross section hung on the Williamson sand.
5. North to South stratigraphic cross section (also) hung on the Williamson sand.

Discussion:

The well spot map includes all known wells in the area. The positions of the 2 stratigraphic cross sections are denoted on the map - the redlined West to East line along with the orange lined North to South section. Wells in which downhole logs were available are denoted by attribute circles in which pertinent data is noted along with postings of both Williamson sand subseas and gross sand thickness numbers.

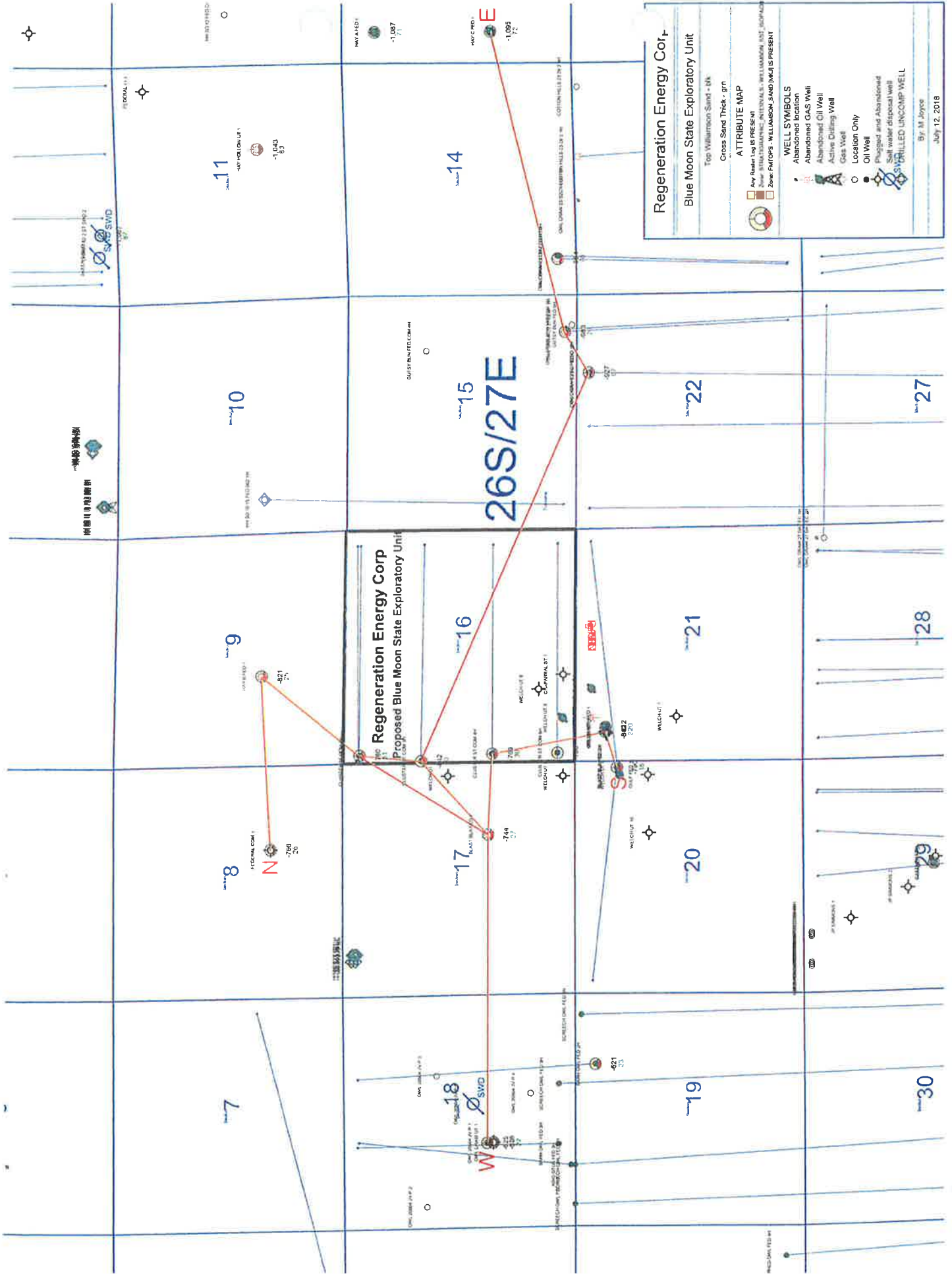
The targeted pay in this section is known locally as the Williamson sand. It is the basal-most sand of the Cherry Canyon member of Delaware sands. Its top and bottom picks are in all wells included on the 2 provided cross sections.

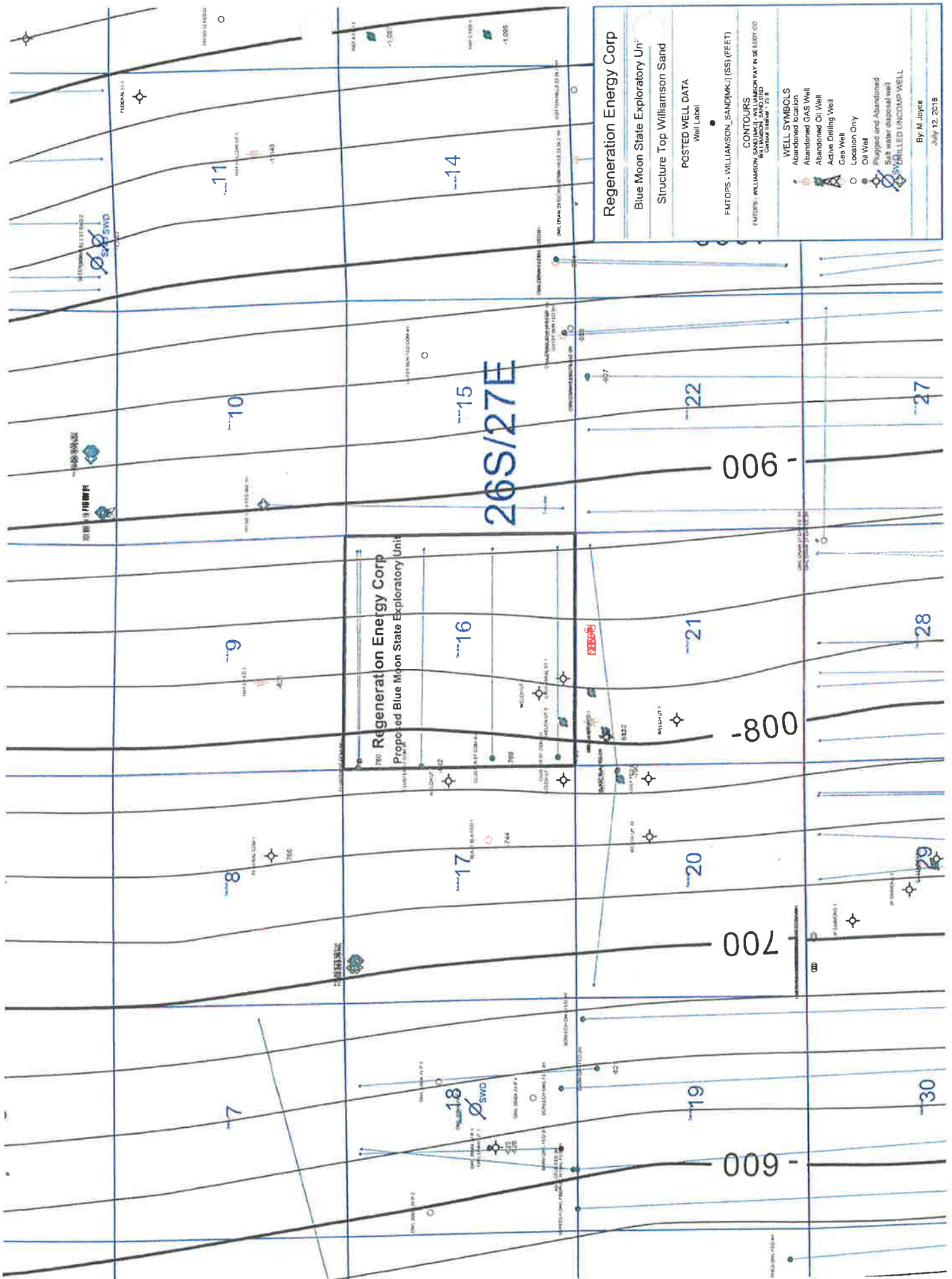
The structure at the top of the Williamson sand here shows the strata to strike nearly due north/south and dip a very uniformly 100'/mile to the East. All available subseas are posted on the map.

