



Date: November 26, 2025

Location: Phillips State #02

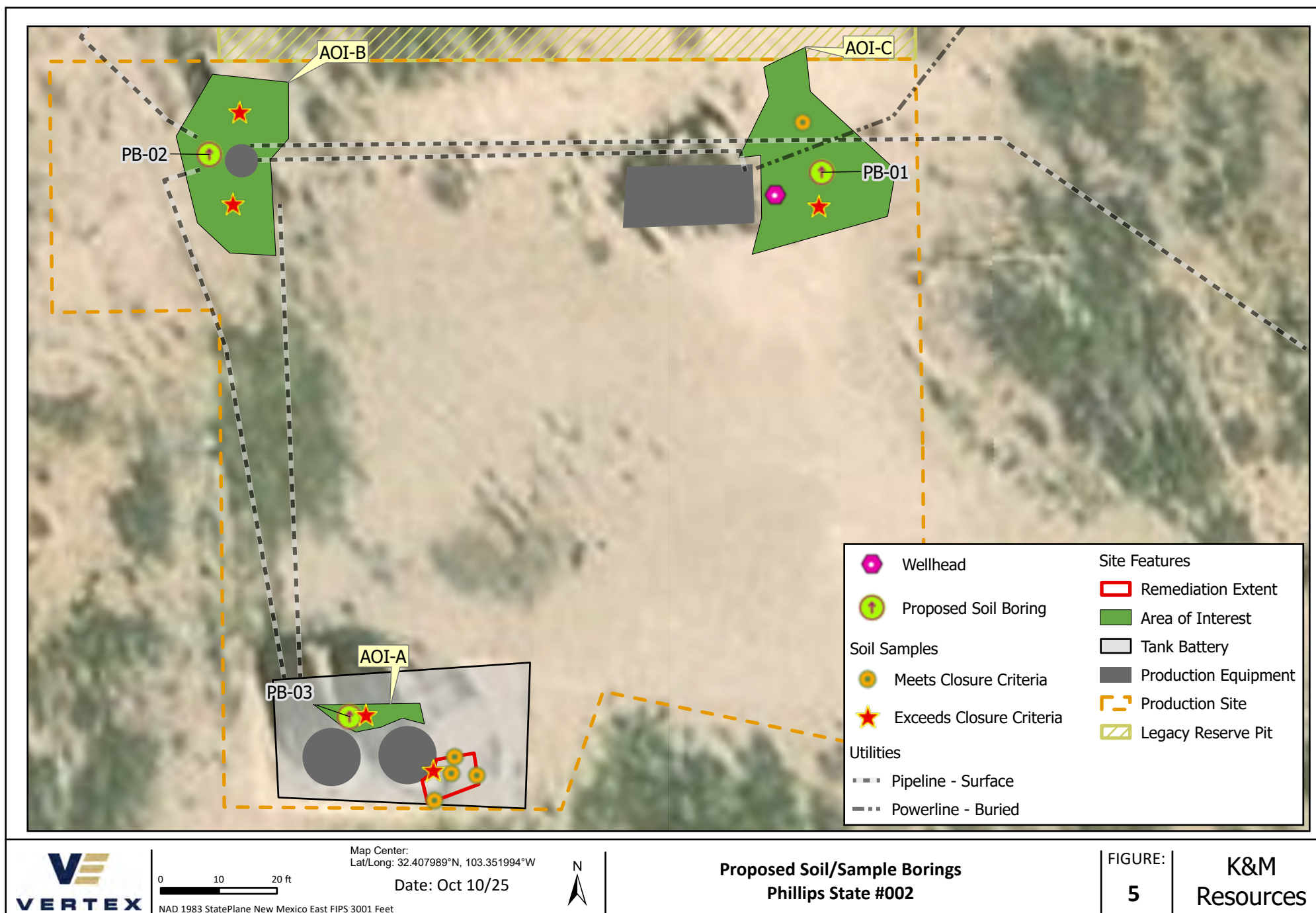
Incident #: nAPP2533039712

RE: Estimated Volume Calculation

The attached map shows three Areas of Interest (AOI). Preliminary characterization sampling of suspect historical releases indicate that a minimum of 115 cubic yards of subsurface material may have been impacted – yielding an estimated release volume of 116 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) |                                                        |                 |                |
|------------------------------------------------------------------------------|--------------------------------------------------------|-----------------|----------------|
| <b>Input</b>                                                                 | <b>volume of affected soil</b>                         | <b>[feet^3]</b> | <b>3110.00</b> |
| <b>Input</b>                                                                 | Porosity: typically is .35 to .40 for most soils       | [ - ]           | 0.35           |
| <b>Input</b>                                                                 | Proportion of porosity filled with release fluid [0,1] | [ - ]           | 0.60           |
|                                                                              |                                                        |                 |                |
| <b>Output</b>                                                                | volume of fluid                                        | [feet^3]        | <b>653.1</b>   |
|                                                                              |                                                        | [gal]           | <b>4885.5</b>  |
|                                                                              |                                                        | Barrels         | 116.3          |

  
 Andrew Parker  
 Senior Project Manager  
 Vertex Resource Services Inc  
 c: (575) 689-7007



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.

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

QUESTIONS

Action 530326

**QUESTIONS**

|                                                                      |                                                         |
|----------------------------------------------------------------------|---------------------------------------------------------|
| Operator:<br>K&M RESOURCES LLC<br>P.O. Box 1540<br>Artesia, NM 88211 | OGRID:<br>330662                                        |
|                                                                      | Action Number:<br>530326                                |
|                                                                      | Action Type:<br>[C-141] Initial C-141 (C-141-v-Initial) |

**QUESTIONS**

| Prerequisites    |                                                   |
|------------------|---------------------------------------------------|
| Incident ID (n#) | nAPP2533039712                                    |
| Incident Name    | NAPP2533039712 PHILLIPS STATE #002 @ 30-025-28670 |
| Incident Type    | Other                                             |
| Incident Status  | Initial C-141 Received                            |
| Incident Well    | [30-025-28670] PHILLIPS STATE #002                |

| Location of Release Source                            |                     |
|-------------------------------------------------------|---------------------|
| <i>Please answer all the questions in this group.</i> |                     |
| Site Name                                             | Phillips State #002 |
| Date Release Discovered                               | 06/10/1986          |
| Surface Owner                                         | State               |

| Incident Details                                                                                     |       |
|------------------------------------------------------------------------------------------------------|-------|
| <i>Please answer all the questions in this group.</i>                                                |       |
| Incident Type                                                                                        | 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 530326

