Highlander Environmental Corp.

Midland, Texas

July 23, 2007

Mr. Larry Johnson
Environmental Engineer Specialist
Oil Conservation Division- District I
1625 N. French Drive
Hobbs, New Mexico 88240

RE: Assessment and Site Closure for the Spill at the COG Operating Company LLC, Jalmat Yates Unit Well #12, Unit Letter A, Section 13, Township 25 South, Range 36 East, Lea County, New Mexico. RP 1070

Dear Mr. Johnson:

Highlander Environmental Corp. (Highlander) was contacted by COG Operating Company LLC (COG) to assess and to remediate the soil impact from a spill that occurred at the Jalmat Yates, Well #12, located in Unit Letter A, Section 13, Township 25 South, Range 36 East, Lea County, New Mexico. The site coordinates are N 32.13667°, W 103.21130°. The State of New Mexico C-141 (Initial) is included in Appendix A. The Site is shown on Figure 1.

Background

On September 13, 2006, the spill was discovered from a leaking stuffing box leak. Approximately 3 barrels of oil and 10 barrels of water were spilled and no fluids were recovered. The spill occurred on the well pad and migrated off the pad to an area measuring approximately 200' x 2'. The impacted area off the pad was immediately excavated to a depth of 1.0' below surface. The excavated soil was hauled to the tank battery pad and stockpiled pending disposal at Sundance Services. The spill location is shown on Figure 2.

Groundwater and Regulatory

The spill area is located in Section 13, Township 25 South, Range 36 East. The State of New Mexico Well Reports did not show any water wells in Section 13. However, there were water wells shown in Sections 19 and 20, Township 25 South, Range 37 East with an average groundwater depth of approximately 34' to 44' below surface.

Published data, from the Geology and Groundwater Conditions in Southern New Mexico, showed wells in Section 15 and 23, Township 25 South, Range 36 East with a reported depth of 120' and 53.7', respectively. In Sections 17, 19 and 20, Township 25 South, Range 37 East, water wells showed average groundwater depths of approximately 62' to 65' below surface. In addition, the USGS data base reported a depth to water at 51'in the southeast quarter of Section 18, Township 25 South, Range 37 East. A monitor well, located in the western edge of Section 18, reportedly had a water level of approximately 63.0' in 2004. Based on the relative elevation of the Site and surrounding wells, the groundwater appears to be greater than 50.0' below surface. The State of New Mexico Well Reports, USGS report and published reports are included in Appendix B.

A risk-based evaluation was performed for the Site in accordance with the NMOCD Guidelines for Remediation of Leaks, Spills and Releases, dated August 13, 1993. The guidelines require a risk-based evaluation of the site to determine recommended remedial action levels (RRAL) for benzene, toluene, ethylbenzene and xylene (collectively referred to as BTEX) and total petroleum hydrocarbons (TPH) in soil. The proposed RRAL for benzene was determined to be 10 parts per million (ppm) or milligrams per kilogram (mg/kg) and 50 ppm for total BTEX (sum of benzene, toluene, ethylbenzene and xylene). Based on the regional groundwater data, the proposed RRAL for TPH is 1,000 mg/kg.

Assessment/Soil Sampling

On September 18, 2006, Highlander personnel sampled the spill area. A total of five (5) auger holes were installed in the excavated area. The spill and sample locations are shown on Figure 3. Soil samples were analyzed for Total Petroleum Hydrocarbon (TPH) by method modified 8015 DRO/GRO and chloride by EPA method 300.0. Selected samples were analyzed for benzene, toluene, ethylbenzene, and xylene (BTEX) by EPA method 8021B. All samples were collected and preserved in laboratory prepared sample containers, shipped under proper chain-of-custody control, and analyzed within the standard holding times. The sample results are presented in Table 1. The laboratory reports are included in Appendix C.

Soil Sampling Results

Referring to Table 1, all auger holes (AH-1, AH-2, AH-3, AH-4 and AH-5) were below the RRAL for TPH and BTEX at 0-1' below excavation bottom. However, the chloride concentrations were elevated in AH-2, AH-3 and AH-4 with levels of 1,620 mg/kg, 2,130 mg/kg and 2,660 mg/kg, respectively.

