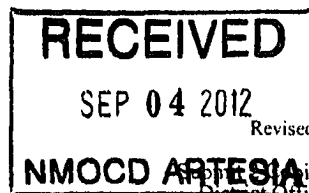


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Applicant agrees to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

7/MLB/1224858324

OPERATOR

☒ Initial Report ☒ Final Report

| | | | |
|-----------------|--|---------------|--------------|
| Name of Company | COG OPERATING LLC <i>129/37</i> | Contact | Pat Ellis |
| Address | 550 W. Texas, Suite 100, Midland, TX 79701 | Telephone No. | 432-230-0077 |
| Facility Name | Skelly 989 Tank Battery | Facility Type | Tank Battery |

| | | | | | |
|---------------|---------|---------------|--|------------------|--------------|
| Surface Owner | Federal | Mineral Owner | | Lease No. (API#) | 30-015-36498 |
|---------------|---------|---------------|--|------------------|--------------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| F | 23 | 17S | 31E | | | | | Eddy |

Latitude 32.82184 Longitude 103.84372

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release Oil and Produced water | Volume of Release 10bbls oil 40bbls produced water | Volume Recovered 10bbls oil 39bbls produced water |
| Source of Release Water tank | Date and Hour of Occurrence 08/19/2012 | Date and Hour of Discovery 08/19/2012 9:00 a.m. |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Mike Bratcher-OCD Jim Amos-BLM Terry Gregston-BLM | |
| By Whom? Michelle Mullins | Date and Hour 08/19/2012 2:45 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.*

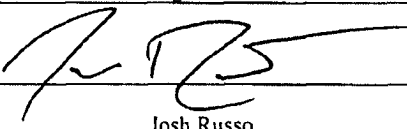
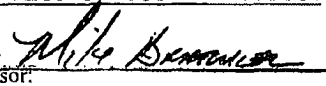

Describe Cause of Problem and Remedial Action Taken.*

Due to a storm in the area, our alarm system was down at this facility allowing the water tank to overflow. Electricians have reset breakers and the alarm system is functioning correctly again.

Describe Area Affected and Cleanup Action Taken.*

Initially 50bbls of produced fluids were released from the water tank and we were able to recover 49bbls with a vacuum truck. The release was contained inside the walls of the facility, which are lined with plastic. All free fluid has been recovered and we have disposed of any contaminated gravel. We have added fresh gravel to the facility as necessary. The facility has been returned to its prior condition.

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 | Signed By:  Approved by District Supervisor: | |
| Title: HSE Coordinator | Approval Date: SEP 04 2012 | Expiration Date: <i>N/A</i> |
| E-mail Address: jrusso@conchoresources.com | Conditions of Approval: <i>N/A</i> | Attached <input type="checkbox"/> |
| Date: 09/04/2012 Phone: 432-212-2399 |  | |

* Attach Additional Sheets If Necessary

2RA-1272