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Form 3160-3
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM1134182

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Madera 17 Federal #1H <39880>

2. Name of Operator Regeneration Energy Corp. <280240>

9. API Well No.
30-025-41199

3a. Address PO Box 210
Artesia, NM 88211-0210

3b. Phone No. *(include area code)*
(575)736-3535

10. Field and Pool or Exploratory <96434>
~~Antelope Ridge~~/Bone Spring, North
R-111-P

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 330' FNL 380' FEL Unit letter A (NENE) SHL
At proposed prod. zone 330' FSL 380' FEL Unit letter P BHL

11. Sec., T. R. M. or Blk. and Survey or Area
Sec. 17 T24S R34E

14. Distance in miles and direction from nearest town or post office*
20 miles from Jal

12. County or Parish
Lea County

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'

16. No. of acres in lease
640

17. Spacing Unit dedicated to this well
160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. About 5000'

19. Proposed Depth
MD:13573 TVD:9200

20. BLM/BIA Bond No. on file
NMB000764

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3561' GL

22. Approximate date work will start*
12/01/2012

23. Estimated duration
45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature

Name *(Printed/Typed)*
William Miller

Date
09/28/2012

Title
Landman

Approved by *(Signature)* /s/George MacDonell

Name *(Printed/Typed)*

Date

Title
FIELD MANAGER

Office
CARLSBAD FIELD OFFICE

MAY 01 2013

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

05/31/13

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: CHEVRON U.S.A. INC
Case No. 15,058
Hearing Date: October 31, 2013

JUN 04 2013

Regeneration Energy Corp.
DRILLING AND OPERATIONS PROGRAM

Madera 17 Federal #1H
Surf: 330' FNL & 380' FEL,
BHL: 330' FSL & 380' FEL
Section 17, T24S, R34E
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Regeneration Energy Corp. submits the following ten items of pertinent information in accordance with BLM requirements.

1. Geological surface formation: Permian

2. The estimated tops of geologic markers & estimated depths at which anticipated water, oil or gas formations are expected to be encountered are as follows:

Fresh Water	475'
Rustler	1154'
Top Salt	1714'
Bottom Salt	5054'
Delaware	5289'
Bone Spring	8979'
Avalon Shale	9099'
TD	13600'

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 1200' and circulating cement back to surface. All intervals will be isolated by setting 9 5/8" and 5 ½" casing to total depth and tying back cement 200' into 9 5/8 casing.

3. **Proposed Casing Program:**

Hole Size	Interval see COA 1288'	OD Casing	New or Used	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 ½"	0' – 1200'	13 3/8"	New	54.5#	STC	J-55	1.125	1.125	1.6
12 ¼"	0'– 3500'	9 5/8"	New	36#	LTC	J-55	1.125	1.125	1.6
12 1/4"	3500' – 4500'	9 5/8"	New	40#	LTC	J-55	1.125	1.125	1.6
12 ¼"	4500'-5200'	9 5/8"	New	40#	LTC	N-80	1.125	1.125	1.6
7 7/8"	5200'-13600'	5 ½"	New	17#	LTC	P110	1.125	1.125	1.6

Production String all the way to surface 0' – 13,600'
per william miller 4/5/2013

5. Proposed Cement Program: See Halliburton program for add. Elves

a. 13 3/8" Surf	Cement to surface with 750sx "CZ" 13.5ppg yield 1.75. Tail 850 sx "C" wt 14.8 ppg yield 1.34. 10% cog + 100% excess OH
b. 9 5/8" Int	Cement to surface with 1200 sx "C" Light 13.5ppg yield 1.72. Tail 400 sx "C" wt 14.8ppg yield 1.34. 10% cog + 100% OH
c. 5 1/2" Prod	1st Stage lead with 330 sx "HLH" wt 12.5ppg yield 2.0. Tail 850sx "H" 14.4ppg yield 1.27. 45% + 35% 12.5 2.0 2nd Stage lead with 180 sx "HLC" ~~2.0~~ yield ~~1.34.~~ Tail in with 100 sk "H" wt 14.8 yield 1.34. DVT @ 6500'.

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 200' above the 9 5/8" casing shoe. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. If cement does not circulate to the surface the operator may then use ready-mix cement to fill the remaining annulus. The operator is not required to use an excess of 100% cement volume to fill the annulus. **All casing is new and API approved.** See COA

6. Minimum Specifications for Pressure Control:

Nipple up on 13 3/8" casing with a 2M system (Hydril) and test to 50% by independent tester, nipple up on 9 5/8" with 3M system & test to 3000# with independent tester.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2"kill line and a 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

7. Estimated BHP: 4200 psi.

8. Mud Program: The applicable depths and properties of this system are as follows:

Depth ~~1200~~ 1288'	Type System	Mud Weight	Viscosity (sec)	Waterloss (cc)
0' – ~~1200'~~	Fresh Water	8.4 - 8.6	29	N.C.
1200' – 5200'	Brine	9.9 – 10.0	29	N.C.
5200' – 13600'	Cut Brine	8.8 – 9.0	29	N.C.

See COA

- The necessary mud products for weight addition and fluid loss control will be on location at all times.
- A visual and electronic mud monitoring system will be rigged up prior to spud to detect changes in the volume of mud system. The electronic system consists of a pit volume totalizer, stroke counter and flow sensor at flow line.