Remediation

On October 31, 2006, Highlander personnel were onsite to oversee the excavation and removal of two feet of soil in the vicinity of auger holes AH-2, AH-3, and AH-4. The excavated soils were transported to Sundance Services in Eunice, New Mexico for disposal. Upon completion of the excavation, Highlander personnel installed two additional hand augerholes (AH-6 and AH-7) in the vicinity of AH-2 through AH-4. The two auger holes were sampled and submitted to the laboratory for analysis of chlorides. The sample results are presented in Table 1, while the laboratory reports are included in Appendix C. The two

additional auger hole locations are shown on Figure 3. The State of New Mexico C-141 (final) is included in Appendix A.

Referring to Table 1, the two auger holes (AH-6 and AH-7) had elevated chlorides which declined with depth. The chloride concentration ranged from 2,870 mg/kg in AH-6 at a depth of 2 to 3 feet to 447 mg/kg at a depth of 7 to 7.5 feet. The chloride concentration in AH-7 ranged from 1,440 mg/kg at 2 to 3 feet to 74.4 at 5 to 5.5 feet. Graphs depicting the decline with depth for the two auger holes are shown in Appendix D.

New Release

On March 18, 2007 a new release occurred at the facility from a flow line at the wellhead with an estimated release volume of 3 barrels of oil and 15 barrels of water. No barrels of oil or water were recovered. The new release area was reported under a separate C-141 and will be addressed in a separate report.

Conclusions

The release area was impacted with soils that exceeded the chloride RRAL of 250 mg/kg to a maximum depth of 3 to 5 feet bgs. As a result, the first two feet of impacted soils were excavated leaving shallow chlorides in situ which decreased with depth. Since the chlorides decrease with depth and groundwater is 34 to 44 feet bgs, it is unlikely that the remaining chlorides in the soil will leach into the surrounding underlying groundwater.

Based upon the results of the assessment and the declining chloride concentration levels with depth, COG requests closure of this spill issue. If you require any additional information or have any questions or comments, please contact us at (432) 682-4559.

Highlander Environmental Corp.

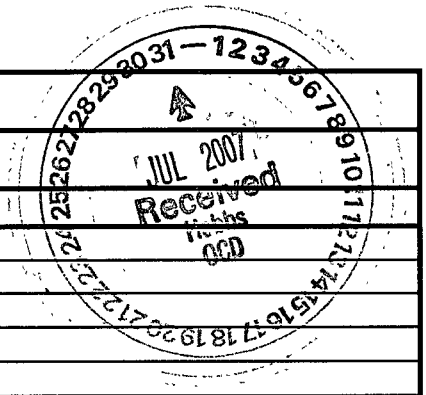
Jeffrey Kindley

Jeffrey Kindley, P.G.
Senior Environmental Geologist

cc: COG – Greg Wilkes

SITE INFORMATION

Report Type: CLOSURE REPORT



General Site Information:	
Site:	**Jalmat Yates Unit #12**
Company:	**COG Operating LLC**
Well Location:	**Section 13, T25S, R36E**
Spill Location:	**Section 13, T25S, R36E**
Unit Letter:	Unit A
Lease Number:	300-00705-00
County:	Lea
Spill GPS:	N32.13667° W103.21130o
Surface Owner:	Clay Osborne
Mineral Owner:	Unknown
Directions:	From Jal, New Mexico, intersection of Hwy 18 and Hwy 128, go 1.1 miles (west) on
	128, turn right (north) into lease road, go north 0.8 miles and turn left (west) and go
	0.2 mile and turn left (north) and go 0.2 miles to well location (spill ran east of well)

Release Data:	
Date Released:	9/13/2006
Type Release:	Oil and water
Source of Contamination:	Flow line leak
Fluid Released:	3 Barrels of Oil and 10 Barrels of Water
Fluids Recovered:	None

Official Communication:

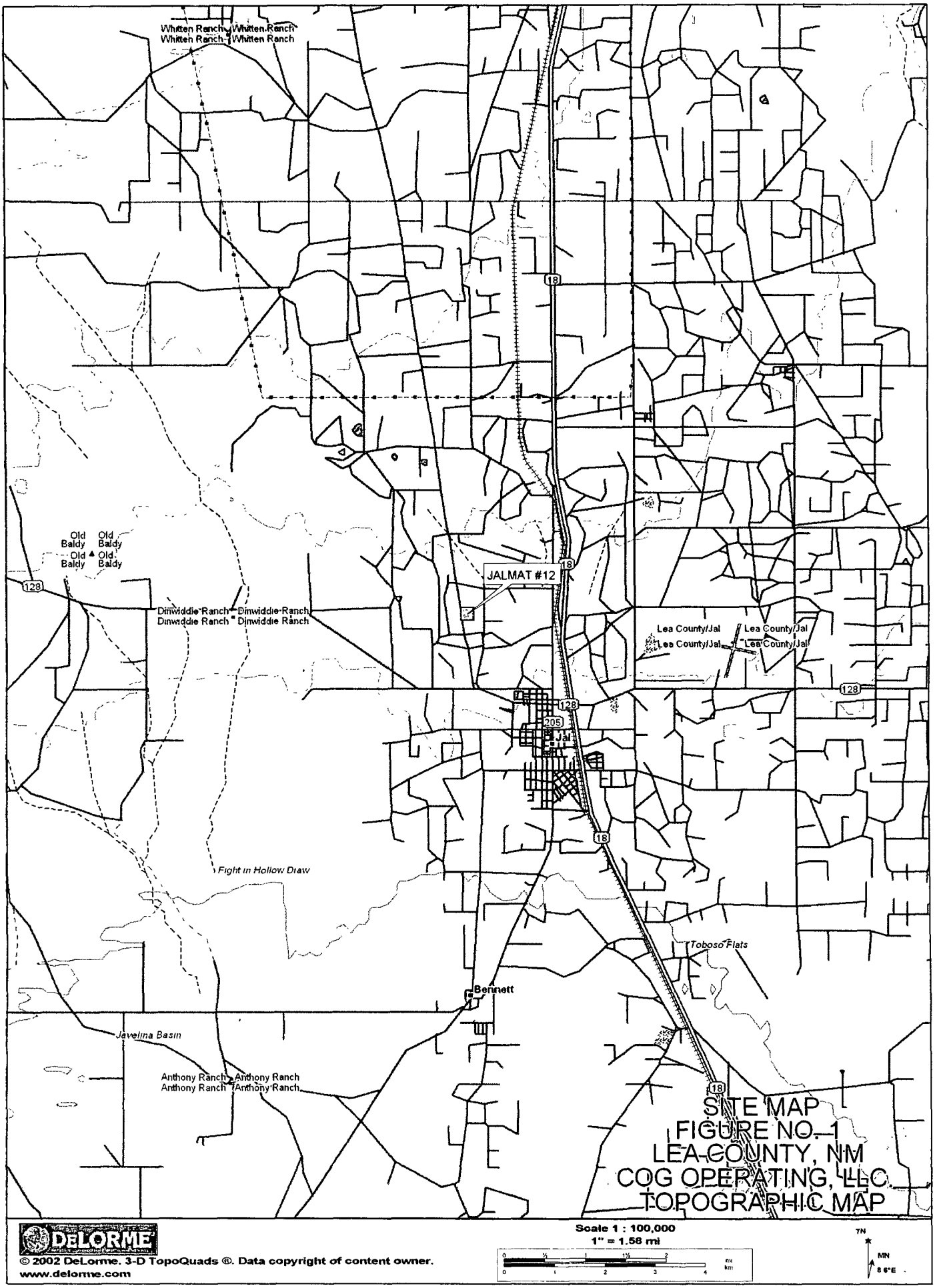
Name:	Diane Kuykendall		Ike Tavarez
Company:	COG Operating, LLC		Highlander Environmental Corp.
Address:	550 W. Texas, Ste 1300		1910 N. Big Spring
P.O. Box			
City:	Midland Texas, 79701-7340		Midland, Texas
Phone number:	(432) 685-7443		(432) 692- 4559
Fax:	(432) 683-7441		
Email:	dkuykendall@conchoresources.com		itavarez@hec-enviro.com