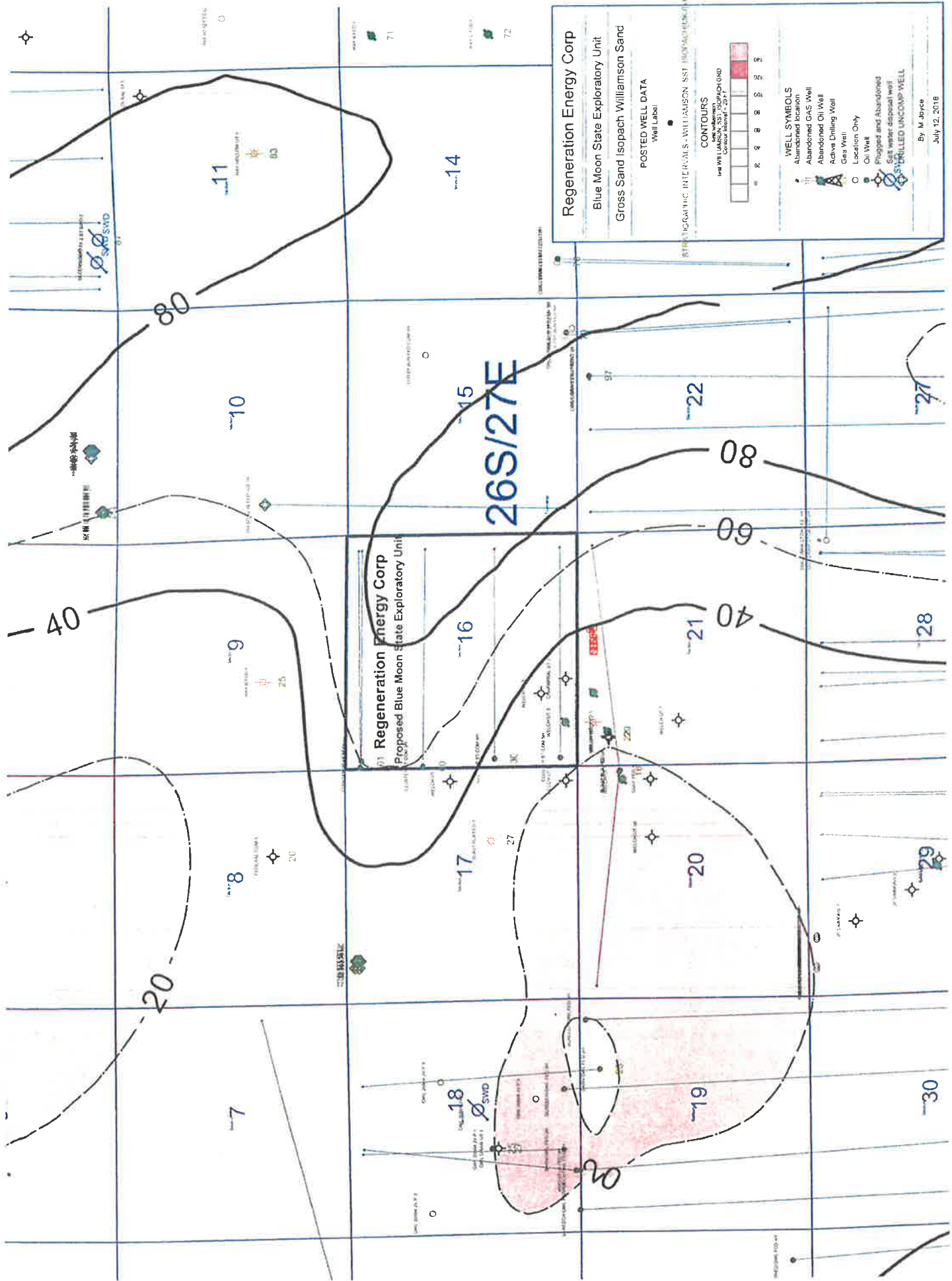
Gross sand isopach mapping of the Williamson shows a nice thickening from approximately 20' in the W2 of sec 17 to more than 80' in the E2 of 16. The overall trend of the thick appears to be SE/S. The deposition of this particular thick appears to be within a submarine canyon scour filled with reservoir quality sand. The trapping mechanism updip stratigraphic thinning.

Submitted by:

