



NMPWRC
NEW MEXICO PRODUCED WATER
RESEARCH CONSORTIUM



2026 Mid-Year Review
Wednesday June 10, 2026

**Food and drinks are prohibited in Droom 2027. All breaks will take place in the Dn



EnergyMakers
Advisory Group

Texas and New Mexico Produced Water Accounting, 2026 and Beyond

Laura Capper

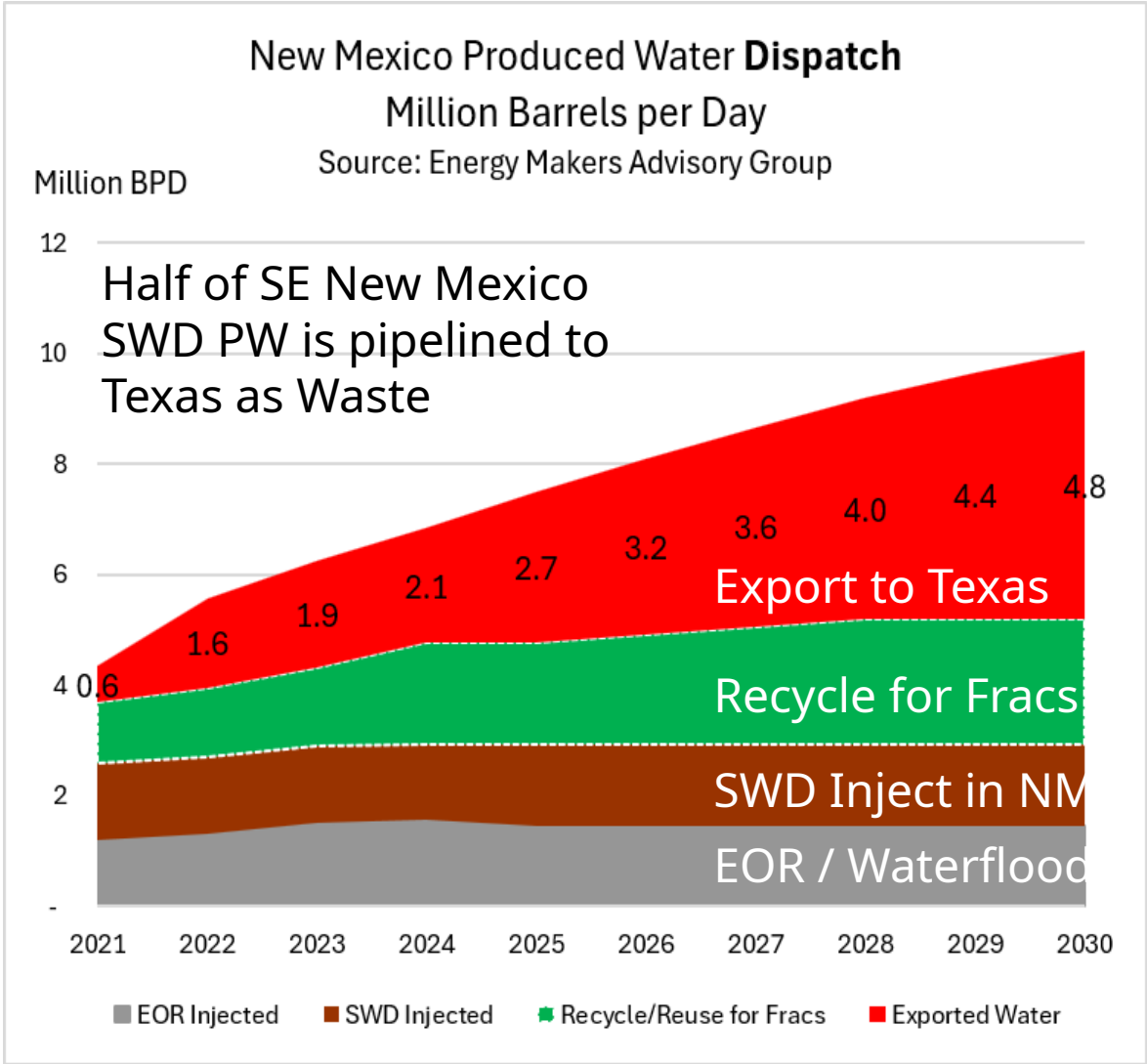
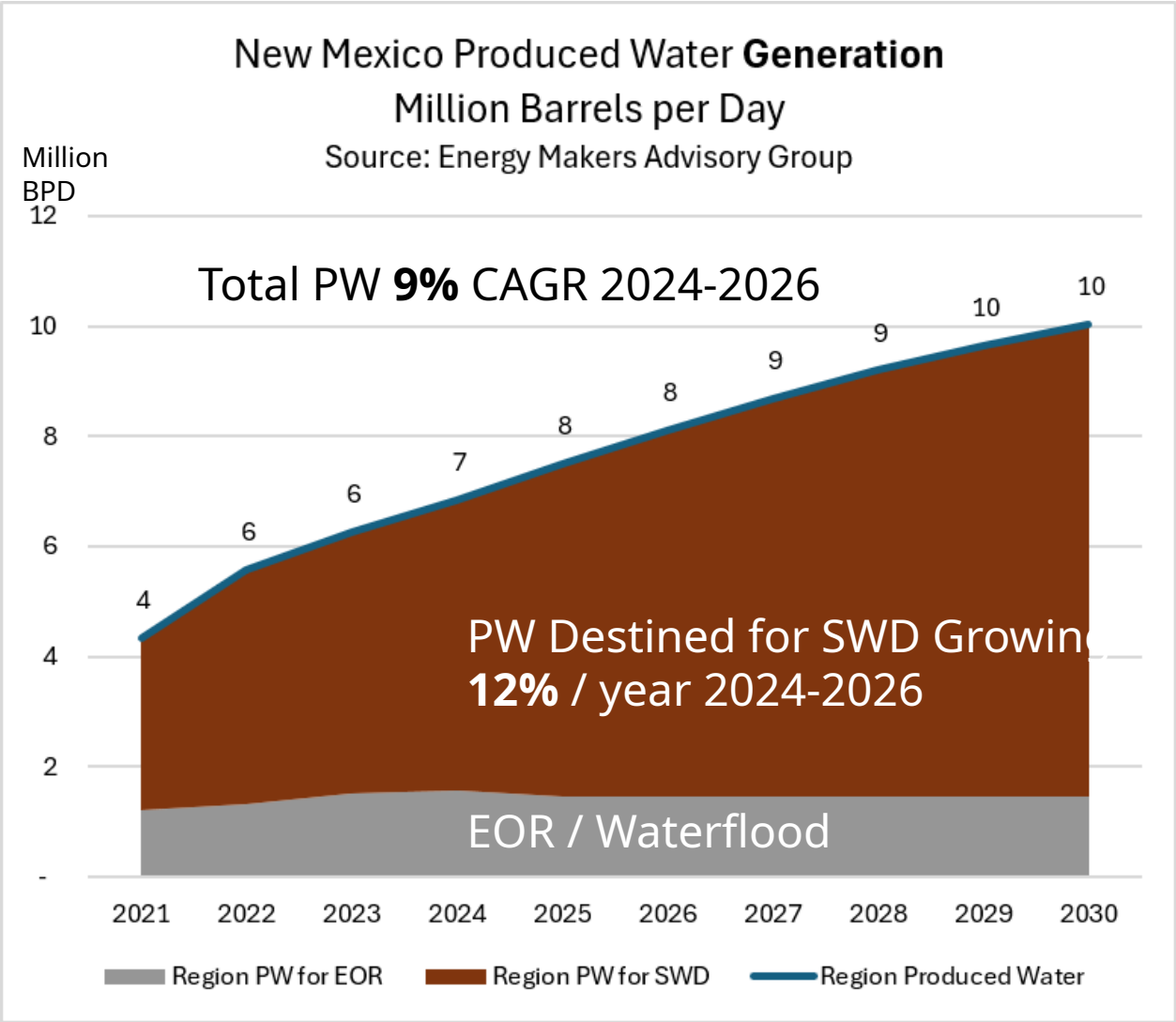
EnergyMakers Advisory Group

