

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

JAN 25 2011

Form C-141  
Revised October 10, 2003

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

Release Notification and Corrective Action

h KMW 1102551026

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   | State S-19                                 | Facility Type | Tank Battery |

|               |       |               |                               |
|---------------|-------|---------------|-------------------------------|
| Surface Owner | State | Mineral Owner | Lease No. (API#) 30-015-32502 |
|---------------|-------|---------------|-------------------------------|

LOCATION OF RELEASE

|             |         |          |       |               |                  |               |                |        |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| J           | 19      | 17S      | 29E   |               |                  |               |                | Eddy   |

Latitude 32 49.042 Longitude 104 06.767

NATURE OF RELEASE

|                             |  |   |            |                            |                      |
|-----------------------------|--|---|------------|----------------------------|----------------------|
| Type of Release             | Produced water   | Volume of Release                         | 20bbls     | Volume Recovered           | 19bbls               |
| Source of Release           | Water tank   | Date and Hour of Occurrence               | 01/13/2011 | Date and Hour of Discovery | 01/13/2011 8:00 a.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.\*

Filter pot and alarm transducer froze. Thawed out the filter pot and replaced filters; repaired alarm transducer.

Describe Area Affected and Cleanup Action Taken.\*

Initially 20bbls was released from the water tank and we were able to recover 19bbls of fluid. The spill was completely contained on the location and the released fluid traveled the same path as previous spill. All fluid has been picked up, pad location has been scraped of contaminants. Tetra Tech will sample the spill site area to delineate any possible contamination from the release and we will submit a remediation work plan 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: | Signed By: <i>Alie Barrera</i>    |
| Title:          | HSE Coordinator            | Approval Date:                   | 3/3/11 Expiration Date:           |
| E-mail Address: | jrusso@conchoresources.com | Conditions of Approval:          | Attached <input type="checkbox"/> |
| Date:           | 01/25/2011                 | Phone:                           | 432-212-2399                      |

\* Attach Additional Sheets If Necessary

Remediation per OCD Rules &  
Guidelines. SUBMIT REMEDIATION  
PROPOSAL NOT LATER THAN:

4/3/11

2 RP-581