Martin Joyce, geologist
Regeneration Energy
10/26/2018







S

Rel
Depth(ft)
-150
-130
-110
-90
-70
-50
-30
0

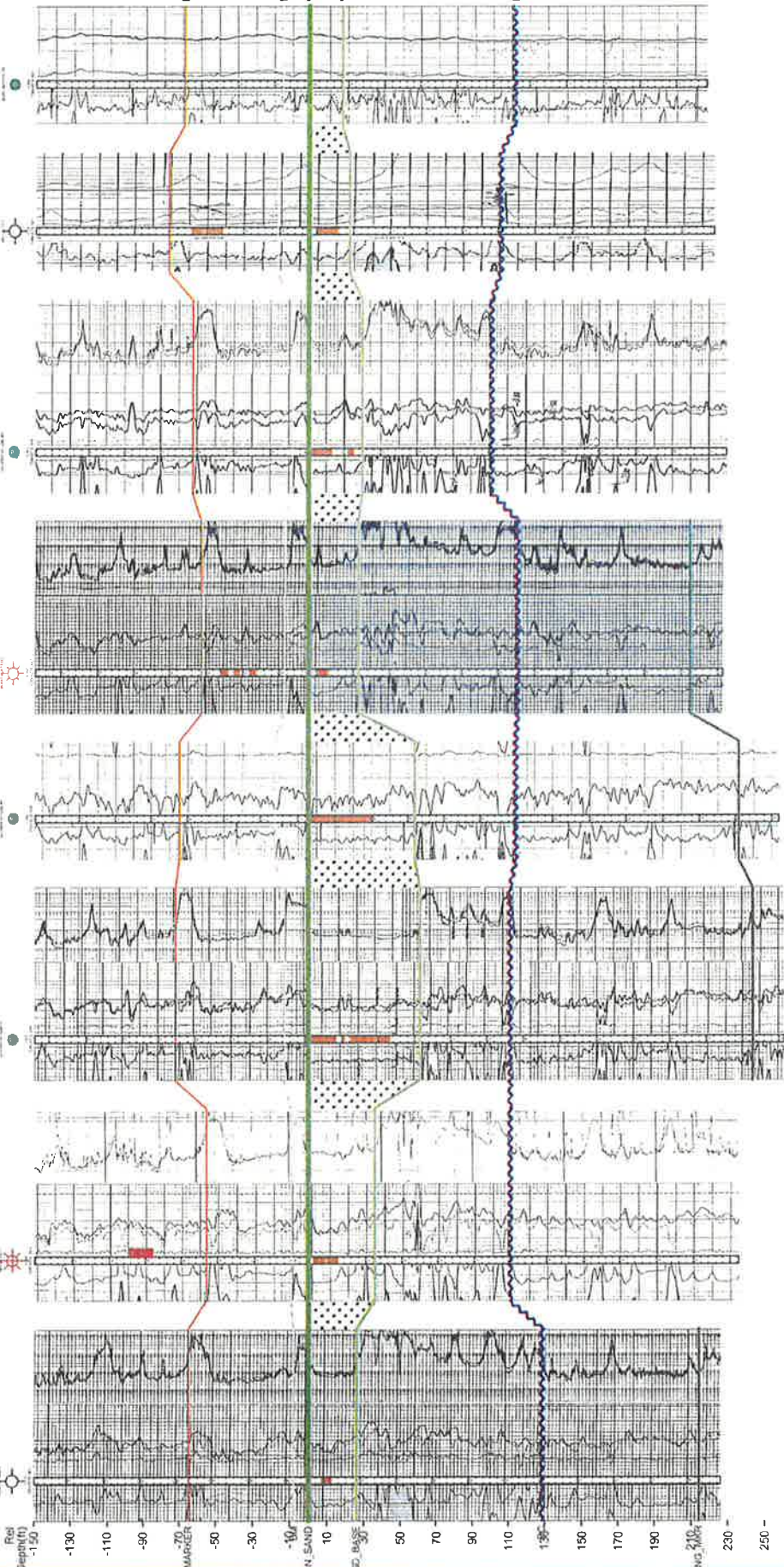
HOT MARKER -70

BM 0

WILLIAMS -10

WILLIAMSON SD BASE -30

BC -110



N

Rel
Depth(ft)
-150
-130
-110
-90
-70
-50
-30
-10
0
10
30
50
70
90
110
130
150
170
190
210
230
250

MARKER -70

BM 0

WILLIAMS -10

WILLIAMSON SD BASE -30

BC -110



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S
OFFICE**

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

May 9, 2019

Regeneration Energy Corp
ATTN: Mr. Raye Miller
P.O. Box 210
Artesia, NM 88211-0210

Re: Preliminary Approval
Blue Moon Unit
Eddy County, New Mexico

Dear Mr. Miller:

We have received the unexecuted copy of the unit agreement, geologic discussion, and facility layout that you submitted for the proposed Blue Moon Unit area, Eddy County, New Mexico. This agreement meets the general requirements of the New Mexico State Land Office, and you have this date been granted preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following.

1. Application for final approval setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy,
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area,
 - c. Each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area, and
 - d. The unit agreement is in other respects for the best interest of the Trust.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 3

Submitted by: **REGENERATION ENERGY CORP.**

Hearing Date: July 11, 2019

Case # 20634

3. All ratifications from the Lessees of Record and Working Interest Owners. The documents must contain original signatures that are acknowledged by a notary.
4. Approval order from the New Mexico Oil Conservation Division. State Land Office final approval is conditioned upon approval by the New Mexico Oil Conservation Division.
5. One copy of the Unit Operating Agreement (if applicable).
6. A \$100 total filing fee. The filing fee is \$100 for each section or partial section included in the unit, whether federal, state, or privately owned.

If you have any questions or if we may be of further assistance, please contact Units Manager Randolph Bayliss, at 505.827.5791 or rbayliss@slo.state.nm.us.

Respectfully,

Stephanie Garcia Richard /JK

STEPHANIE GARCIA RICHARD
COMMISSIONER OF PUBLIC LANDS

SGR/rbb

cc: NMOCD – Attn: Chief Engineer
RMD – Attn: Mr. Roddy Martinez
Units Reader Files

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-8178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 475-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form O-101
August 1, 2011
Permit 268345

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address REGENERATION ENERGY, CORPORATION P.O. Box 210 Artesia, NM 88210		2. OGRID Number 280240
4. Property Code 325740		3. API Number 30-015-46055
5. Property Name BLUE MOON STATE UNIT		6. Well No. 001H

7. Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	16	26S	27E		310	S	660	W	Eddy

8. Proposed Bottom Hole Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	16	26S	27E	D	330	N	660	W	Eddy

9. Pool Information	
WELCH, DELAWARE	64030

Additional Well Information				
11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3251
16. Multiple N	17. Proposed Depth 8832	18. Formation Delaware	19. Contractor	20. Spud Date 6/20/2019
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program						
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	2100	628	0
Prod	7.875	7	28	3500	100	0
Prod	7.875	5.5	17	8832	1465	0

Casing/Cement Program: Additional Comments

Set 20 inch 57# conductor pipe at 40 ft. Drill 12.25 hole to 2060-2100 brine water. Run 9 5/8 36# J55 LTC and cement to surface in 1 stage. Drill 7 7/8 vertical, curve and lateral with cut brine to approx 8832 ft MD. Run 7 inch 26# J-55 to 3500 tapered down to 5 1/2 17# J-55 to TD. Cement to surface with 1 stage.

22. Proposed Blowout Prevention Program			
Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	Cameron

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature: Printed Name: Electronically filed by Joel W Miller Title: Secretary/Treasurer Email Address: jmillar@pvtn.net Date: 6/7/2019		OIL CONSERVATION DIVISION Approved By: Raymond Podany Title: Geologist Approved Date: 6/10/2019 Expiration Date: 6/10/2021 Conditions of Approval Attached	
Phone: 575-736-3535			

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: **REGENERATION ENERGY CORP.**
Hearing Date: July 11, 2019
Case # 20634

DISTRICT I
1635 N. FRENCH DR., MOHRS, NM 88540
Phone: (505) 365-5151 Fax: (505) 492-8780

DISTRICT II
611 E. FIRST ST., ALBUQUERQUE, NM 80210
Phone: (505) 746-1283 Fax: (505) 746-6720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 234-8170 Fax: (505) 351-8170

DISTRICT IV
1240 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3400 Fax: (505) 476-3408

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name BLUE MOON STATE	Well Number 1H
OGRID No.	Operator Name REGENERATION ENERGY CORPORATION	Elevation 3251.8'