Consultants, Permitting & Regulatory,
Water Management Treatment &
Subsurface Risk Avoidance

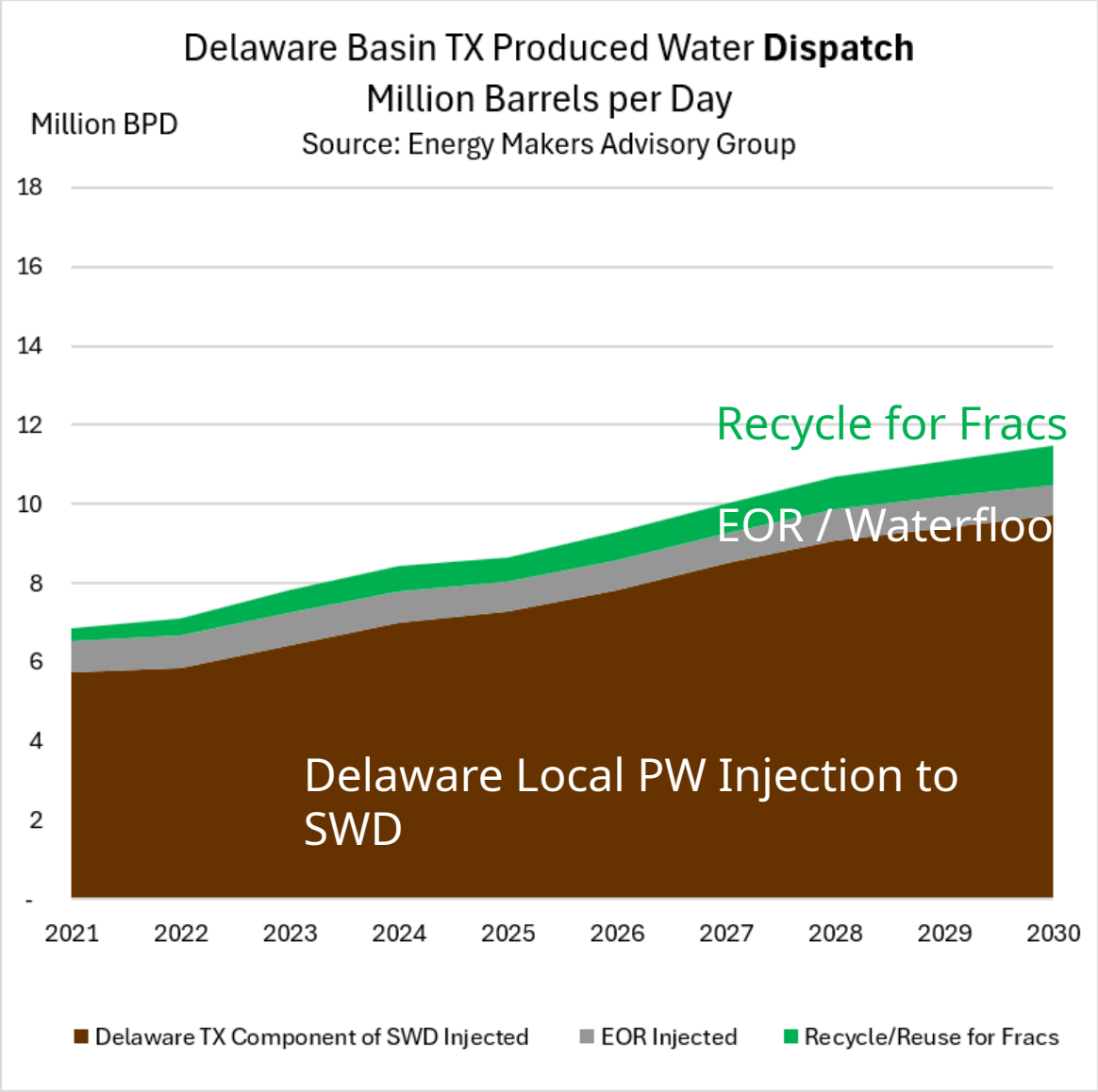
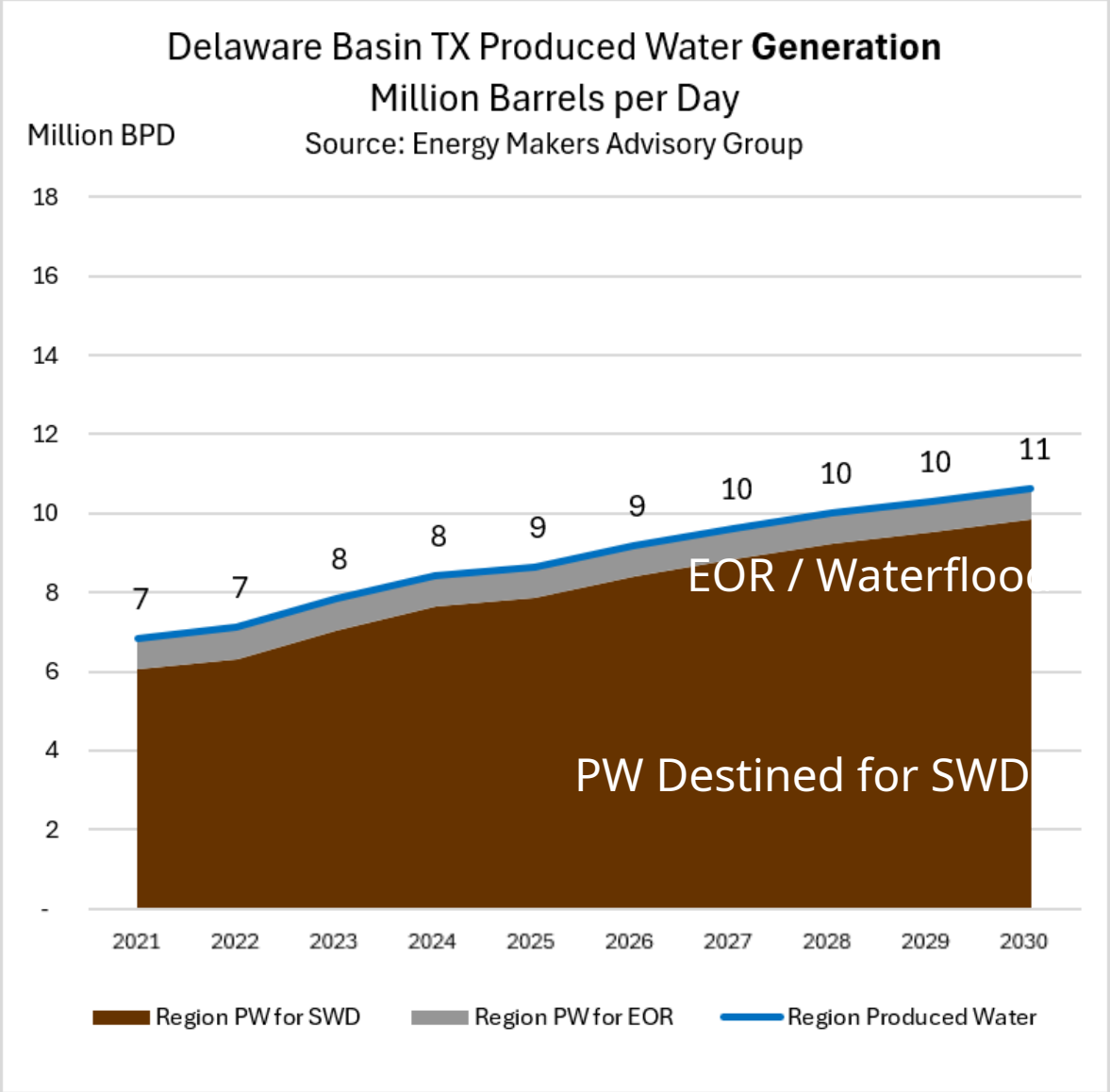
lcapper@EnergyMakersAG.com



