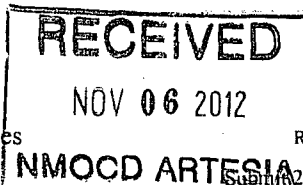


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

NTM *1231264060*

| | | | | |
|-----------------|--|---|------------------|--------------|
| Name of Company | | COG OPERATING LLC <i>229137</i> | Contact | Pat Ellis |
| Address | | 600 West Illinois Avenue, Midland, TX 79701 | Telephone No. | 432-230-0077 |
| Facility Name | | Skelly 605 | Facility Type | Tank Battery |
| Surface Owner | | Federal | Mineral Owner | |
| | | | Lease No. (API#) | 30-015-36885 |

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| J | 14 | 17S | 31E | | | | | Eddy |

Latitude 32 50.035 Longitude 103 50.359

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|-----------------------|----------------------------|----------------------|
| Type of Release | Produced water | Volume of Release | 50bbls | Volume Recovered | 49bbls |
| Source of Release | Poly line at produced water pump | Date and Hour of Occurrence | 10/28/2012 | Date and Hour of Discovery | 10/28/2012 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 | | |
| By Whom? | Michelle Mullins | Date and Hour | 10/28/2012 12:38 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.*

A poly line off of the transfer pump at the facility had a small hole in it which caused the release of fluid whenever the pump was running. The poly line has had an emergency clamp installed on it for temporary solution.

Describe Area Affected and Cleanup Action Taken.*

Initially 50bbls were released from the poly line and we were able to recover 49bbls with a vacuum truck. All free fluid was recovered. The majority of the release was contained inside the lined facility at the tank battery, with a mist onto the pad. The liner has been steamed and all contaminated gravel has been removed and replaced with fresh gravel as needed. This location 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: | Signed By: |
| Title: Senior Environmental Coordinator | Approval Date: NOV 07 2012 | Expiration Date: | |
| E-mail Address: jrusso@concho.com | Conditions of Approval: | Attached <input type="checkbox"/> | |
| Date: 11/05/2012 Phone: 432-212-2399 | | | |

* Attach Additional Sheets If Necessary

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

Dec. 7, 2012

2RP-1394

Bratcher, Mike, EMNRD

From: Joshua Russo <jrusso@concho.com>
Sent: Monday, November 05, 2012 1:57 PM
To: Bratcher, Mike, EMNRD; James A Amos (jamos@blm.gov); Terry Gregston (tgregsto@blm.gov)
Subject: C-141 Initial / Final Reprt - Skelly 605 Tank Battery
Attachments: SKELLY 605 TANK BATTERY -- DATE OF RELEASE -- 10-28-2012.pdf

Please see attached a C-141 Initial / Final Report for a release that occurred at our Skelly 605 Tank Battery. This is a lined facility.

Thank you,

Joshua Russo

Sr. Environmental Coordinator

432.683.7443 (main)

432.685.4381 (direct)

432.212.2399 (cell)

jrusso@concho.com

Mailing Address:

One Concho Center

600 W. Illinios Avenue

Midland, Texas 79701



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Bratcher, Mike, EMNRD

From: Michelle Mullins <MMullins@concho.com>
Sent: Sunday, October 28, 2012 11:38 AM
To: Bratcher, Mike, EMNRD
Cc: Joshua Russo
Subject: Skelly 605-Immediate Notification

Mr. Bratcher:

On 10/28/2012 at approximately 9:00 am, a produced water release was discovered at the above-referenced facility. An estimated 50 bbls of produced water was released. All of the fluid remained inside the 40 mil lined dike and on the pad. The cause of the release was a failure in the poly line off the produced water transfer pump. We will get more details and follow up with a C-141 Report.

GPS coordinates, legal description, and driving directions below.

N 32° 49'16" W 103° 48'.2"

Skelly 605
Unit J
Sec. 14 T17S R31E
2460'FSL & 2410'FEL
Eddy County, NM
API 30-015-36885

From US 82 travel east to Weiser sign on north side of highway. Take second road to the east. Battery is on the left.

Michelle Mullins
HSE Field Tech
2407 Pecos Avenue
P.O. Box 1630
Artesia, NM 88211-1630
Phone: (575)746-2010
Cell: (432) 934-1052
mmullins@conchoresources.com



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