Ranking Criteria

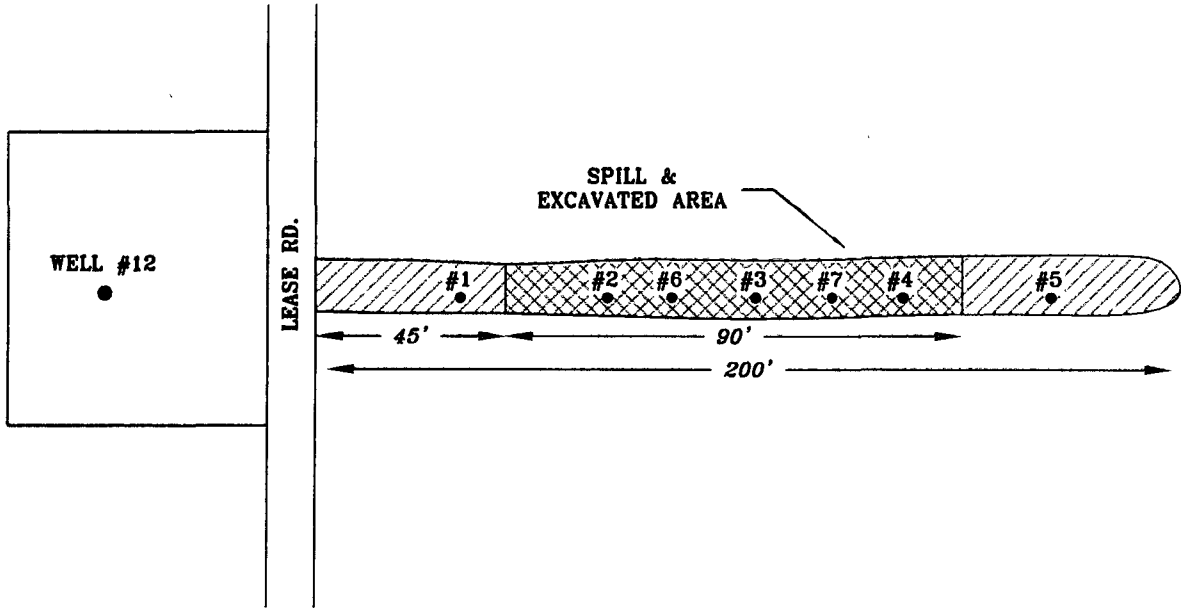
Depth to Groundwater:	*Ranking Score*	*Site Data*
<50 ft	20	
50-99 ft	**10**	
>100 ft.	0	*Average depth of 63 feet bgs.*
WellHead Protection:	***Ranking Score***	***Site Data***
Water Source <1,000 ft., Private <200 ft.	*20*	*None*
Water Source >1,000 ft., Private >200 ft.	***0***	
Surface Body of Water:	***Ranking Score***	***Site Data***
<200 ft.	*20*	*None*
200 ft - 1,000 ft.	10	*None*
>1,000 ft.	**0**	

Total Ranking Score:	**20**

Acceptable Soil RRAL (mg/kg)		
Benzene	*Total BTEX*	*TPH*
10	**50**	**1,000**



SITE MAP
FIGURE NO. 1
LEA COUNTY, NM
COG OPERATING, LLC
TOPOGRAPHIC MAP



- SPILL AREA (AREA EXCAVATED 1.0')
- AREA EXCAVATED & SAMPLED ON 10/31/06 (AREA EXCAVATED 2.0')
- SAMPLE LOCATIONS
- SAMPLE LOCATIONS (#6 & #7 SAMPLED ON 10/31/06)

