



Office of the Governor

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## **Strategic Water Supply**

The Strategic Water Supply is a first-of-its-kind, innovative initiative to bolster drought resilience and clean energy production. FY25, the State of New Mexico will use \$250 million in severance taxes to make an advanced market commitment to purchasing treated brackish and treated produced water. An additional \$250 million is planned for FY26 for a total commitment of \$500 million.

### **Benefits to New Mexico**

#### ***The Strategic Water Supply:***

- creates jobs, grows our clean energy economy, and supports the nation's transition to renewable energy and advanced manufacturing.
- spurs industry investment in water treatment without requiring upfront capital investments by taxpayers.
- helps meet the global demand for vital minerals, including lithium, essential components of batteries, and another renewable energy source.
- uses NM's ample brackish (salty) water aquifers and wasted water from oil and gas operations to fuel green hydrogen production and advanced microchips, solar panels, wind turbines, and more manufacturing.
- protects NM's precious freshwater for community and agricultural use.

#### ***The Strategic Water Supply **does not:*****

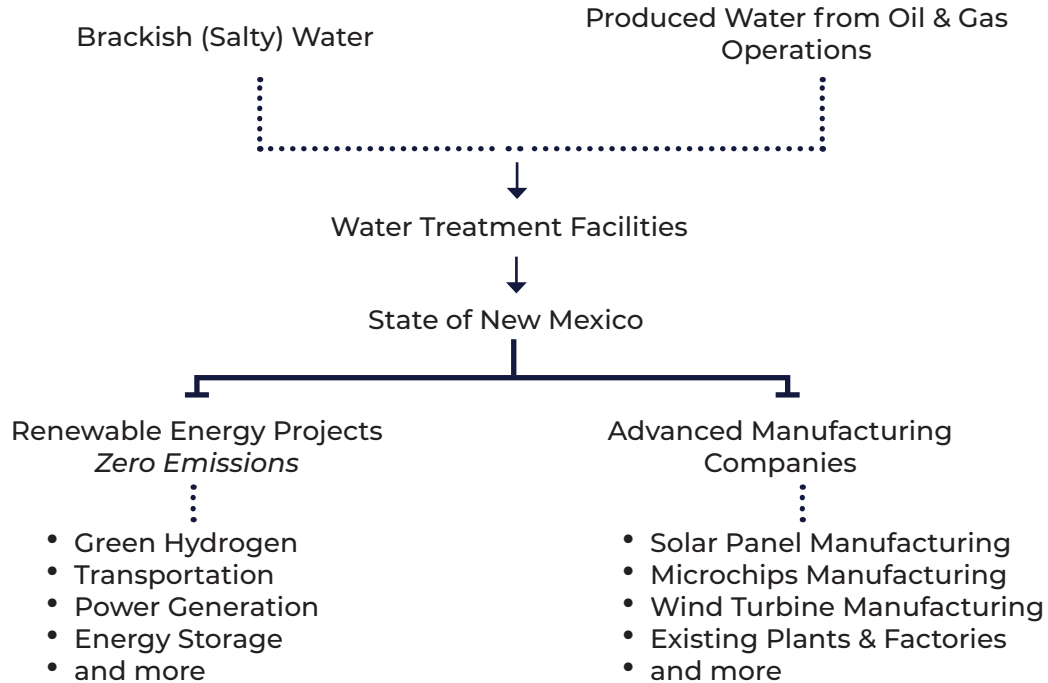
- pollute NM's aquifers and surface water supplies.
- allow for the discharge of treated brackish and treated produced waters into the environment for any purpose, including drinking water.
- relieve any oil and gas company of their responsibility to dispose produced water.
- sell NM's freshwater supplies to companies.

### **Why now**

- Global warming and aridification are exacerbating water shortages throughout the Southwest. The Strategic Water Supply preserves precious freshwater for community and agricultural use in a warming environment. Climate models predict up to a 25% reduction in available water across NM.
- Between two and four billion acre-feet of brackish water underneath NM cannot be used for human or agricultural purposes but can be used for green hydrogen, electric vehicle and battery manufacturing, critical minerals, microchips, solar panels, wind turbines, and more.
- Diverting merely 3% of the 1.2 billion barrels of produced water disposed of in injection wells in 2022 to make hydrogen could result in enough energy to fully power over 2 million homes annually.

# How it works

## Treated Water Flow Chart



### Key Terms

**Brackish (Salty) Water** - water Sourced from underground saltwater aquifersn

**Produced Water** - water that comes out of the well with the crude oil during crude oil production

## Advanced Market Commitment Process Roadmap

- January 19, 2024 – RFI opens.
- February 15, 2024 – New Mexico Legislative Session ends.
- March 31, 2024 – RFI closes.
- Summer 2024 – Request for Proposal and project-specific concept papers opens.
- Fall 2024 – Request for Proposal and project-specific concept papers closes.
- Fall/Winter 2024 – Anticipated awards.
- 2025 – Award recipients build out water treatment facilities.
- 2026 – Companies begin treating water, prove that it meets standards set in award contract
- 2026 and beyond – Companies treat water at scale and state purchases it based on terms of 2024 award. State sells/provides treated water to green hydrogen and advanced manufacturing companies for use in operations.