



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

April 21, 2023

Nyle Khan,
Kanalıs Group, LLC
19925 Stevens Creek Blvd, 100
Cupertino, CA 95014

RE: Response to Produced Water Pilot Project Notice of Intent; Discharge Permit Not Required for Kanalıs Group, LLC Greenhouse Pilot Project

Dear Mr. Khan:

The New Mexico Environment Department (NMED) received a Produced Water Pilot Project Notice of Intent (PW-NOI) from you on March 9, 2023, regarding the proposed greenhouse pilot project for treated produced water research at the Eagle Springs wellpad for the Kanalıs Group, LLC. The proposed pilot project will be located on the Eagle Springs 8 Federal 2M wellpad, approximately 20 miles southwest of Cuba, New Mexico, in Section 8, Township 19N, Range 4 W, Sandoval County.

The notice satisfies the requirements of Subsection A of 20.6.2.1201 NMAC, Ground and Surface Water Protection Regulations, (20.6.2 NMAC).

The PW-NOI identifies the pilot project details as follows:

The Kanalıs greenhouse pilot project will evaluate the use of treated produced water as a non-traditional water source for growing tree seedlings in a greenhouse. Produced water from an Entrada formation oil well will be filtered through a skid mounted reverse osmosis (RO) system located inside a locked warehouse. The treated produced water will be applied to tree seedlings in a locked greenhouse and underlain by a 60-mil liner. A control set of seedlings will be grown with fresh water. Growth of tree seedlings will be evaluated. All excess treated produced water will be disposed of in an adjacent saltwater disposal well and all plant material will be disposed of appropriately at Oil Conservation Division (OCD) permitted facilities. The pilot project will be operated in a closed loop system.

Based on the information provided in your PW-NOI, NMED has determined that a Discharge Permit is not required, as long as the treatment and use of the produced water occurs as described because the information provided indicates the pilot project is located at an OCD regulated facility and the pilot project will be conducted in a manner that will not result in treated produced water directly or indirectly moving into ground or surface water.

Although NMED is not requiring a Discharge Permit for this facility at this time, this does not relieve you of your liability should your operation result in actual pollution of ground or surface water. Further, NMED's determination does not relieve you of your responsibility to comply with any other applicable federal, state, and/or local laws and regulations, zoning requirements, plumbing codes, and nuisance ordinances. Please note that GWQB has forwarded the NOI to the OCD. GWQB recommends that you contact the OCD to determine whether your pilot project may require a change to your existing permits.

If at some time in the future you intend to change the pilot project location, processes, scope, or plan in any way a revised PW-NOI must be filed in advance with NMED. If NMED determines that you are conducting the pilot project in a manner other than as described in your PW-NOI, a revised PW-NOI will be required and an enforcement action by NMED may follow. NMED reserves the authority to inspect the pilot project facility and location as identified by the Water Quality Act. NMSA 1978, Subsection E of Section 74-6-9.

This determination is pursuant to WQCC Regulation 20.6.2.3106.B NMAC, and the NMED Delegation Order dated March 24, 2023, through which the Cabinet Secretary has delegated this authority to sign responses to a NOI to discharge to the Chief of the Ground Water Quality Bureau. If you have any questions, please contact Jason Herman, Program Manager of the Ground Water Pollution Prevention Section, at (575) 649-3871 or submit an email to pps.general@env.nm.gov.

Sincerely,

Justin D. Ball, Chief
Ground Water Quality Bureau

JB:KM

cc: John Rhoderick, WPD Division Director, NMED
Kathryn S. Becker, Tribal Liaison, NMED
Andrew Knight, Assistant General Counsel, NMED
Jason Herman, Program Manager, GWQB PPS, NMED
Susan Lucas-Kamat, Program Manager, SWQB PSRS, NMED
Produced Water No DP Required File
Dylan Fuge, Acting Division Director, OCD EMNRD
Jim Griswold, Bureau Chief, OCD EMNRD
Patricia Sullivan, Director, NMPWRC - NMSU
Mike Hightower, Manager, NMPWRC – NMSU
Navajo Nation Torreon Chapter: torreon@navajochapters.org
Navajo Nation Ojo Encino Chapter: ojoencino@navajochapters.org
Navajo Nation Counselor Chapter: counselor@navajochapters.org
Navajo Nation Council Delegate Tolth: georgetolth@navajo-nsn.gov