NOT TO SCALE

DATE: 10/9/06
DWN. BY: JJ
FILE: C:\COG\2738 JALMAT #12

FIGURE NO. 3

LEA COUNTY, NEW MEXICO

COG OPERATING, LLC
JALMAT #12

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

Table 1
COG Operating
Jalmat Well # 12 - Leak
Lea County, New Mexico

Sample ID	Date Sampled	Sample Depth (ft)	TPH (mg/kg)			Benzene (mg/kg)	Toluene (mg/kg)	Ethlybenzene (mg/kg)	Xylene (mg/kg)	Chloride (mg/kg)
			C6-C12	C12-C35	Total					
AH-1	9/18/2006	0-1.0'	<10.0	<10.0	<10.0	<0.025	<0.025	<0.025	<0.025	42.5
AH-2	9/18/2006	0-1.0'	<10.0	<10.0	<10.0	<0.025	<0.025	<0.025	<0.025	**1,620**
AH-3	9/18/2006	0-1.0'	<10.0	83.5	83.5	<0.025	<0.025	<0.025	<0.025	**2,130**
AH-4	9/18/2006	0-1.0'	<10.0	<10.0	<10.0	<0.025	<0.025	<0.025	<0.025	**2,660**
AH-5	9/18/2006	0-1.0'	<10.0	<10.0	<10.0	<0.025	<0.025	<0.025	<0.025	<20.0
AH-6 BEB (2.0')	10/31/2006	0-1.0'	-	-	-	-	-	-	-	**2,870**
AH-6 BEB (2.0')	10/31/2006	1'-1.5'	-	-	-	-	-	-	-	**2,130**
AH-6 BEB (2.0')	10/31/2006	2'-2.5'	-	-	-	-	-	-	-	**1,910**
AH-6 BEB (2.0')	10/31/2006	3'-3.5'	-	-	-	-	-	-	-	**1,810**
AH-6 BEB (2.0')	10/31/2006	4'-4.5'	-	-	-	-	-	-	-	**893**
AH-6 BEB (2.0')	10/31/2006	5'-5.5'	-	-	-	-	-	-	-	**447**
AH-7 BEB (2.0')	10/31/2006	0-1.0'	-	-	-	-	-	-	-	**1,440**
AH-7 BEB (2.0')	10/31/2006	1'-1.5'	-	-	-	-	-	-	-	**319**
AH-7 BEB (2.0')	10/31/2006	2'-2.5'	-	-	-	-	-	-	-	**510**
AH-7 BEB (2.0')	10/31/2006	3'-3.5'	-	-	-	-	-	-	-	74.4

Sample Depth (ft) - below excavation bottom

ENVIRONMENTAL LAB OF

12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Ike Tavarez

Highlander Environmental Corp.

1910 N. Big Spring St.

Midland, TX 79705

Project: COG/ Jalmat #12 Well Leak

Project Number: 2738

Location: Lea County, NM

Lab Order Number: 6K01014

Report Date: 11/08/06

Highlander Environmental Corp	Project COG/ Jalmat #12 Well Leak	Fax (432) 682-3946
1910 N Big Spring St	Project Number 2738	
Midland TX, 79705	Project Manager Ike Tavarez	

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
AH-6 0-1 0' BEB 2.0'	6K01014-01	Soil	10/31/06 00 00	11-01-2006 14 10
AH-6 1-1 5' BEB 2 0'	6K01014-02	Soil	10/31/06 00 00	11-01-2006 14 10
AH-6 2-2 5' BEB 2 0'	6K01014-03	Soil	10/31/06 00 00	11-01-2006 14 10
AH-6 3-3 5' BEB 2 0'	6K01014-04	Soil	10/31/06 00 00	11-01-2006 14 10
AH-6 4-4 5' BEB 2 0'	6K01014-05	Soil	10/31/06 00 00	11-01-2006 14 10
AH-6 5-5 5' BEB 2 0'	6K01014-06	Soil	10/31/06 00 00	11-01-2006 14 10
AH-7 0-1 0' BEB 2 0'	6K01014-07	Soil	10/31/06 00 00	11-01-2006 14 10
AH-7 1-1 5' BEB 2 0'	6K01014-08	Soil	10/31/06 00 00	11-01-2006 14 10
AH-7 2-2 5' BEB 2 0'	6K01014-09	Soil	10/31/06 00 00	11-01-2006 14 10
AH-7 3-3 5' BEB 2 0'	6K01014-10	Soil	10/31/06 00 00	11-01-2006 14 10

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

Highlander Environmental Corp	Project COG/ Jalmat #12 Well Leak	Fax (432) 682-3946
1910 N Big Spring St	Project Number 2738	
Midland TX, 79705	Project Manager Ike Tavarez	