- If weight and/or viscosity are introduced to the mud system a daily mud check will be performed by mud contractor, along with tourly check by rig personnel.
- After setting intermediate casing, a third party gas unit detection system will be installed at the flow line.

9. Auxiliary Well Control and Monitoring Equipment:

a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 ½" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

See COA

10. Testing, Logging and Coring Program:

a. Drill stem tests will be based on geological sample shows.
b. The open hole electrical logging program will be:
   i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
   ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
   iii. No coring program is planned
   iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

11. Potential Hazards:

a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 4200 psi. Estimated BHT: 135°. No H2S is anticipated to be encountered.

12. Anticipated starting date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 45 days.

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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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
30-025-41199	96434	~~Antelope Ridge~~ Red Hills / Bone Spring, North

Property Code	Property Name	Well Number
39880	MADERA 17 FEDERAL	1H

OGRID No.	Operator Name	Elevation
280240	REGENERATION ENERGY CORPORATION	3561'

Surface Location

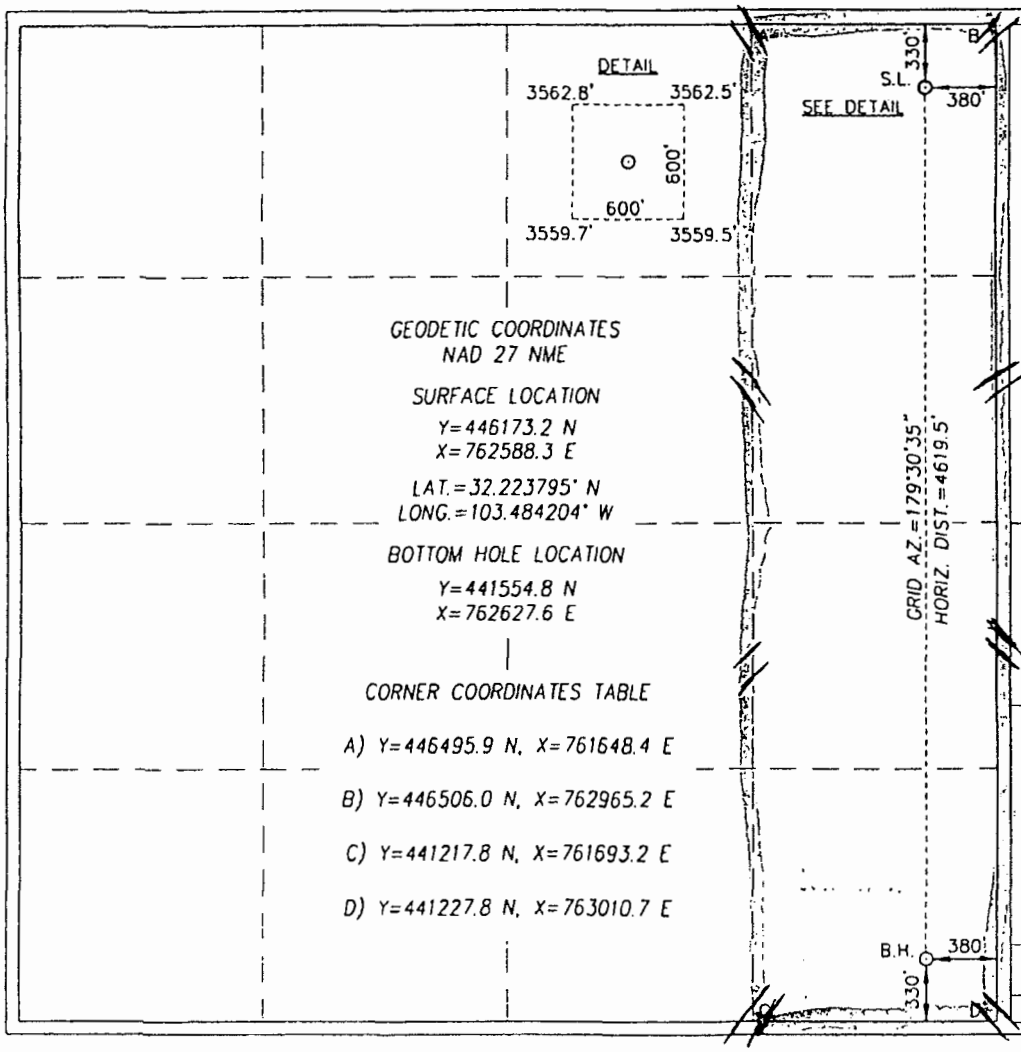
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	17	24-S	34-E		330	NORTH	380	EAST	LEA

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
P	17	24-S	34-E		330	SOUTH	380	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date: 11/12/12

William Miller
Printed Name

wmiller@pvtn.net
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

AUGUST 17, 2012
Date of Survey

Signature & Seal of Professional Surveyor:

RONALD J. EIDSON
NEW MEXICO
3239
REGISTERED PROFESSIONAL SURVEYOR

Ronald J. Eidson 11/12/2012

Certificate Number: Gary G. Eidson 12641
Ronald J. Eidson 3239

AF/DSR Rev.: 11/12/2012 JWSC W.O.: 12.11.1459

JUN 04 2013