

HOBBS OCD

MAY 03 2013

RECEIVED

Regeneration Energy Corp.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

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

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by John West Surveying Company.
- b. Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.
- c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

DIRECTIONS:

From mile Marker #35 on st hwy #128 go west approx. 0.5 miles. Turn right and go north approx. 0.6 miles turn left and go west approx. 0.2 miles to Y. Turn left and go west approx. 0.4 miles to P&A location. From the northwest corner of this pad. Follow road survey stakes 2012 feet to the location.

2. PLANNED ACCESS ROAD:

Regeneration will build 2012 feet of new road.

3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. In the event the well is found productive, a new tank battery will be constructed and the necessary production equipment will be installed at the well site. A Site Facilities Diagram will be submitted upon completion of facility.
- B. All flowlines will adhere to API standards
- C. If electricity is needed, power will be obtained from Excel. Excel will apply for ROW for their power lines.
- D. If the well is productive, rehabilitation plans are as follows:

JUN 04 2013

- i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

4. LOCATION AND TYPES OF WATER SUPPLY:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from local rancher in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

5. CONSTRUCTION MATERIALS:

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing private rancher pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

6. METHODS OF HANDLING WASTE MATERIAL:

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- d. Disposal of fluids to be transported by an approved disposal company.

7. ANCILLARY FACILITIES:

No campsite or other facilities will be constructed as a result of this well.

8. WELLSITE LAYOUT:

- a. Exhibit 3 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of reserve and sump pits if utilized and living facilities.
- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

9. PLANS FOR SURFACE RECLAMATION:

- a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

10. SURFACE OWNERSHIP:

The surface is owned by Pitch Fork Cattle Company (Bert Madera). A Surface Use Agreement will be provided upon execution. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

11. OTHER INFORMATION:

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.
- d. A Cultural Resources Examination has been completed by Boone Archeological and forwarded to the BLM office in Carlsbad, New Mexico.

12. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

William Miller, Landman
Regeneration Energy Corp.
P. O. Box 210
Artesia, NM 88211-0210
Phone (575)736-3535
Cell (575) 308-1421

B. Through Drilling Operations

Martin Joyce, Geologist
Regeneration Energy Corp.
P. O. Box 210
Artesia, NM 88211-0210
Phone (575)736-3535
Cell (575) 317-5936

