

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

RECEIVED

SEP 14 2010

NMOCD ARTESIA

Form C-141  
Revised October 10, 2003  
Submit 2 Copies to appropriate  
District Office in accordance  
with Rule 116 on back  
side of form

30-015-03170

Release Notification and Corrective Action

NMLB1030754436

OPERATOR

☒ Initial Report ☐ Final Report

|                 |  |               |              |
|-----------------|--|---------------|--------------|
| Name of Company | COG OPERATING LLC 229137                   | Contact       | Pat Ellis    |
| Address         | 550 W. Texas, Suite 100, Midland, TX 79701 | Telephone No. | 432-230-0077 |
| Facility Name   | GJ WEST COOP UNIT #7                       | Facility Type | Flowline     |

|               |       |               |                                       |
|---------------|-------|---------------|---------------------------------------|
| Surface Owner | State | Mineral Owner | Lease No. B-255<br>(API#)30-015-03170 |
|---------------|-------|---------------|---------------------------------------|

LOCATION OF RELEASE

|             |         |          |       |               |                  |               |                |        |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| H           | 28      | 17S      | 29E   |               |                  |               |                | Eddy   |

Latitude 32 48.380 Longitude 104 04.374

NATURE OF RELEASE

|                             |  |   |            |                            |                      |
|-----------------------------|--|---|------------|----------------------------|----------------------|
| Type of Release             | Produced fluid   | Volume of Release                         | 10bbls     | Volume Recovered           | 8bbls                |
| Source of Release           | Steel flowline   | Date and Hour of Occurrence               | 09/04/2010 | Date and Hour of Discovery | 09/04/2010 4:00 p.m. |
| Was Immediate Notice Given? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom?                          |            |                            |                      |
| By Whom?                    |  | Date and Hour                             |            |                            |                      |
| 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.\*

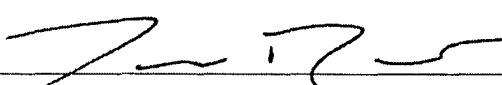
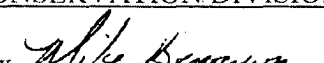
The steel flowline developed a weak spot and eventually ruptured causing this release. The steel flowline will be replaced with a new poly flowline.

Describe Area Affected and Cleanup Action Taken.\*

Initially 10bbls was released from the ruptured flowline and we were able to recover 8bbls with a vacuum truck. The dimensions of the release area measured 15' x 40' in the pasture. (The closest well location to the release is the GJ West COOP Unit #65, API# 30-015-25131, Unit H, Sec.28-T17S-R29E, 2260' FNL 330' FEL, Eddy County, NM). 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 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.

OIL CONSERVATION DIVISION

|                 |   |                                  |  |
|-----------------|---|----------------------------------|--|
| Signature:      |  | Approved by District Supervisor: | Signed By:  |
| Printed Name:   | Josh Russo  | Approval Date:                   | NOV 03 2010  |
| Title:          | HSE Coordinator   | Expiration Date:                 |  |
| E-mail Address: | jrusso@conchoresources.com  | Conditions of Approval:          | Attached <input type="checkbox"/>  |
| Date:           | 09/14/2010  | Phone:                           | 432-212-2399   |

REMEDATION per OCD Rules and  
Guidelines. SUBMIT REMEDIATION  
PROPOSAL BY: 12/3/2010

2RP-456

\* Attach Additional Sheets If Necessary