General Chemistry Parameters by EPA / Standard Methods

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
AH-6 0-1.0' BEB 2.0' (6K01014-01) Soil									
Chloride	**2870**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-6 1-1.5' BEB 2.0' (6K01014-02) Soil									
Chloride	**2130**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-6 2-2.5' BEB 2.0' (6K01014-03) Soil									
Chloride	**1910**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-6 3-3.5' BEB 2.0' (6K01014-04) Soil									
Chloride	**1810**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-6 4-4.5' BEB 2.0' (6K01014-05) Soil									
Chloride	**893**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-6 5-5.5' BEB 2.0' (6K01014-06) Soil									
Chloride	**447**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-7 0-1.0' BEB 2.0' (6K01014-07) Soil									
Chloride	**1440**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-7 1-1.5' BEB 2.0' (6K01014-08) Soil									
Chloride	**319**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-7 2-2.5' BEB 2.0' (6K01014-09) Soil									
Chloride	**510**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	
AH-7 3-3.5' BEB 2.0' (6K01014-10) Soil									
Chloride	**74.4**	20 0	mg/kg Wet	2	EK60604	11/06/06	11/06/06	SW 846 9253	

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Highlander Environmental Corp	Project COG/ Jalmat #12 Well Leak	Fax (432) 682-3946
1910 N Big Spring St	Project Number 2738	
Midland TX, 79705	Project Manager Ike Tavarez	

General Chemistry Parameters by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EK60604 - Water Extraction										
Blank (EK60604-BLK1)				Prepared & Analyzed 11/06/06						
Chloride	ND	10 0	mg/kg Wet							
LCS (EK60604-BS1)				Prepared & Analyzed 11/06/06						
Chloride	112	5 00	mg/kg Wet	100		112	80-120			
Matrix Spike (EK60604-MS1)		**Source: 6K01014-01**		Prepared & Analyzed 11/06/06						
Chloride	5000	400	mg/kg Wet	2000	2870	106	80-120			
Matrix Spike Dup (EK60604-MSD1)		**Source: 6K01014-01**		Prepared & Analyzed 11/06/06						
Chloride	4890	400	mg/kg Wet	2000	2870	101	80-120	2.22	20	
Reference (EK60604-SRM1)				Prepared 11/06/06 Analyzed 11/07/06						
Chloride	55 3		mg/kg	50 0		111	80-120			

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Highlander Environmental Corp	Project COG/ Jalmat #12 Well Leak	Fax (432) 682-3946
1910 N Big Spring St	Project Number 2738	
Midland TX, 79705	Project Manager Ike Tavarez	

Notes and Definitions

DET	Analyte DETECTED
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
dry	Sample results reported on a dry weight basis
RPD	Relative Percent Difference
LCS	Laboratory Control Spike
MS	Matrix Spike
Dup	Duplicate

Report Approved By: Raland K Tuttle Date: 11/8/2006

Raland K. Tuttle, Lab Manager
Celey D. Keene, Lab Director, Org. Tech Director
Peggy Allen, QA Officer
Jeanne Mc Murrey, Inorg. Tech Director
LaTasha Cornish, Chemist
Sandra Sanchez, Lab Tech.

Analysis Request and Chain of Custody Record

HIGHLANDER ENVIRONMENTAL CORP.

