



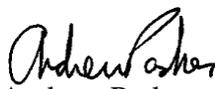
Date: November 26, 2025

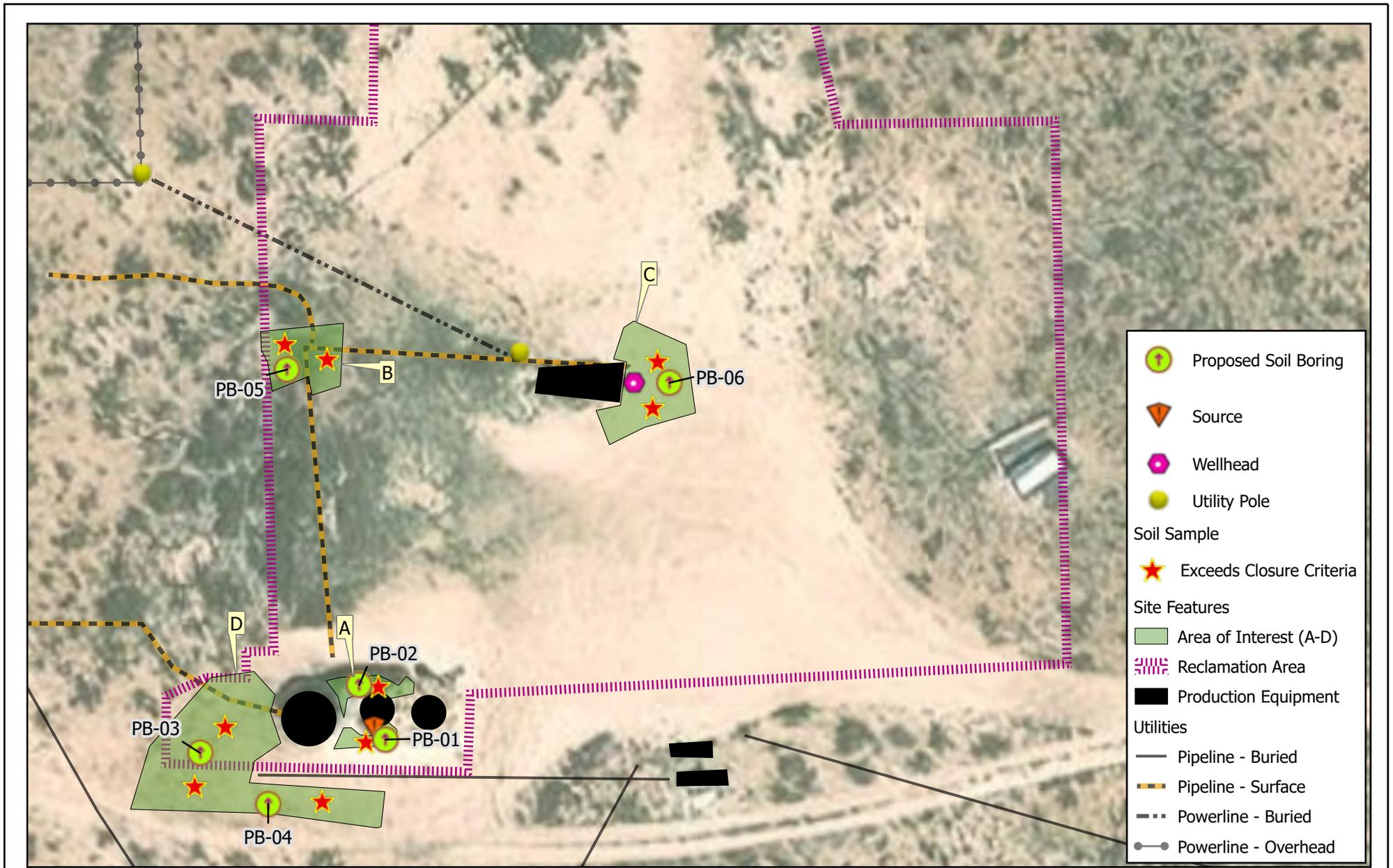
Location: Phillips State #001
Incident #: nAPP2533038983

RE: Estimated Volume Calculation

The attached map shows four Areas of Interest (AOI). Preliminary characterization sampling of suspect historical releases indicate that a minimum of 180 cubic yards of subsurface material may have been impacted – yielding an estimated release volume of 181 barrels. The AOIs are pending further delineation; therefore, release volumes are only an estimate. Below is the estimated volume calculation.

Spill Dimensions to Volume of Release outside of Containment (not recovered)			
Input	volume of affected soil	[feet^3]	4831.00
Input	Porosity: typically is .35 to .40 for most soils	[-]	0.35
Input	Proportion of porosity filled with release fluid [0,1]	[-]	0.60
Output	volume of fluid	[feet^3]	1014.5
		[gal]	7589.1
		Barrels	180.7


Andrew Parker
Senior Project Manager
Vertex Resource Services Inc
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VERTEX

Map Center:
Lat/Long: 32.408057°N, 103.347902°W
Date: Oct 10/25

0 20 40 ft
NAD 1983 StatePlane New Mexico East FIPS 3001 Feet

N

**Proposed Soil Boring/Sample Locations
Phillips State #001**

FIGURE: **5** K&M Resources

Geospatial data presented in this figure may be derived from external sources and Vertex does not assume any liability for inaccuracies. This figure is intended for reference use only and is not certified for legal, survey, or engineering purposes.

Note: Georeferenced image from Esri, 2025. Site features from GPS, Vertex, 2025.