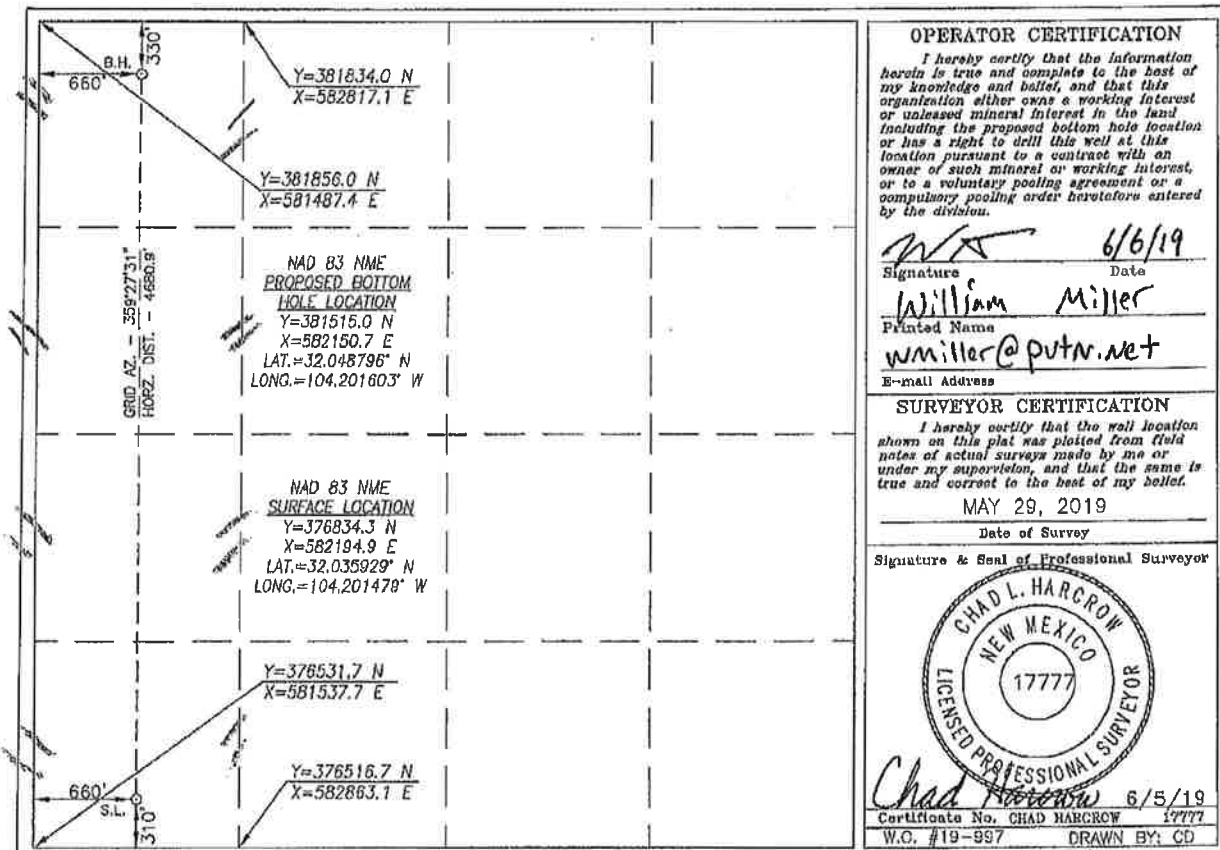
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	26-S	27-E		310	SOUTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	16	26-S	27-E		330	NORTH	660	WEST	EDDY
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



District I
1825 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Comments

Permit 288345

PERMIT COMMENTS

Operator Name and Address: REGENERATION ENERGY, CORPORATION [280240] P.O. Box 210 Artesia, NM 88210	API Number: 30-015-46055
	Well: BLUE MOON STATE UNIT #001H

Created By	Comment	Comment Date
jwmliller	Regeneration Energy Corp has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.	6/6/2019
rpodany	BHL problem. BHL and BHL completion must be same. Leaving BHL blank generates bad input. Drill fluid for surface casing must be fresh water not brine.	6/7/2019

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8181 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-8178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 260345

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: REGENERATION ENERGY, CORPORATION [280240] P.O. Box 210 Artesia, NM 88210		API Number: 30-015-48055
		Well: BLUE MOON STATE UNIT #001H
OCD Reviewer	Condition	
rpodany	Will require a directional survey with the C-104	
rpodany	Cement is required to circulate on both surface and intermediate strings of casing	

Regeneration Energy Corp Proposed Blue Moon St Unit

Section
16
26S 27E

26S

Township

0 1,000
FEET

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: **REGENERATION ENERGY CORP.**
Hearing Date: July 11, 2019
Case # 20634

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF REGENERATION ENERGY
CORP. FOR APPROVAL OF THE BLUE MOON
STATE UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20634

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Kaitlyn A. Luck, attorney in fact and authorized representative of Regeneration Energy Corp., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.



Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 10th day of July 2019 by Kaitlyn A. Luck.



Notary Public

My Commission Expires: August 26, 2021





Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources –
Oil and Gas Law – New Mexico Board
of Legal Specification
mfeldewert@hollandhart.com

June 21, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: AFFECTED PARTIES


Re: Application of Regeneration Energy Corp. for Approval of the Blue Moon State Unit, Eddy County, New Mexico.
Blue Moon State Unit

Ladies & Gentlemen:

This letter is to advise you that Regeneration Energy Corp. has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on July 11, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Raye Miller, at (575) 736-3535 or rmiller@pvtm.net.

Sincerely,


Michael H. Feldewert

ATTORNEY FOR REGENERATION ENERGY CORP.

Postal Delivery Report
OCD 20634 Blue Moon State Unit

TrackingNo	TransactionDate	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414810898765037642503	06/20/2019	New Mexico State Land Office	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	Your item was picked up at a postal facility at 7:21 am on June 24, 2019 in SANTA FE, NM 87501.
9414810898765037642497	06/20/2019	Crownrock Minerals LP	PO Box 51933	Midland	TX	79710-1933	Your item was delivered at 11:41 am on June 25, 2019 in MIDLAND, TX 79705.
9414810898765037642480	06/20/2019	John Kyle Thoma	PO Box 558	Peyton	CO	80831-0558	Your item was delivered at 11:45 am on June 29, 2019 in PEYTON, CO 80831.
9414810898765037642473	06/20/2019	Nestegg Energy Corporation	2308 Sierra Vista Rd	Artesia	NM	88210-9409	Your item was delivered to an individual at the address at 1:41 pm on June 24, 2019 in ARTESIA, NM 88210.
9414810898765037642466	06/20/2019	Nearburg Producing Company	PO Box 823085	Dallas	TX	75382-3085	Your item was delivered at 10:55 am on June 24, 2019 in DALLAS, TX 75231.
9414810898765037642442	06/20/2019	Nearburg Exploration Company LLC	PO Box 823085	Dallas	TX	75382-3085	Your item was delivered at 10:55 am on June 24, 2019 in DALLAS, TX 75231.

CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001289426

HOLLAND & HART
PO BOX 2208

SANTA FE NM 87504

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

06/25/19



Legal Clerk

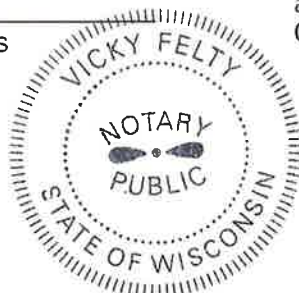
Subscribed and sworn before me this
25th of June 2019.



State of WI, County of Brown
NOTARY PUBLIC



My Commission Expires



STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on July 11, 2019, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 1, 2019. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Nearburg Exploration Company LLC; Nearburg Producing Company; Nestegg Energy Corporation; John Kyle Thoma Trustee of the Cornerstone Family Trust; Crownrock Minerals LP; New Mexico State Land Office.

Case No. 20634: Application of Regeneration Energy Corp. for Approval of the Blue Moon State Unit, Eddy County, New Mexico. Applicant seeks approval of the Blue Moon State Unit consisting of approximately 640 acres of State lands situated in all of Section 16, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico. The unitized interval includes all depths. The Blue Moon State Unit is approximately 14 miles southeast of Whites City, New Mexico.

June 25, 2019

Ad#: 0001289426
P O : Blue Moon State
of Affidavits : 0.00

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by: **REGENERATION ENERGY CORP.**
Hearing Date: July 11, 2019
Case # 20634

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF REGENERATION ENERGY
CORP. FOR APPROVAL OF THE BLUE MOON
STATE UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20634

AFFIDAVIT OF MARTIN JOYCE

Martin Joyce, being first duly sworn on oath, state as follows:

1. My name is Martin Joyce. I reside in Roswell, NM. I am a petroleum geologist employed by Regeneration Energy Corp. ("Regeneration") and responsible for the formation of the proposed Blue Moon State Unit ("the Unit") comprised of the following 640 acres, more or less, of State lands situated in Eddy County, New Mexico ("Unit Area"):

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM

Section 16: All.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geology have been accepted by the Division and made a matter of record.

3. Regeneration, the designated Unit Operator in the Blue Moon State Unit Agreement, proposes to test all formations from the surface to the base of the Delaware formation (approximately 5,270 feet) ("Unitized Interval").

4. The initial well in the Unit Area has been drilled at a standard location in the SW/4 SW/4 of Section 16 to evaluate the Williamson Sand, which is the lower-most sand of the Cherry Canyon of the Delaware formation, in the proposed Unitized Interval.

5. If the initial well is successful, additional wells will be drilled in the Unit Area.

6. **Exhibit 8-A** is a location map showing the proposed Unit location in Section 16,

together with all existing wells and locations.

7. **Exhibit 8-B** is a Structure Map on top of the Williamson Sand that shows the interval to strike nearly due north/south while dipping approximately 100 feet per mile to the east. Open hole and sample logs from offsetting vertical tests that targeted underlying Delaware objectives, suggest the Williamson Sand extends across the unitized area and is potentially hydrocarbon productive across the Unit Area.

8. **Exhibit 8-C** is a Stratigraphic Cross-Section Locator Map with the west to east line of section denoted in blue from A to A'. This map includes all known wells with geophysical or mud logs in the area.

9. **Exhibit 8-D** is Stratigraphic Cross-Section A-A' for the wells denoted from west to east in blue on Exhibit 8-C. The cross-section depicts the gross thickness development of the objective Williamson Sand from offsetting wells penetrating the objective interval in the area. The penetrations also document the thickness, lateral distribution, and overall continuity of the objective interval in the Unit Area and its immediate vicinity.

10. **Exhibit 8-E** is a Stratigraphic Cross-Section Locator Map with the north to south line of section also denoted in blue from B to B'. This map includes all known wells with geophysical or mud logs in the area.

11. **Exhibit 8-F** is Stratigraphic Cross-Section B-B' for the wells denoted from north to south in blue on Exhibit 8-E. This cross-section also depicts the overall thickness development of the objective Williamson Sand within the proposed Unit area as well as from offsetting well penetrations of the objective interval outside the area. The penetrations also document the thickness, lateral distribution, and overall continuity of the objective interval in the Unit Area and its immediate vicinity.

12. I observe no evidence of faulting, pinch-outs, or other geologic impediments that will prevent this acreage from contributing to the overall production from the unitized interval. In my opinion, the unitized interval is continuous across the Unit Area.

13. **Exhibit 8-G** is the Williamson Gross Sand Isopach Map. This map documents the thickness, lateral distribution, and overall continuity of the Williamson Sand target interval in the Unit Area and its immediate vicinity. This Gross Sand Map reflects an overall trend of thickening from the northwest to the east/southeast. Deposition appears to be backfilling within a submarine canyon scour by reservoir quality sands, the trapping mechanism being updip stratigraphic thinning.

14. **Exhibit 8-H** is a Type Log for the Delaware formation from the Cluster State Com #4H (API No. 30-015-40481), which is currently producing from the Bone Spring formation underlying Section 16, Township 26 South, Range 27 East. There are no wells currently producing from the Williamson Sand interval in the immediate vicinity of the Unit Area that I am aware of. A re-entry of the Hay B Fed 1 (API No. 30-015-23935) (9-26S-27E) on 9/5/2007 recovered only 12BO and 4197BW from the Williamson sand, and it was re-plugged as of 10/22/2009.

15. In my opinion, the Unit covers an area that can be effectively and efficiently developed under a unit plan and formation of this unit will result in the efficient recovery of hydrocarbons.

16. In my opinion, approval of the Blue Moon State Unit and the development of the Unit Area pursuant to a unit plan is in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

17. **Exhibits 8-A** through **8-H** were prepared by me or under my direction and

supervision.

FURTHER AFFIANT SAYETH NOT.

STATE OF NEW MEXICO)
COUNTY OF Chaves) ss.


MARTIN JOYCE

SUBSCRIBED AND SWORN before me on this 10th day of July 2019.