1910 N. Big Spring St.
Midland, Texas 79705

(432) 682-4559 Fax (432) 682-3946

PAGE: 1 OF: 1

CLIENT NAME: COG

SITE MANAGER: Ike Tavarez

PROJECT NO.: 2738

PROJECT NAME: COG / Talmat #12 Well Leak Lea County, NM

LOK 01014

LAB I.D. NUMBER	DATE	TIME	MATRIX	COMP.	GRAB	SAMPLE IDENTIFICATION	NUMBER OF CONTAINERS	FILTERED (Y/N)	PRESERVATIVE METHOD: HCL	HNO3	ICE	NONE
-01	10/31/06		S		X	AH-6 0 - 1.0' BEB (2.0')	1				X	
-02			S		X	AH-6 1' - 1.5' BEB (2.0')	1				X	
-03			S		X	AH-6 2' - 2.5' BEB (2.0')	1				X	
-04			S		X	AH-6 3' - 3.5' BEB (2.0')	1				X	
-05			S		X	AH-6 4' - 4.5' BEB (2.0')	1				X	
-06			S		X	AH-6 5' - 5.5' BEB (2.0')	1				X	
-07			S		X	AH-7 0 - 1.0' BEB (2.0')	1				X	
-08			S		X	AH-7 1' - 1.5' BEB (2.0')	1				X	
-09			S		X	AH-7 2' - 2.5' BEB (2.0')	1				X	
-10	↓		S		X	AH-7 3' - 3.5' BEB (2.0')	1				X	

ANALYSIS REQUEST (Circle or Specify Method No.)

BTEX 8020/602	MTBE 8020/602	TPH 418.1 8015 MOD. TX1005	PAH 8270	RCRA Metals Ag As Ba Cd Cr Pb Hg Se	TCLP Metals Ag As Ba Cd Cr Pd Hg Se	TCLP Volatiles	TCLP Semi Volatiles	BCI	GC/MS Vol. 8240/8260/624	GC/MS Semi. Vol. 8270/625	PCB's 8082/608	Pest. 808/608	BOD, T35, pH, TDS, Chlorides	Gamma Spec.	Alpha Beta (Air)	PLM (Asbestos)
													X			

RELINQUISHED BY: (Signature) Date: 11/01/06 Time: 2:00

RECEIVED BY: (Signature) Date: Time:

RELINQUISHED BY: (Signature) Date: Time:

RECEIVED BY: (Signature) Date: Time:

RELINQUISHED BY: (Signature) Date: Time:

RECEIVED BY: (Signature) Date: Time:

SAMPLED BY: (Print & Sign) Ike Taylor Date: Time:

SAMPLE SHIPPED BY: (Circle) FEDEX BUS AIRBILL #: (HAND DELIVERED) UPS OTHER:

RECEIVING LABORATORY: ELI

ADDRESS:

CITY: Odessa STATE: TX ZIP:

CONTACT: PHONE:

RECEIVED BY: (Signature) Kelly

DATE: 11/01/06 TIME: 2:10

HIGHLANDER CONTACT PERSON: Ike Tavarez

Results by:

RUSH Charges Authorized: Yes No

SAMPLE CONDITION WHEN RECEIVED:

MATRIX: W-Water A-Air SD-Solid S-Soil SL-Sludge O-Other

REMARKS: 2.0 4oz glass w/labels

Please Fill out all copies - Laboratory retains yellow copy - Return original copy to Highlander Enviromental Corp. - Project Manager retains pink copy - Accounting receives Gold copy.

Environmental Lab of Texas

Variance/ Corrective Action Report- Sample Log-In

Client: Highlander

Date/ Time: 11/01/06 2:10

Lab ID # : 6K01014

Initials: CK

Sample Receipt Checklist

					Client Initials
#1	Temperature of container/ cooler?	Yes	No	2.0 °C	
#2	Shipping container in good condition?	~~Yes~~	No		
#3	Custody Seals intact on shipping container/ cooler?	Yes	No	Not Present	
#4	Custody Seals intact on sample bottles/ container?	Yes	No	~~Not Present~~	
#5	Chain of Custody present?	~~Yes~~	No		
#6	Sample instructions complete of Chain of Custody?	~~Yes~~	No		
#7	Chain of Custody signed when relinquished/ received?	~~Yes~~	No		
#8	Chain of Custody agrees with sample label(s)?	~~Yes~~	No	ID written on Cont./ Lid	
#9	Container label(s) legible and intact?	~~Yes~~	No	Not Applicable	
#10	Sample matrix/ properties agree with Chain of Custody?	~~Yes~~	No		
#11	Containers supplied by ELOT?	~~Yes~~	No		
#12	Samples in proper container/ bottle?	~~Yes~~	No	See Below	
#13	Samples properly preserved?	~~Yes~~	No	See Below	
#14	Sample bottles intact?	~~Yes~~	No		
#15	Preservations documented on Chain of Custody?	~~Yes~~	No		
#16	Containers documented on Chain of Custody?	~~Yes~~	No		
#17	Sufficient sample amount for indicated test(s)?	~~Yes~~	No	See Below	
#18	All samples received within sufficient hold time?	~~Yes~~	No	See Below	
#19	VOC samples have zero headspace?	Yes	No	~~Not Applicable~~	