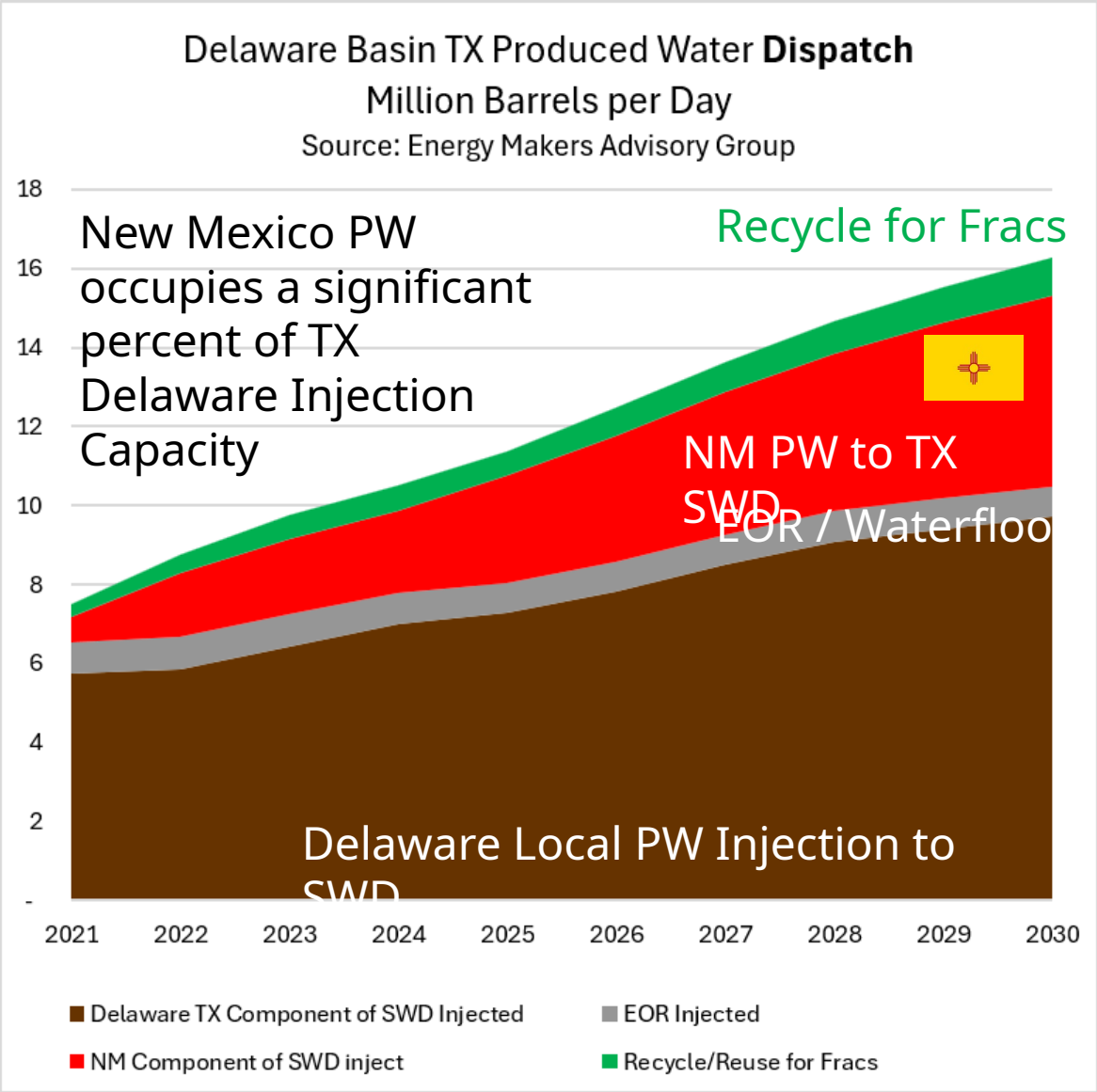
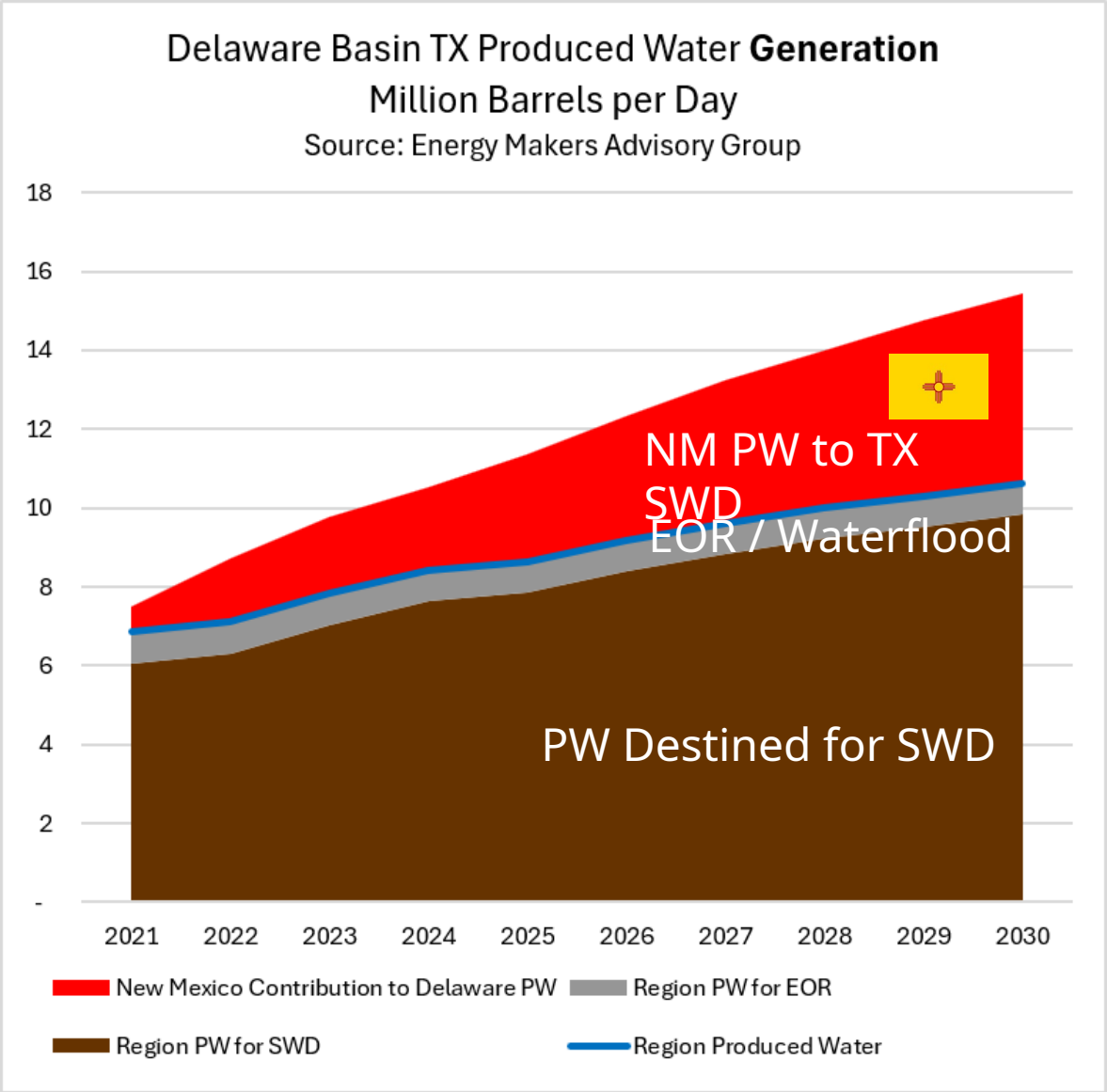
South East New Mexico Water Balances 2026