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 530283

QUESTIONS

Operator: K&M RESOURCES LLC P.O. Box 1540 Artesia, NM 88211	OGRID: 330662
	Action Number: 530283
	Action Type: [C-141] Initial C-141 (C-141-v-Initial)

QUESTIONS

Prerequisites	
Incident ID (n#)	nAPP2533038983
Incident Name	NAPP2533038983 PHILLIPS STATE #001 @ 30-025-28548
Incident Type	Release Other
Incident Status	Initial C-141 Received
Incident Well	[30-025-28548] PHILLIPS STATE #001

Location of Release Source	
<i>Please answer all the questions in this group.</i>	
Site Name	PHILLIPS STATE #001
Date Release Discovered	06/10/1986
Surface Owner	State

Incident Details	
<i>Please answer all the questions in this group.</i>	
Incident Type	Release Other
Did this release result in a fire or is the result of a fire	No
Did this release result in any injuries	No
Has this release reached or does it have a reasonable probability of reaching a watercourse	No
Has this release endangered or does it have a reasonable probability of endangering public health	No
Has this release substantially damaged or will it substantially damage property or the environment	No
Is this release of a volume that is or may with reasonable probability be detrimental to fresh water	No

Nature and Volume of Release	
<i>Material(s) released, please answer all that apply below. Any calculations or specific justifications for the volumes provided should be attached to the follow-up C-141 submission.</i>	
Crude Oil Released (bbls) Details	Cause: Other Unknown Crude Oil Released: 0 BBL (Unknown Released Amount) Recovered: 0 BBL Lost: 0 BBL.
Produced Water Released (bbls) Details	Cause: Other Unknown Produced Water Released: 0 BBL (Unknown Released Amount) Recovered: 0 BBL Lost: 0 BBL.
Is the concentration of chloride in the produced water >10,000 mg/l	Yes
Condensate Released (bbls) Details	Not answered.
Natural Gas Vented (Mcf) Details	Not answered.
Natural Gas Flared (Mcf) Details	Not answered.
Other Released Details	Not answered.
Are there additional details for the questions above (i.e. any answer containing Other, Specify, Unknown, and/or Fire, or any negative lost amounts)	Reporting a legacy release discovered while remediating an unreportable release <5 bbls.

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QUESTIONS, Page 2

Action 530283

QUESTIONS (continued)

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QUESTIONS

Nature and Volume of Release (continued)	
Is this a gas only submission (i.e. only significant Mcf values reported)	No, according to supplied volumes this does not appear to be a "gas only" report.
Was this a major release as defined by Subsection A of 19.15.29.7 NMAC	Yes
Reasons why this would be considered a submission for a notification of a major release	From paragraph A. "Major release" determine using: (1) an unauthorized release of a volume, excluding gases, of 25 barrels or more.
<i>With the implementation of the 19.15.27 NMAC (05/25/2021), venting and/or flaring of natural gas (i.e. gas only) are to be submitted on the C-129 form.</i>	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury.

The source of the release has been stopped	True
The impacted area has been secured to protect human health and the environment	True
Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices	True
All free liquids and recoverable materials have been removed and managed appropriately	True
If all the actions described above have not been undertaken, explain why	<i>Not answered.</i>

Per Paragraph (4) of Subsection B of 19.15.29.8 NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please prepare and attach a narrative of actions to date in the follow-up C-141 submission. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see Subparagraph (a) of Paragraph (5) of Subsection A of 19.15.29.11 NMAC), please prepare and attach all information needed for closure evaluation in the follow-up C-141 submission.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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.

I hereby agree and sign off to the above statement	Name: Andrew Parker Title: Consultant Email: aparker@vertexresource.com Date: 11/26/2025
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QUESTIONS, Page 3

Action 530283

QUESTIONS (continued)

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QUESTIONS

Site Characterization

Please answer all the questions in this group (only required when seeking remediation plan approval and beyond). This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release in feet below ground surface (ft bgs)	Between 75 and 100 (ft.)
What method was used to determine the depth to ground water	NM OSE iWaters Database Search
Did this release impact groundwater or surface water	No
What is the minimum distance, between the closest lateral extents of the release and the following surface areas:	
A continuously flowing watercourse or any other significant watercourse	Between 1000 (ft.) and ½ (mi.)
Any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)	Between ½ and 1 (mi.)
An occupied permanent residence, school, hospital, institution, or church	Between 1 and 5 (mi.)
A spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes	Between 1 and 5 (mi.)
Any other fresh water well or spring	Between 1 and 5 (mi.)
Incorporated municipal boundaries or a defined municipal fresh water well field	Greater than 5 (mi.)
A wetland	Between ½ and 1 (mi.)
A subsurface mine	Greater than 5 (mi.)
An (non-karst) unstable area	Greater than 5 (mi.)
Categorize the risk of this well / site being in a karst geology	Low
A 100-year floodplain	Greater than 5 (mi.)
Did the release impact areas not on an exploration, development, production, or storage site	No

Remediation Plan

Please answer all the questions that apply or are indicated. This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

Requesting a remediation plan approval with this submission	No
<i>The OCD recognizes that proposed remediation measures may have to be minimally adjusted in accordance with the physical realities encountered during remediation. If the responsible party has any need to significantly deviate from the remediation plan proposed, then it should consult with the division to determine if another remediation plan submission is required.</i>	

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CONDITIONS

Action 530283

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CONDITIONS

Created By	Condition	Condition Date
michael.buchanan	Initial C141 is approved. A remediation work plan, site characterization plan or remediation closure is due to the OCD no later than 90-days after the date of discovery, not to exceed 04/27/2026.	1/29/2026