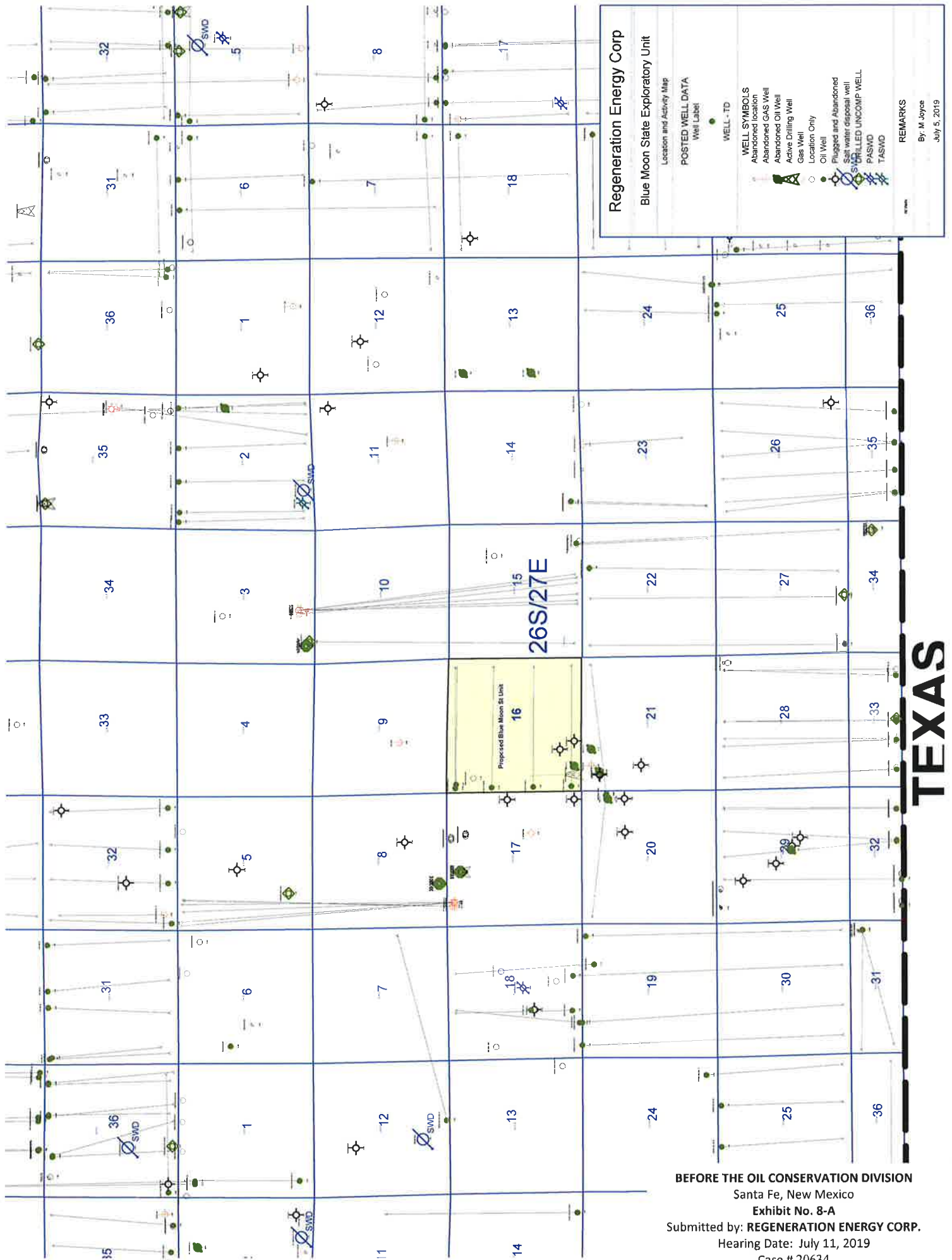
OFFICIAL SEAL
Carolyn Vandermee
NOTARY PUBLIC-State of New Mexico

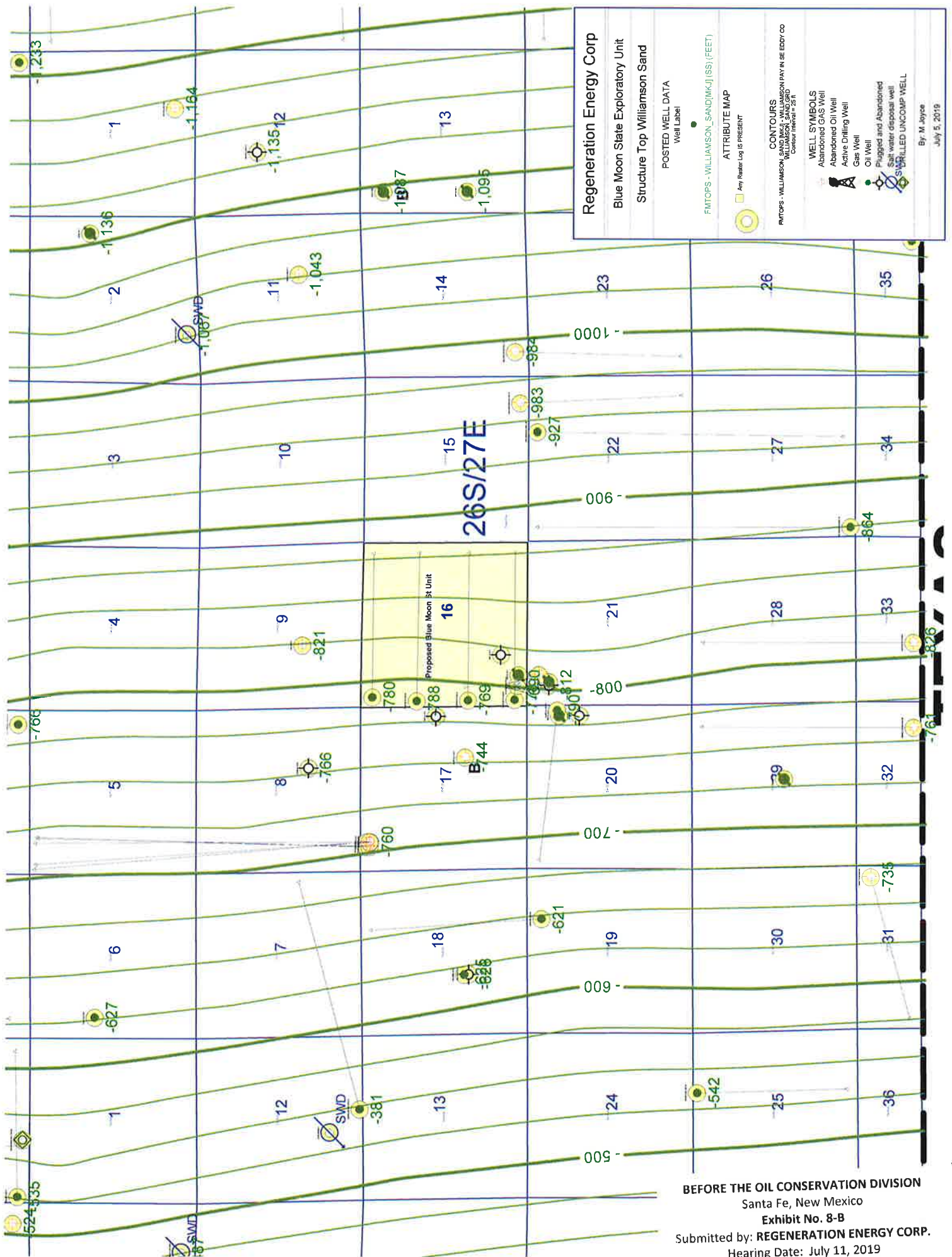
My Commission Expires 7-5-2021


Notary Public

My Commission Expires:

7-5-2021







Regeneration Energy Corp		
Blue Moon State Exploratory Unit		
Strat Cross Section A' Location		
POSTED WELL DATA	Well Label	
WELL - TD		
By: M. Joyce		
July 6, 2019		

A (W)

Rel
Depth(ft)
-200 -
-180 -
-160 -
-140 -
-120 -
-100 -
-80 -
-60 -
-40 -
-20 -
0 -
20 -
40 -
60 -
80 -
100 -
120 -
140 -
160 -
180 -
200 -

