

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 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 Report

| | | | |
|-----------------|--|---------------|---------------------------------|
| Name of Company | COG OPERATING LLC | Contact | Pat Ellis |
| Address | 550 W. Texas, Suite 100, Midland, TX 79701 | Telephone No. | 432-230-0077 |
| Facility Name | Bate Federal #3 | Facility Type | SWD |
| Surface Owner | Federal | Mineral Owner | |
| | | Lease No. | NMNM030941 API# 30-025-22597 |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| L | 28 | 19S | 32E | | | | | Lea |

Latitude 32 37.813 Longitude 103 40.741

WTR 400'

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|--|-----------------------|----------------------------|----------------------|
| Type of Release | Produced Water | Volume of Release | 90bbbls | Volume Recovered | 15bbbls |
| Source of Release | Flowline | Date and Hour of Occurrence | 06/11/2010 | Date and Hour of Discovery | 06/11/2010 7:00 a.m. |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Larry Johnson—OCD Geoffrey Leking—OCD | | | |
| By Whom? | Josh Russo | Date and Hour | 06/11/2010 11:56 p.m. | | |
| Was a Watercourse Reached? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | | | |

If a Watercourse was Impacted, Describe Fully.*

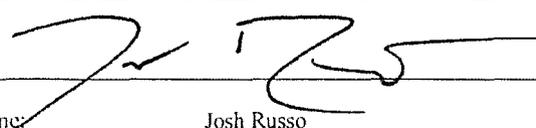
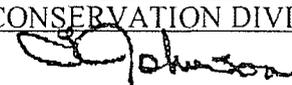
Describe Cause of Problem and Remedial Action Taken.*

The Bate Federal flowline ruptured. The flowline has been repaired and put back into service.

Describe Area Affected and Cleanup Action Taken.*

Initially 90bbbls of produced water was release from the ruptured flowline and we were able to recover 15bbbls. The produced water from the release flowed 100 yards north from the GPS coordinates listed above, never getting more that 20 yards wide. The average chloride concentration of the produced water that was released is 135,000 mg/l. (The closest well location to the release is 600 yards south of the leak site. Cimarex Energy, Maduro Unit #008. 1740 FSL 660 FWL, Unit L, Sec. 28-T19S-R32E, API#30-025-38240, Lea County, NM, NMNM-84647.) Tetra Tech will sample the spill site area to delineate any possible contamination from the release and we will present a remediation work plan to the BLM/NMOCD for approval prior to any significant remediation work.

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: |  | OIL CONSERVATION DIVISION | |
| Printed Name: | Josh Russo |  Approved by District Environmental Engineer | |
| Title: | HSE Coordinator | Approval Date: | 6.21.10 |
| E-mail Address: | jrusso@conchoresources.com | Expiration Date: | 8.23.10 |
| Date: | 06/21/2010 | Phone: | 432-212-2399 |
| | | Conditions of Approval: | Attached <input type="checkbox"/> |
| | | SUBMIT FINAL C-141 w/DOCS BY | IRP# 10.6.2564 |

* Attach Additional Sheets If Necessary

A (WJ) 1017252763
P (WJ) 101425341