

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	MC Federal #3 Tank Battery	Facility Type	Tank Battery

Surface Owner	Federal	Mineral Owner		Lease No.	NMLC-029509-A
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LOCATION OF RELEASE

API 30.025.34773

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
F	21	17S	32E					Lea

Latitude 32 49.282 Longitude 103 46.359

WTR 100'

NATURE OF RELEASE

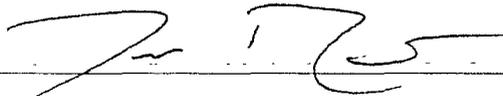
Type of Release	Produced Water	Volume of Release	60bbls	Volume Recovered	57bbls
Source of Release	Water tank	Date and Hour of Occurrence	07/09/2010	Date and Hour of Discovery	07/09/2010 5:45 a.m.
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson-OCD Geoffrey Leking-OCD			
By Whom?	Josh Russo	Date and Hour	07/09/2010 5:03 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.*
Water tank overflowed due to wells being shut in for water tie in. The flush from this down time along with hanging a new well were contributing factors

Describe Area Affected and Cleanup Action Taken.*
Initially 60bbls of produced water was released from the water tank inside the facility firewall of the MC Federal #3 Tank Battery. We were able to recover 57bbls with a vacuum truck. All free fluids were recovered and contained inside the dike walls of the facility. The chloride concentration of the produced water in this area is 135,500 mg/l. The dimensions of the release area were 20' x 60' from the front of the water tank, then flowed east along dike wall 60' x 5'. (The closest well location to this release is the MC Federal #3, Unit F, Sec. 21-T17S-R32E, 2160' FNL 2310' FWL, Lea County, New Mexico, NMLC-029509-A, API# 30-025-34773). 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 NMOCD / BLM 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 Supervisor ENVIRONMENTAL ENGINEER	
Title: HSE Coordinator	Approval Date: 7.16.10	Expiration Date: 9.16.10
E-mail Address: jrusso@conchoresources.com	Conditions of Approval:	
Date: 07/09/2010 Phone: 432-212-2399	Attached <input type="checkbox"/> SUBMIT FINAL COPY OF DOCS BY  IRP# 10.7.2588	

* Attach Additional Sheets If Necessary

nLWS 101941781
PLWS 101942270