Texas Delaware Outlook – Local Water Balance



Texas Delaware Outlook – New Mexico Impacts



Total Permian Perspective

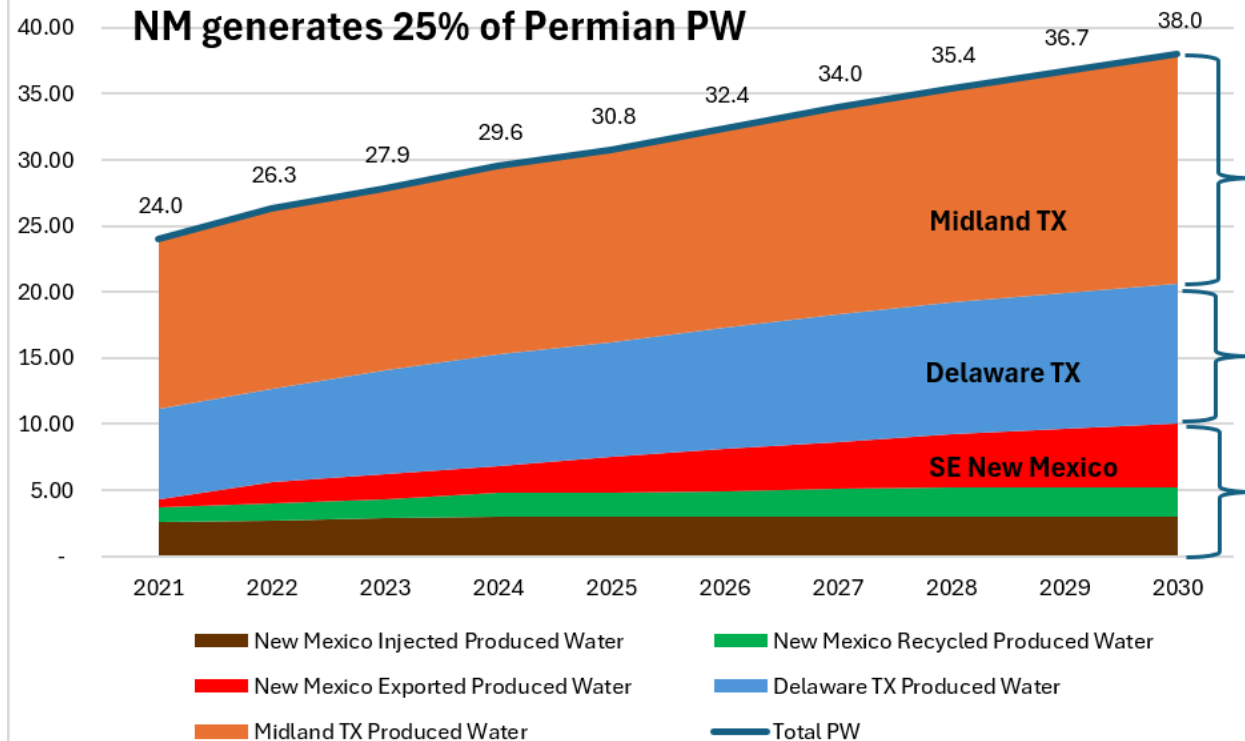
- SWD PW increasing at 7.7% per year. Disposal Capacity is comparably Flat.
- Injected Completion volumes play a significant role in PW
- Can't ignore the role of EOR in water balances, pressure, and risk avoidance

