



Office of the Governor

MICHELLE LUJAN GRISHAM

**Strategic Water Supply Act
HB 137
Sponsors: Rep. Susan Herrera and
Sen. George Muñoz**

Overview:

The Strategic Water Supply (SWS) will address growing water challenges by reducing demand for freshwater as communities grow their local economies and New Mexico advances the clean energy transition. We will leave the freshwater for people, farms and nature.

While freshwater is limited in our dry state, with scientists warning of 25% less freshwater in 50 years, experts say we may have up to 650 TRILLION gallons of water in deep, salty (aka brackish) aquifers.

Every year oil and gas companies generate over 80 BILLION gallons of industrial wastewater (aka produced water). Today, industry recycles or reuses some produced water for oilfield activities and disposes of the majority in permitted disposal wells in New Mexico and Texas.

New technology can clean deep brackish water and produced water for a range of uses reducing pressure on our freshwater resources. The SWS creates new opportunities to align these alternative water sources with industrial end users that would otherwise use freshwater.

The Strategic Water Supply will:

- Provide water for industrial uses while protecting and preserving New Mexico's freshwater as we face a hotter, drier future.
- Promote strong local economies and job creation in the water treatment sector while supporting New Mexico's clean energy transition.
- Establish guardrails for grants (deep brackish water only) and contracts that advance brackish and produced water treatment plants and supply treated water to customers that align with state, tribal or local economic development goals and protect freshwater supplies.

The Strategic Water Supply will NOT:

- Pollute aquifers or surface water supplies.
- Relieve any oil and gas company from the responsibility to properly manage and dispose of produced water.
- Lead to transport of treated or untreated produced water across large distances in New Mexico.
- Fund projects that do not comply with state permitting regulations and compliance standards to protect public and environmental health.
- Involve the state buying and selling treated water.

Methods:

An initial appropriation of \$75 million and a new fee on the volume of produced water generated by industry will support SWS projects through grants and contracts.

Agencies will collaborate to develop a program to provide market incentives to companies or other entities to treat deep brackish water and produced water for use in SWS projects.

- The Energy, Minerals and Natural Resources Department will develop the produced water fee program and develop contracts to align treated brackish or produced water with renewable energy and industrial projects.
- The Environment Department will administer the SWS fund and develop SWS contracts that offset freshwater demand for advanced manufacturing.
- The Office of the State Engineer will review all proposals to use deep brackish water to assure freshwater resources are protected and administer a grant program to support brackish water research and infrastructure projects.
- The Economic Development Department will help align industry with the goals of the SWS and consult with the other agencies on potential SWS funding agreements.

Strategic Water Supply Timeline:

Governor Lujan Grisham announced the SWS in December 2023. Over the last year, NMED and other agencies gathered economic and technical information, evaluated potential end uses for treated water, and shared all of that information with the public and in multiple presentations to legislative interim committees. That information is available through this QR CODE or by visiting www.env.nm.gov/strategic-water-supply.



Currently, the Water Quality Control Commission is evaluating proposed rules related to produced water reuse industrial and pilot projects that do not release any treated or untreated water to the environment. Any project funded through the SWS must comply with those rules, the Water Quality Act, and other applicable environmental regulations, such as for handling solid and hazardous waste.

Examples of industry water needs:

End use	Approximate gallons of water/day	Water quality needed
Semiconductor Manufacturing	2,000,000 to 4,000,000	Ultra-pure water
Solar Panel Manufacturing	1,000,000 to 3,000,000	Ultra-pure water
Electric Vehicle Manufacturing	1,000,000 for assembly, 1,000,000 for battery production	Lower than potable for cooling, potable for production
Pumped Storage Hydropower	300,000 to 8,000,000	Lower than potable
Data Centers	150,000 to 450,000	Lower than potable
Green Hydrogen Production	100,000 to 700,000	Higher than potable
Cement/Concrete Production	100,000 to 200,000	Lower than potable for cooling, potable for production