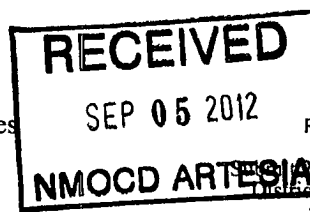


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Release Notification and Corrective Action

| | | | | | |
|-----------------|--|---------------|-------------------------------|--|--|
| nMLB/226546393 | | OPERATOR | | <input checked="" type="checkbox"/> Initial Report | <input checked="" type="checkbox"/> 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 | Honey Graham State Com #1H Tank Battery | Facility Type | Tank Battery | | |
| Surface Owner | State | Mineral Owner | Lease No. (API#) 30-015-37465 | | |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|
| Unit Letter D | Section 29 | Township 26S | Range 28E | Feet from the | North/South Line | Feet from the | East/West Line | County Eddy |
|------------------|---------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|

Latitude 32 01.204 Longitude 104 06.974

NATURE OF RELEASE

| | | | | | |
|---|---|-----------------------------|-------------------|----------------------------|----------------------|
| Type of Release | Produced water | Volume of Release | 90bbbls | Volume Recovered | 89bbbls |
| Source of Release | Water tank | Date and Hour of Occurrence | 08/20/2012 | Date and Hour of Discovery | 08/20/2012 1:00 p.m. |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | | | | |
| By Whom? | Josh Russo | If YES, To Whom? | Mike Bratcher-OCD | | |
| 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.*

A water transfer pump failed which allowed for the produced water tank to fill and overflow into the facility. We are installing an alarm at this facility to prevent reoccurrence.

Describe Area Affected and Cleanup Action Taken.*

Initially 90bbbls of produced water were released from the water tank and we were able to recover 89bbbls with a vacuum truck. All released fluid was contained inside the lined facility walls of the tank battery. We have recovered all standing fluid and disposed of all contaminated gravel. We have added fresh gravel to the facility as necessary. This 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 | Approved by District Supervisor: | |
| Title: HSE Coordinator | Approval Date: SEP 21 2012 | Expiration Date: N/A |
| E-mail Address: jrusso@conchoresources.com | Conditions of Approval: N/A | Attached <input type="checkbox"/> |
| Date: 09/05/2012 | Phone: 432-212-2399 | |

* Attach Additional Sheets If Necessary

2RA-1299