Regeneration Energy Corp.
Madera 17 Federal #1H
Section 17-T24S-R34E

Operator Certification

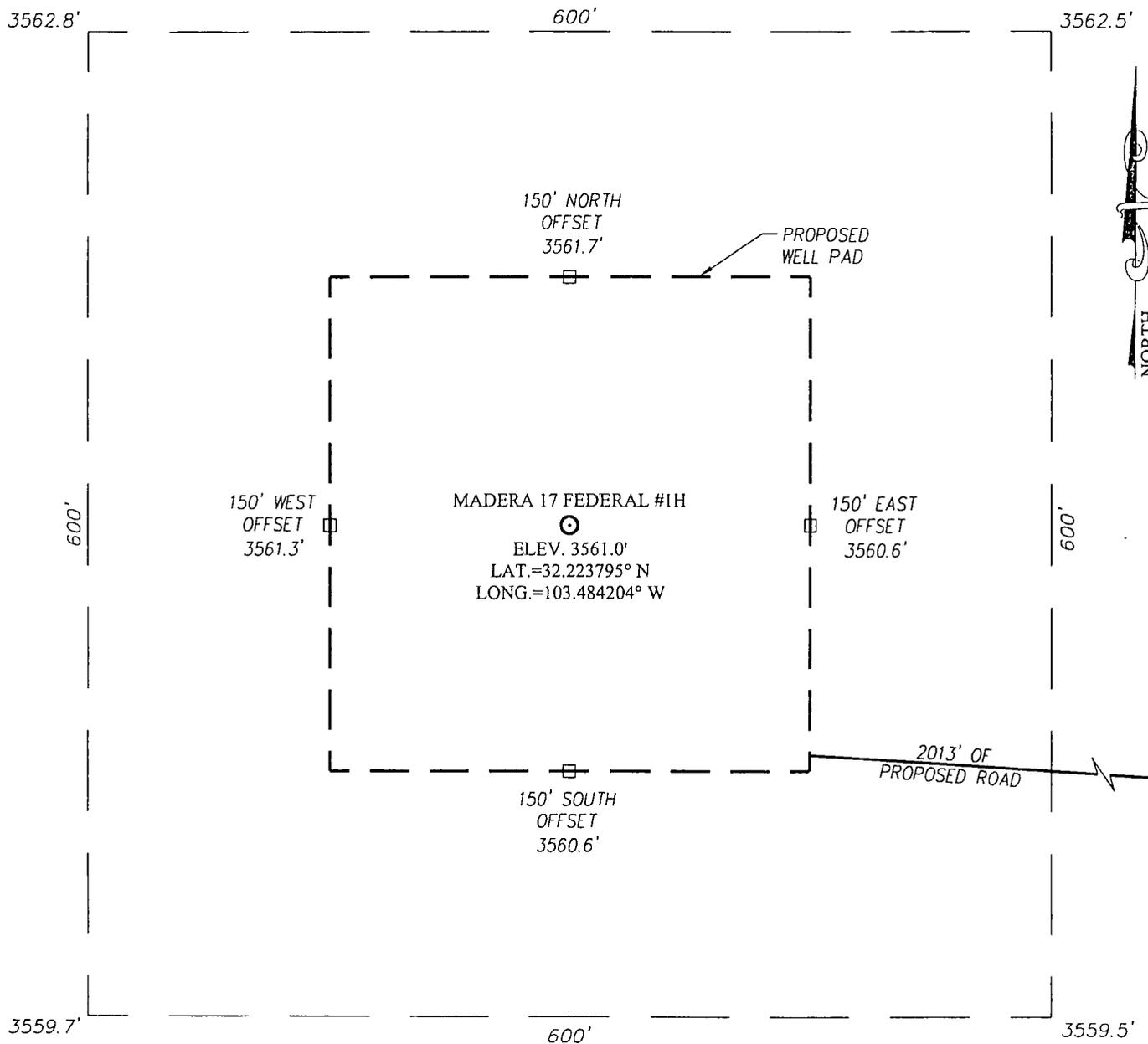
I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 13th day of November, 2012.

Signed:  _____

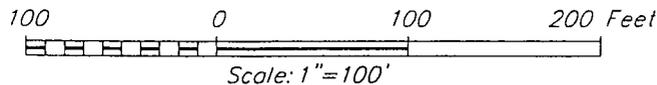
Name : William Miller
Position Title: Landman
Address: PO Box 210, Artesia, NM 88211-0210
Telephone: 575-736-3535

SECTION 17, TOWNSHIP 24 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM MILE MARKER #35 ON ST. HWY. #128 GO WEST APPROX. 0.5 MILES. TURN RIGHT AND GO NORTH APPROX. 0.6 MILES. TURN LEFT AND GO WEST APPROX. 0.2 MILES TO Y. TURN LEFT AND GO WEST APPROX. 0.4 MILES TO P&A LOCATION. FROM THE NORTHWEST CORNER OF THIS PAD. FOLLOW ROAD SURVEY STAKES 2013 FEET TO THE LOCATION.