Variance Documentation

Contact: _____ Contacted by: _____ Date/ Time: _____

Regarding: _____

Corrective Action Taken: _____

Check all that Apply:

- ☐ See attached e-mail/ fax
- ☐ Client understands and would like to proceed with analysis
- ☐ Cooling process had begun shortly after sampling event

1625 N. French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Energy Minerals and Natural Resources

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

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Repor

Name of Company **COG Operating LLC**	Contact **Phyllis Edwards**
Address **550 W. Texas Ave, Ste 1300 Midland, TX 79701**	Telephone No. **432-683-4340**
Facility Name **Jalmat Yates Unit #12**	Facility Type **Oil Well**

Surface Owner	Mineral Owner	Lease No. **301048**

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	330	North	330	East	Lea

Latitude_____ Longitude_____

NATURE OF RELEASE

Type of Release **produced oil & water leak**	Volume of Release **3 BO & 10 BW**	Volume Recovered **0 BO & 0 BW**
Source of Release **wellhead leak – stuffing box**	Date and Hour of Occurrence **9/13/06 time unknown**	Date and Hour of Discovery **9/13/06 apprx 2:00 PM NM time**
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? **Gary Wink**	
By Whom? **COG employee Boyd Chesser**	Date and Hour **3:00 PM NM time**	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Wellhead leak. Replace stuffing box.

Describe Area Affected and Cleanup Action Taken.*
Leak on location and off location to the east (200' x 2'). Replaced stuffing box. Raked up oily dirt & piled up to be picked up & hauled off. Highlander Environmental will assess the leak area and will begin clean-up work the week of 9-18 to 9-22.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Phyllis Kindly as Agent for	OIL CONSERVATION DIVISION
Printed Name: Phyllis A. Edwards	Approved by District Supervisor: ENVIRO ENGR
Title: Regulatory Analyst	Approval Date: 9.11.07 Expiration Date: —
E-mail Address: pedwards@conchoresources.com	Conditions of Approval: Attached ☐
Date: 9/13/06 Phone: 432-685-4340	

* Attach Additional Sheets If Necessary

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-141
Revised June 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company: COG Operating LLC	Contact: Phyllis Edwards
Address: 550 W. Texas Ave., Suite 1300, Midland, Tx 79701	Telephone No. (432) 683-4340
Facility Name: Jalmat Yates Unit #12	Facility Type: Oil Well

Surface Owner Clay Osborn	Mineral Owner	Lease No. 301048

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	13	25S	36E	330'	North	330'	East	Lea

Latitude _____ **Longitude** _____

NATURE OF RELEASE

Type of Release Produced Oil/Water	Volume of Release 3BO & 10BW	Volume Recovered 0 bbls
Source of Release Wellhead Leak – Stuffing Box	Date and Hour of Occurrence 09/13/06 time unknown	Date and Hour of Discovery 09-13-06 @ 2:00 PM NM Time
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Gary Wink	
By Whom? COG employee Boyd Chesser	Date and Hour 3:00 PM NM time	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Wellhead leak. Replace stuffing box.

Describe Area Affected and Cleanup Action Taken.*
Leak on location and off location to the east (200' x 2'). Replaced stuffing box. Raked up oily dirt & piled up to be picked up & hauled off. Highlander assessed area and one to 2 feet of soil was scrapped and removed from impacted surface.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Jeffry Kindley as agent for	OIL CONSERVATION DIVISION
Printed Name: Phyllis A. Edwards	Approved by District ~~Supervisor~~: ENVIRONMENT
Title: Regulatory Analyst	Approval Date: 9.11.07 Expiration Date: —
E-mail Address: pedwards@conchoresources.com	Conditions of Approval: — Attached ☐
Date: 3/15/07 Phone: (432) 685-4340	

* Attach Additional Sheets If Necessary