BLAST BLA FED 1

3.352
T26S R27E S17

DUMMY2
HOT_MARKER
BM
WILLIAMSON_SAND
WILLIAMSON_SD_BASE
BRUSHY_CANYON

CLUSTER ST COM 3H

3.322
T26S R27E S16

CLUSTER ST COM 4H

3.312
T26S R27E S16

OWL DRAW 22 27 B2BO 2H

3.176
T26S R27E S22

OWL DRAW 23 DM FED C 1H HAY A FED 1

3.172
T26S R27E S14

3.183
T26S R27E S13

DUMMY2
HOT_MARKER
BM
WILLIAMSON_SAND
WILLIAMSON_SD_BASE
BRUSHY_CANYON

A' (E)

Rel
Depth(ft)
-200 -
-180 -
-160 -
-140 -
-120 -
-100 -
-80 -
-60 -
-40 -
-20 -
0 -
20 -
40 -
60 -
80 -
100 -
120 -
140 -
160 -
180 -
200 -



Regeneration Energy Corp

Blue Moon State Exploratory Unit

Strat Cross Section B' Location

POSTED WELL DATA
Well Label

WELL - TD

By: M. Joyce

July 6, 2019

B (N)

Rel
Depth(ft)
-200 -

-180 -

-160 -

-140 -

-120 -

-100 -

-80 -

-60 -

-40 -

-20 -

0 -

20 -

40 -

60 -

80 -

100 -

120 -

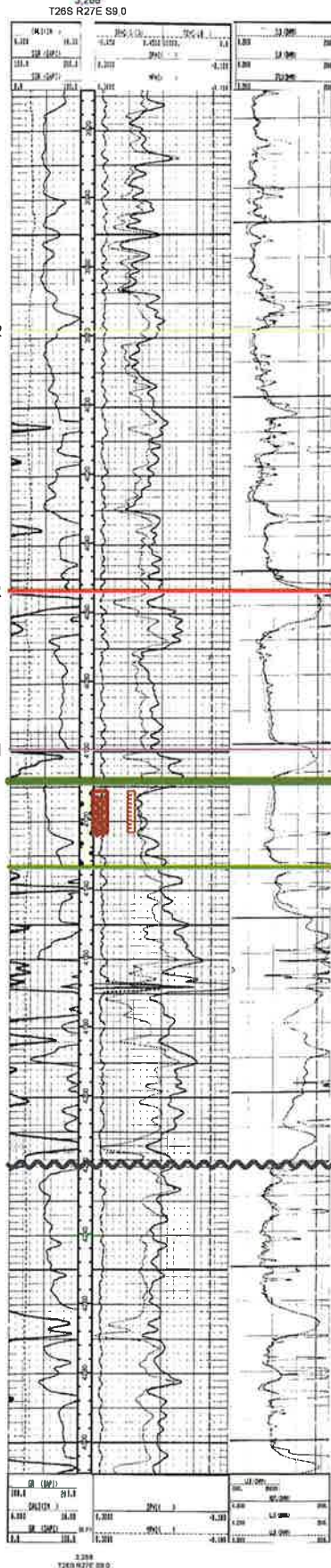
