Regeneration Energy Corp.

Office: 575-736-3535

Post Office Box 210
Artesia, New Mexico 88211-0210

Certified Return Receipt

June 5, 2013

Chevron USA Inc.
1400 Smith Street
Houston, TX 77002

Attn: Mr. Austin Brown

The Allar Company
PO Box 1567
Graham, TX 76450

Attn: Mr. John C. Graham

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

Gentlemen,

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

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

2. Purchase 50% of your interest at an 82.5% net revenue interest for $900.00 per net acre.

3. Purchase all of your interest for $1,000.00 per net acre for your full net revenue interest.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: CHEVRON U.S.A. INC
Case No. 15,058
Hearing Date: October 31, 2013

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

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

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

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

Sincerely,

Raye Miller

Raye Miller
President

| Authority for Expenditure | | Well: | Madera 17 Fed 1H | AFE No.: | 2013-001 |
|---|---|---|---|---|---|
| | | Footage: | 330' FNL, 380' FEL | Date: | 5-Jun-13 |
| Regeneration Energy Corp | | Section: | 17 | | |
| PO Box 210 | | Township: | 24s | | |
| Artesia, NM 88211-0210 | | Range: | 34e | | |
| | | County: | Lea | | |
| Prepared By: | Raye Miller | State: | NM | | |
| Description: | Drill horizontal well in Bone Spring Avalon Formation | | | | |
| | Plan to run 5 1/2" production csg with plug/perf completion. | | | | |
| TD: | 16300' MD | Est. Days: | 30 days drilling rig | | |

| | | Dry Hole | Completed |
|---|---|---|---|
| **Intangible Drilling Costs:** | | | |
| | Permit/ROW | 15,000 | 25,000 |
| | Location Construction | 155,000 | 155,000 |
| | Conductor/RH/MH | 10,000 | 10,000 |
| | Drilling, WSU | 0 | 0 |
| | Drilling Daywork, d @ 19000/d | 570,000 | 570,000 |
| | Mob/Demob | 80,000 | 80,000 |
| | Fuel | 160,000 | 160,000 |
| | Mud | 100,000 | 100,000 |
| | Chemicals | 5,000 | 5,000 |
| | Water | 60,000 | 60,000 |
| | Closed Loop Pkg | 60,000 | 60,000 |
| | Solids/Mud Disposal | 120,000 | 120,000 |
| | Bits | 140,000 | 140,000 |
| | Tool Rental | 100,000 | 100,000 |
| | Motor Rental | 75,000 | 75,000 |
| | Communication Eqpt | 28,000 | 28,000 |
| | Directional Services | 325,000 | 325,000 |
| | Misc Rental | 125,000 | 125,000 |
| | Fishing Services | 0 | 0 |
| | Mudlogging | 83,000 | 83,000 |
| | Wireline/Logging | 25,000 | 25,000 |
| | Cementing | 200,000 | 200,000 |
| | Csg Prep/Crew/Laydown | 45,000 | 45,000 |
| | TruckingTransportation | 50,000 | 50,000 |
| | Tank Rental | 10,000 | 10,000 |
| | Wellsite Supervision | 67,500 | 67,500 |
| | DP/DC Inspection | 25,000 | 25,000 |
| | Welders | 5,000 | 5,000 |
| | BOP Testing | 6,000 | 6,000 |
| | Admin/Overhead | 10,000 | 10,000 |
| | Plug and Abandonment | 50,000 | 0 |
| | Other | 100,000 | 100,000 |
| | Total IDC: | 2,804,500 | 2,764,500 |
| | **Intangible Completion Costs:** | | |
| | Anchors/Loc Prep | 0 | 3,000 |
| | WSU | 0 | 30,000 |
| | BOP/Eqpt Rental | 0 | 10,000 |
| | Tank Rental | 0 | 25,000 |
| | Reverse Unit Pkg | 0 | 15,000 |
| | Water/Mud | 0 | 183,000 |
| | Fluid/Solids Removal | 0 | 300,000 |
| | Kill/Transp/Vac Truck | 0 | 15,000 |
| | Tubing Testing | 0 | 0 |
| | Packer Rental/Service | 0 | 0 |
| | Trucking/Transportation | 0 | 75,000 |
| | Wireline/Perforating/Logging | 0 | 175,000 |
| | Acidizing | 0 | 100,000 |
| | Fracing | 0 | 3,600,000 |
| | Cementing | 0 | 0 |
| | Coiled Tubing | 0 | 60,000 |
| | Wellsite Supervision | 0 | 20,000 |
| | Admin and Overhead | 0 | 10,000 |
| | Misc. Rentals | 0 | 50,000 |
| | Misc. Services | 0 | 100,000 |
| | Fishing Services | 0 | 0 |
| | Roustabouts | 0 | 10,000 |
| | Battery Construction | 0 | 75,000 |
| | Other | 0 | 100,000 |