PROVIDING SURVEYING SERVICES SINCE 1946

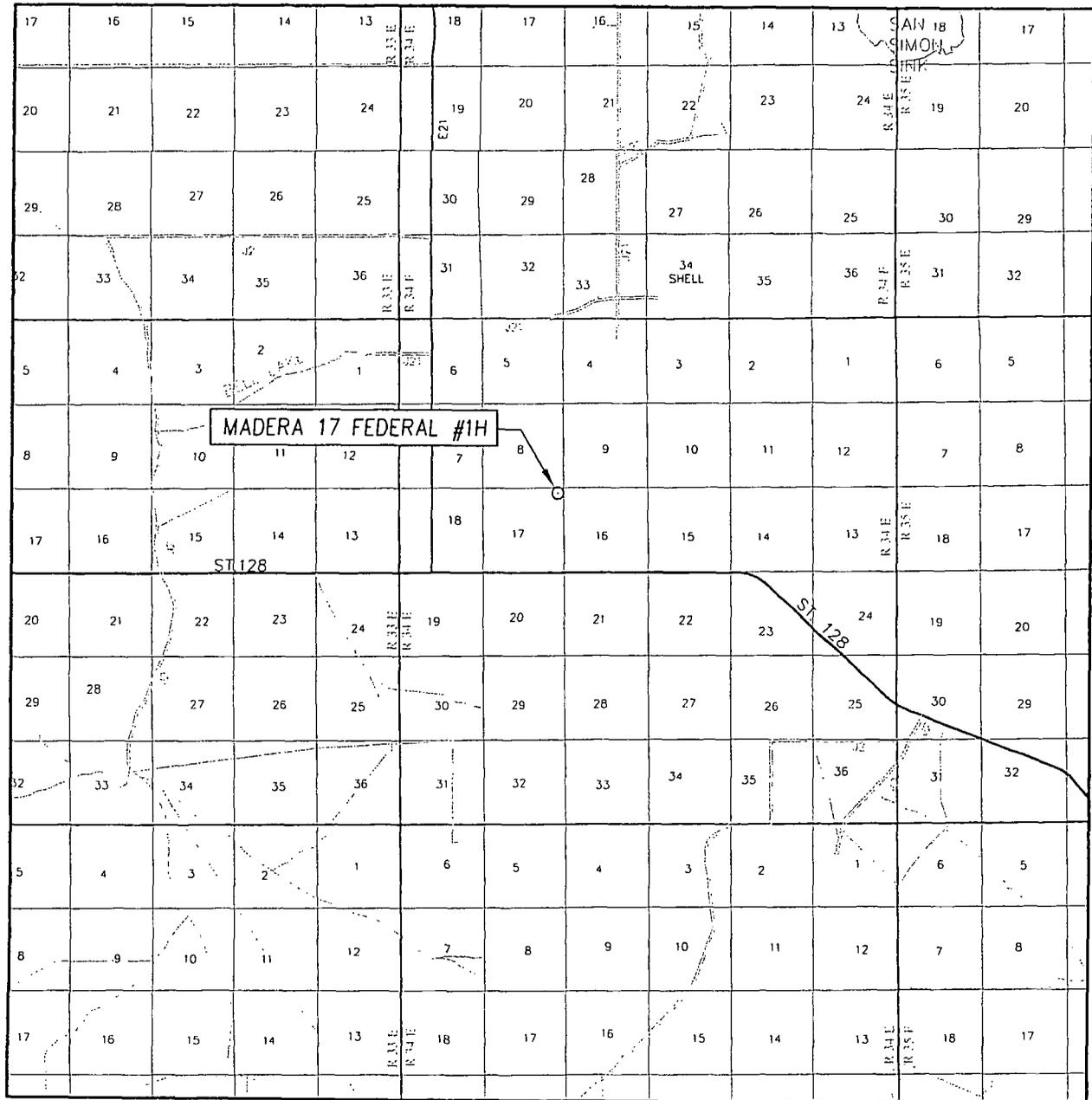
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

REGENERATION ENERGY CORPORATION

MADERA 17 FEDERAL #1H WELL
 LOCATED 330 FEET FROM THE NORTH LINE
 AND 380 FEET FROM THE EAST LINE OF SECTION 17,
 TOWNSHIP 24 SOUTH, RANGE 34 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO

Survey Date: 8/17/12	CAD Date: 8/28/12	Drawn By: AF
W.O. No.: 12111459	Rev. .	Rel. W.O.: Sheet 1 of 1

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 17 TWP. 24-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FNL & 380' FEL

ELEVATION 3561'