**QUESTIONS (continued)**

|                                                                      |                                                         |
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**QUESTIONS**

| <b>Nature and Volume of Release (continued)</b>                                                                                                         |                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 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:<br>(1) an unauthorized release of a volume, excluding gases, of 25 barrels or more. |
| 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. |                                                                                                                                        |

**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                                           | Not answered. |

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<br>Title: Consultant<br>Email: <a href="mailto:aparker@vertexresource.com">aparker@vertexresource.com</a><br>Date: 11/26/2025 |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

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QUESTIONS, Page 3

Action 530326

**QUESTIONS (continued)**

|                                                                      |                                                         |
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**QUESTIONS**

|                                                                                                                                                                                                                                                      |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Site Characterization</b>                                                                                                                                                                                                                         |                                |
| <i>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.</i> |                                |
| 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                             |
| <b>What is the minimum distance, between the closest lateral extents of the release and the following surface areas:</b>                                                                                                                             |                                |
| A continuously flowing watercourse or any other significant watercourse                                                                                                                                                                              | Between 300 and 500 (ft.)      |
| 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                             |

|                                                                                                                                                                                                                                                                                                                                                                                       |    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| <b>Remediation Plan</b>                                                                                                                                                                                                                                                                                                                                                               |    |
| <i>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.</i>                                                                                                                                                                                      |    |
| 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

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## CONDITIONS

|                                                                      |                                                         |
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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. | 1/30/2026      |