| | | | |
|---|---|---|---|
| Total ICC: | 0 | 4,956,000 | |
| **Tangibles:** | | | |
| Conductor 0' @ 100/ft | 0 | 0 | |
| Surface Csg 900' 13-3/8" @ 41.42/ft | 0 | 38,000 | |
| Intermediate Csg 5200' 9-5/8" @ 41.67/ft | 0 | 217,000 | |
| Intermediate Csg 0' @ 0/ft | 0 | 0 | |
| Production Csg 0' @ 0/ft | 0 | 0 | |
| Production Csg 13500' 5-1/2"@ 35.15/ft | 0 | 475,000 | |
| Tubing 9000' 2-7/8"@ 6.78/ft | 0 | 61,000 | |
| Float Eqpt, Etc. | 0 | 35,000 | |
| Wellhead Eqpt | 20,000 | 35,000 | |
| Packer Eqpt | 0 | 0 | |
| Other | 5,000 | 10,000 | |
| Total Tangible: | 25,000 | 871,000 | |
| **Lease and Production Equipment:** | | | |
| Tanks | 0 | 75,000 | |
| Heater Treater | 0 | 35,000 | |
| Separator/Stackpack | 0 | 35,000 | |
| Dehy/H2S Treater | 0 | 0 | |
| Compressor | 0 | 0 | |
| Meters | 0 | 5,000 | |
| Flowlines | 0 | 25,000 | |
| Valves/Fittings | 0 | 98,000 | |
| Electrical Hookup | 0 | 115,000 | |
| Artificial Lift | 0 | 150,000 | |
| Rods/Pump | 0 | 65,000 | |
| Other | 0 | 25,000 | |
| Total Lease/Production Eqpt: | 0 | 628,000 | |
| Total Costs: | 2,829,500 | 9,219,500 | |

AFE is an estimate of expected costs. Actual costs incurred in drilling, completing and equipping well will likely vary from AFE.
Well participants agree to pay their share of the actual costs incurred in drilling, completing, equipping and otherwise making the well ready for production.

Operator: Regeneration Energy Corp  Approved: Ray Miller  Title: President

Decimal Working Interest: .125  Date: 6/5/13

Partner: _____  Approved: _____  Title: _____

Decimal Working Interest: _____  Date: _____

| Authority for Expenditure | | Well: | Madera 17 Fed 1H | AFE No.: | 2013-001 |
|---|---|---|---|---|---|
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| PO Box 210 | | Township: | 24s | | |
| Artesia, NM 88211-0210 | | Range: | 34e | | |
| | | County: | Lea | | |
| Prepared By: | Raye Miller | State: | NM | | |

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Plan to run 5 1/2" production csg with plug/perf completion.

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| BOP Testing | 6,000 | 6,000 |
| Admin/Overhead | 10,000 | 10,000 |
| Plug and Abandonment | 50,000 | 0 |
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| Total IDC: | 2,804,500 | 2,764,500 |
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| Tubing Testing | 0 | 0 |
| Packer Rental/Service | 0 | 0 |
| Trucking/Transportation | 0 | 75,000 |
| Wireline/Perforating/Logging | 0 | 175,000 |
| Acidizing | 0 | 100,000 |
| Fracing | 0 | 3,600,000 |
| Cementing | 0 | 0 |
| Coiled Tubing | 0 | 60,000 |
| Wellsite Supervision | 0 | 20,000 |
| Admin and Overhead | 0 | 10,000 |
| Misc. Rentals | 0 | 50,000 |
| Misc. Services | 0 | 100,000 |
| Fishing Services | 0 | 0 |
| Roustabouts | 0 | 10,000 |
| Battery Construction | 0 | 75,000 |
| Other | 0 | 100,000 |

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| Production Csg 0' @ 0/ft | 0 | 0 | |
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| Tubing 9000' 2-7/8"@ 6.78/ft | 0 | 61,000 | |
| Float Eqpt, Etc. | 0 | 35,000 | |
| Wellhead Eqpt | 20,000 | 35,000 | |
| Packer Eqpt | 0 | 0 | |
| Other | 5,000 | 10,000 | |
| Total Tangible: | 25,000 | 871,000 | |
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| Valves/Fittings | 0 | 98,000 | |
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AFE is an estimate of expected costs. Actual costs incurred in drilling, completing and equipping well will likely vary from AFE. Well participants agree to pay their share of the actual costs incurred in drilling, completing, equipping and otherwise making the well ready for production.

Operator: Regeneration Energy Corp — Approved: Raye Miller — Title: President

Decimal Working Interest: .125 — Date: 6/5/13

Partner: _____ — Approved: _____ — Title: _____

Decimal Working Interest: _____ — Date: _____

## ARTICLE V.
## OPERATOR

**A. Designation and Responsibilities of Operator:**

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

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

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

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

**C. Employees:**

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

**D. Drilling Contracts:**

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

## ARTICLE VI.
## DRILLING AND DEVELOPMENT

**A. Initial Well:**

On or before the 30th day of September, (year) 2013, Operator shall commence the drilling of a well for oil and gas at the following location: Madera 17 Federal 1H
330' FNL 380' FEL
Section 17 T-24S R-34E

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

Test the Bone Spring Formation

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

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

**EXHIBIT "A"**

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

## I. CONTRACT AREA/DEPTH RESTRICTIONS:

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

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

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

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

## III. OIL AND GAS LEASES SUBJECT TO THE AGREEMENT:

| | |
|---|---|
| Federal Lease Number: | NM 113418 |
| Lease Date: | March 1, 2005 |
| Lessor: | United States of America |
| Lessee: | The Allar Company |
| Federal Lease Number: | NM 113419 |
| Lease Date: | March 1, 2005 |
| Lessor: | United States of America |
| Lessee: | The Allar Company |