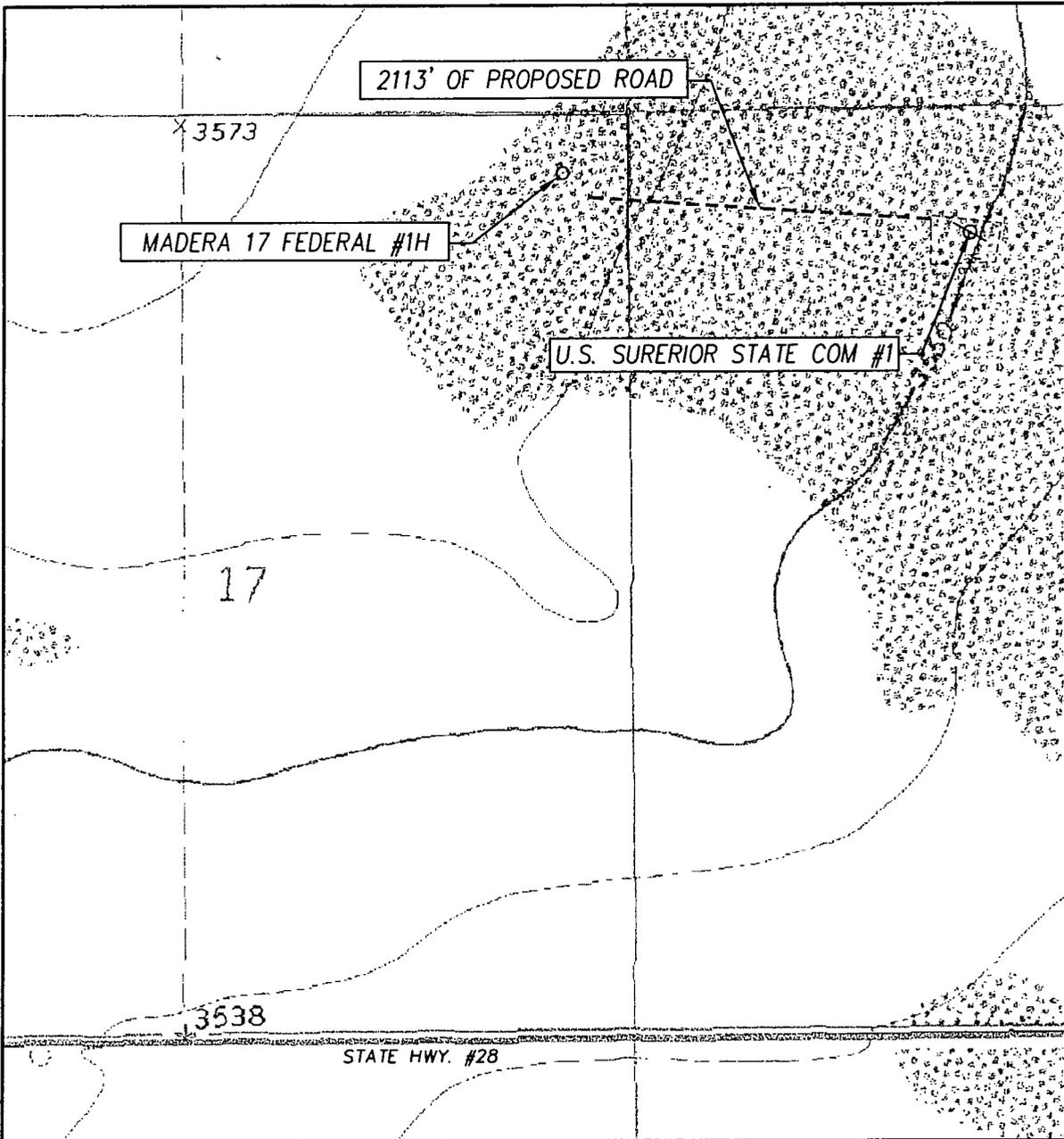
OPERATOR REGENERATION ENERGY CORPORATION

LEASE MADERA 17 FEDERAL



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LOCATION VERIFICATION MAP



SCALE: 1" = 1000'

CONTOUR INTERVAL:
WOODLEY FLAT, N.M. - 10'

SEC. 17 TWP. 24-S RGE. 31-E

SURVEY _____ N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FNL & 380' FEL

ELEVATION 3561'

OPERATOR REGENERATION ENERGY CORPORATION

LEASE MADERA 17 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

WOODLEY FLAT, N.M.



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