140 -

160 -

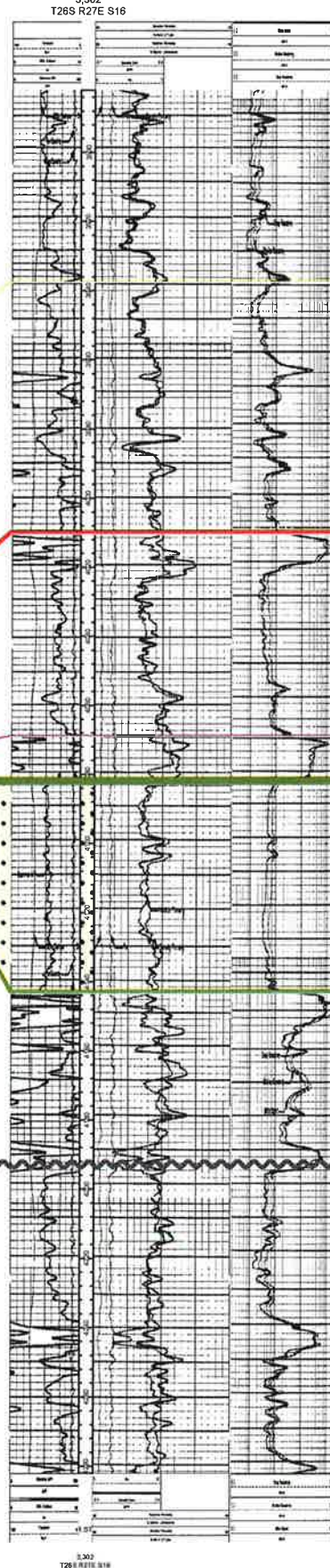
180 -

200 -

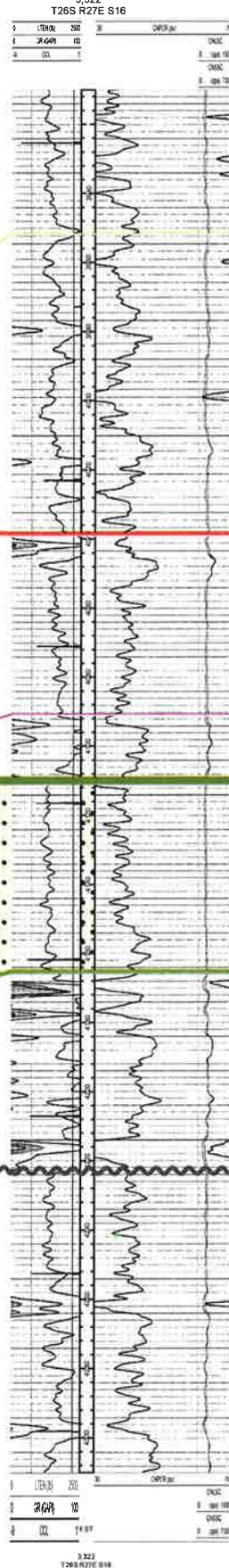
HAY B FED 1



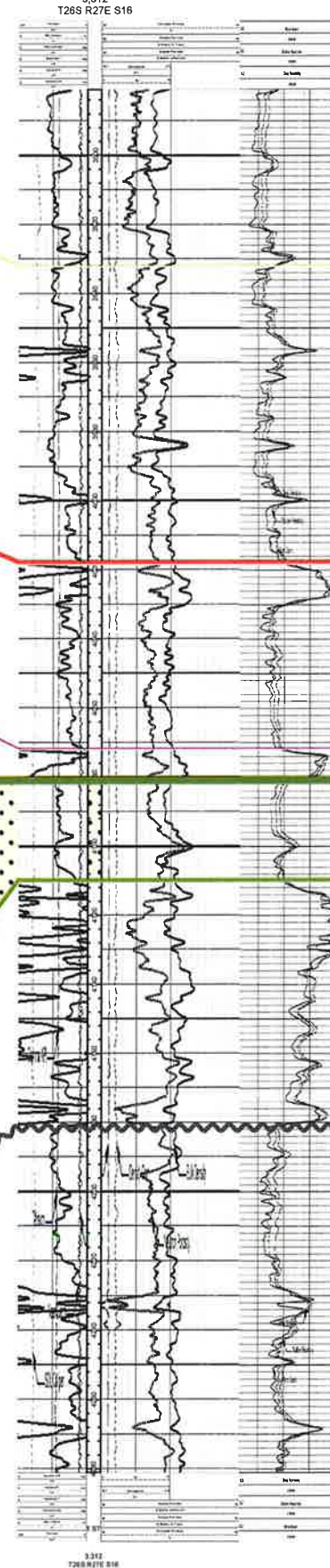
CLUSTER ST COM 1H



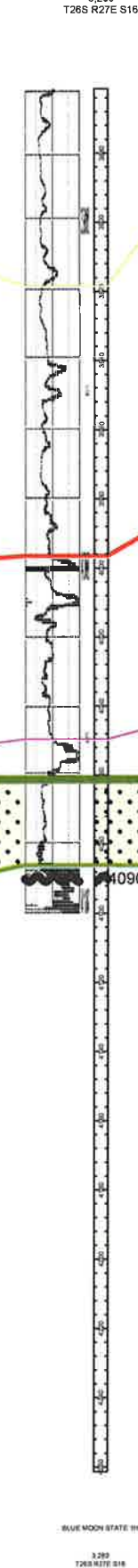
CLUSTER ST COM 3H



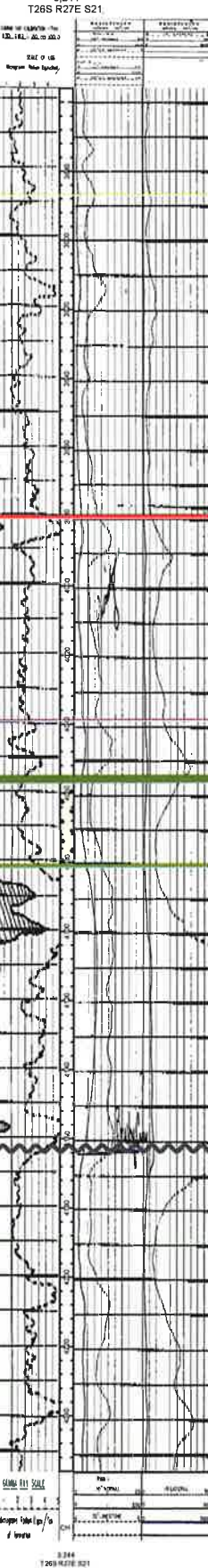
CLUSTER ST COM 4H



BLUE MOON STATE 1H



WELCH UT 1



B' (S)

Rel
Depth(ft)
-200 -

-180 -

-160 -

-140 -

-120 -

-100 -

-80 -

-60 -

-40 -

-20 -

0 -

20 -

40 -

60 -

80 -

100 -

120 -

140 -

160 -

180 -

200 -

DUMMY2

HOT_MARKER

HOT_MARKER

BM

BM

WILLIAMSON_SAND

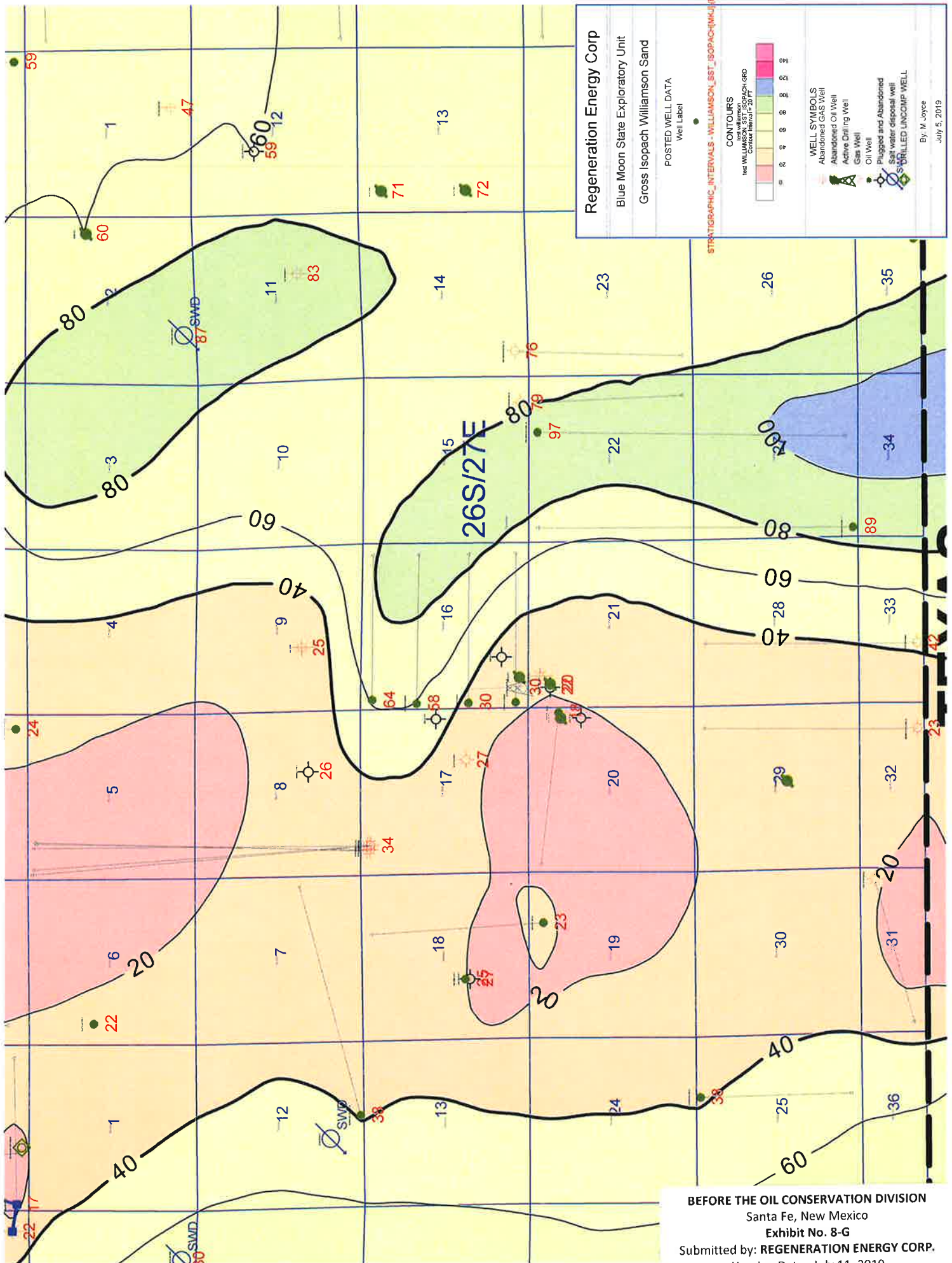
WILLIAMSON_SAND

WILLIAMSON_SD_BASE

WILLIAMSON_SD_BASE

BRUSHY_CANYON

BRUSHY_CANYON



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. 8-G
 Submitted by: **REGENERATION ENERGY CORP.**
 Hearing Date: July 11, 2019
 Case # 20634

