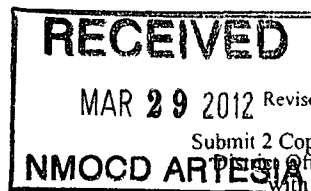


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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
Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

nmlb1210247392

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company	COG OPERATING LLC <i>229137</i>	Contact	Pat Ellis
Address	550 W. Texas, Suite 100, Midland, TX 79701	Telephone No.	432-230-0077
Facility Name	SRO State Unit Com #2	Facility Type	Tank Battery

Surface Owner	State	Mineral Owner		Lease No. (API#)	30-015-37141
---------------	-------	---------------	--	------------------	--------------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
P	32	25S	28E					Eddy

Latitude 32.0802 Longitude 104.1021

NATURE OF RELEASE

Type of Release	Produced fluid	Volume of Release	50bbls oil 80bbls pw	Volume Recovered	10bbls oil 30bbls pw
Source of Release	Heater treater	Date and Hour of Occurrence	03/15/2012	Date and Hour of Discovery	03/15/2012 9:00 p.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		
By Whom?	Josh Russo	Date and Hour	03/19/2012 10:18 a.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.*

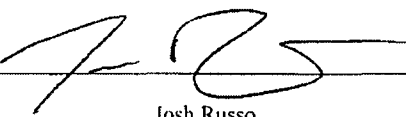
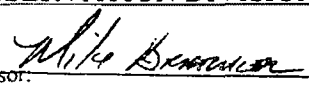
Describe Cause of Problem and Remedial Action Taken.*

The heater treater over-pressured and ruptured at the SRO State Unit Com #2 Tank Battery. A new heater treater will be installed.

Describe Area Affected and Cleanup Action Taken.*

Initially roughly 130bbls of produced fluid was release from the heater treater and we were able to recover 40bbls with a vacuum truck. The release occurred inside the unlined dike walls of the facility. The spill also reached the pasture adjacent to the tank battery and measures an area of 30' x 50'. 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 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		Signed By:  Approved by District Supervisor:	
Title: HSE Coordinator		Approval Date: APR 11 2012	Expiration Date:
E-mail Address: jrusso@conchoresources.com		Conditions of Approval: Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: <i>5/11/2012</i>	Attached <input type="checkbox"/>
Date: 03/29/2012 Phone: 432-212-2399			

* Attach Additional Sheets If Necessary

2RA-1090

Bratcher, Mike, EMNRD

From: Joshua Russo [jrusso@concho.com]
Sent: Thursday, March 29, 2012 4:12 PM
To: Bratcher, Mike, EMNRD
Cc: Tavarez, Ike; Dorey, Kim; Franklin, Tom K.
Subject: C-141 Initial Report - SRO State Com Unit #2 Tank Battery
Attachments: SRO STATE COM UNIT #2 TANK BATTERY -- DATE OF RELEASE -- 03-15-2012.pdf

Mr. Bratcher,

Please see attached a C-141 Initial Report for a release that occurred at our SRO State Com Unit #2 Tank Battery on 03/15/2012. We plan to have the spill site area sampled timely.

Thank you,

Joshua Russo

HSE Coordinator
550 W. Texas Ave, Suite 100
Midland, Texas 79701
Phone: (432) 683-7443
Cell: (432) 212-2399
jrusso@conchoresources.com



CONFIDENTIALITY NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Thank you.

Bratcher, Mike, EMNRD

From: Joshua Russo [jrusso@concho.com]
Sent: Monday, March 19, 2012 9:18 AM
To: Bratcher, Mike, EMNRD; Amos, James A; Terry_Gregston@blm.gov
Subject: Release Notification - SRO #2 TANK BATTERY

Please see below the detailed description of a release that occurred on 03/15/2012.

On 3-15-12, at 9:00 p.m., a heater treater failure occurred at the SRO #2 causing 130 barrels of produced fluid to be released on location and in pasture (50 barrels oil and 80 barrels produced water). Pumping unit was shut down due to SUG curtailment. Tubing and casing valves were open to prevent well from pressuring up during curtailment. LO re-started pumping unit and returned well to production. After pumping for several hours a large sum of fluid and gas overran the field separator causing dump valve to go wide open and over pressure and rupture heater. Well is shut in and secured till heater is replaced. Clean-up is underway. Micro-blaze contaminated vegetation in pasture. We will follow up with a C-141 Initial Report.

GPS coordinates, legal description, and driving directions below:

N 32* 0802 W 104* 1021

SRO State Unit Com #2
430' FSL & 330' FEL
Sec. 32, T25S, R28E
Eddy County, New Mexico
API #30-015-37141

South of Malaga on Hwy 285 to MM 5 (White City Rd), T/W and go approximately 2 miles, T/N and road dead ends at location.

Thank you,

Joshua Russo
HSE Coordinator
550 W. Texas Ave, Suite 100
Midland, Texas 79701
Phone: (432) 683-7443
Cell: (432) 212-2399
jrusso@conchoresources.com



CONFIDENTIALITY NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Thank you.