Permian Wide Produced Water by **Basin**

Million Barrels per Day

Source: Energy Makers Advisory Group

NM generates 25% of Permian PW

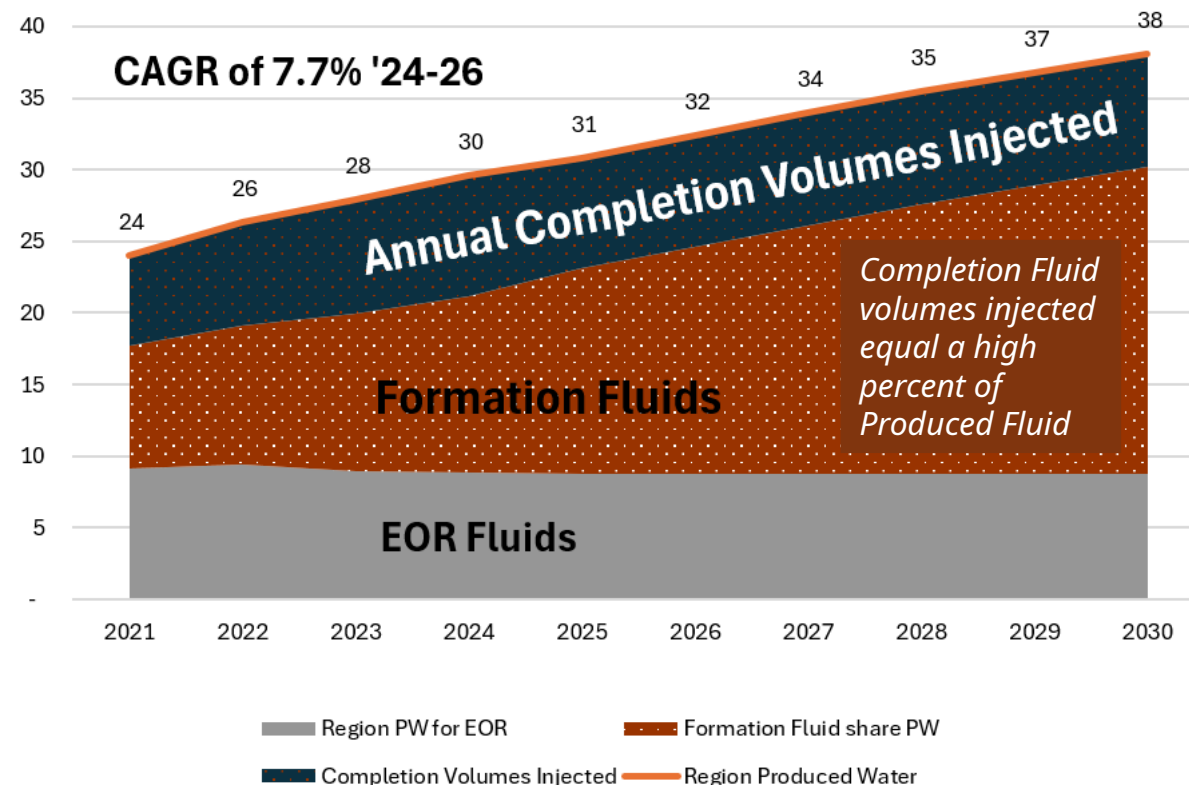


Permian Wide Produced Water **Composition**

Million Barrels per Day

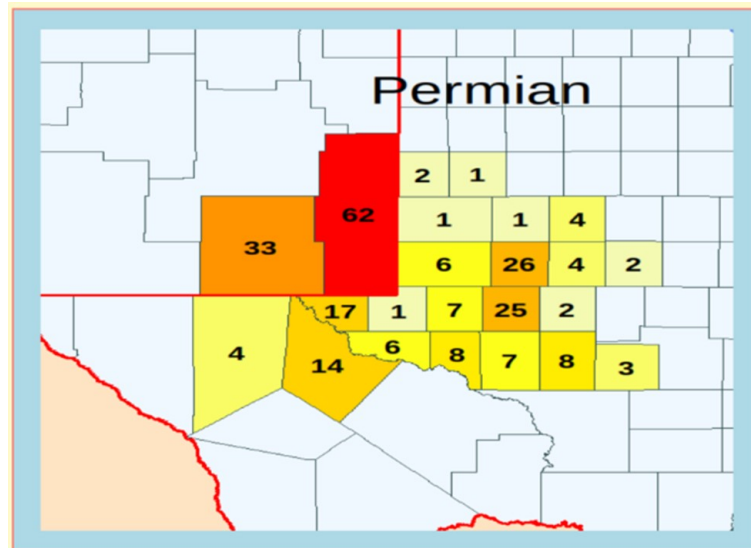
Source: Energy Makers Advisory Group

CAGR of 7.7% '24-26



Interesting Factoids:

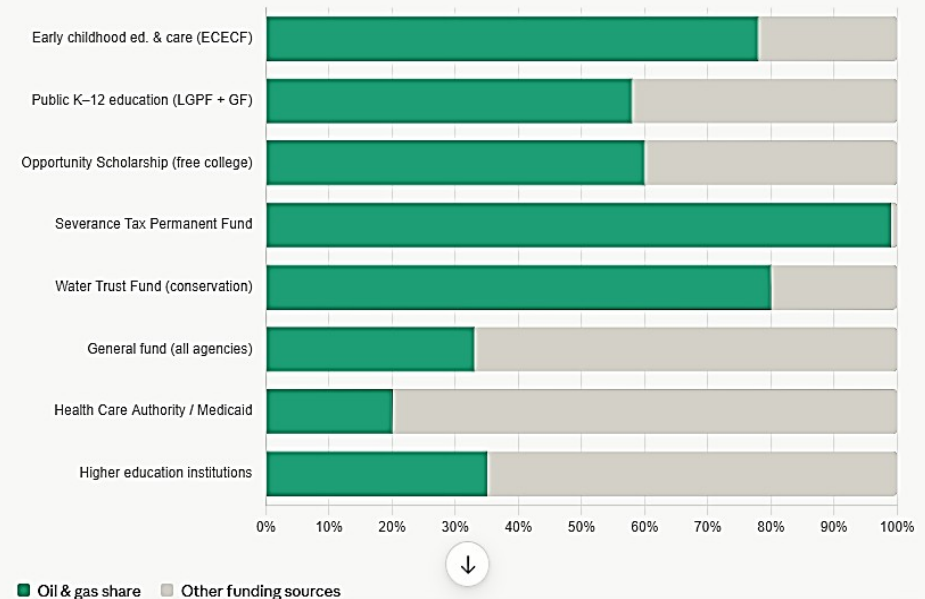
- New Mexico used to be roughly 15% of Permian O&G activity
- New Mexico now generating 25% of PW
- New Mexico drilling activity now at 39% (!!!) of Permian Drilling Activity / Rig counts



Oil and Gas Revenues fund 50% of Education, Conservation, and other key NM programs. Water Treatment Revenues “could” bring incremental revenues and revenue diversification to New Mexico.

Total general fund (FY2026)	Oil & gas share of general fund	Total O&G tax receipts (FY2024)	Permanent fund assets (SIC)
\$10.8B	~33%	\$11.3B	~\$53B
recurring appropriations	~\$3.6B direct contribution	state + local combined	largely built on O&G royalties

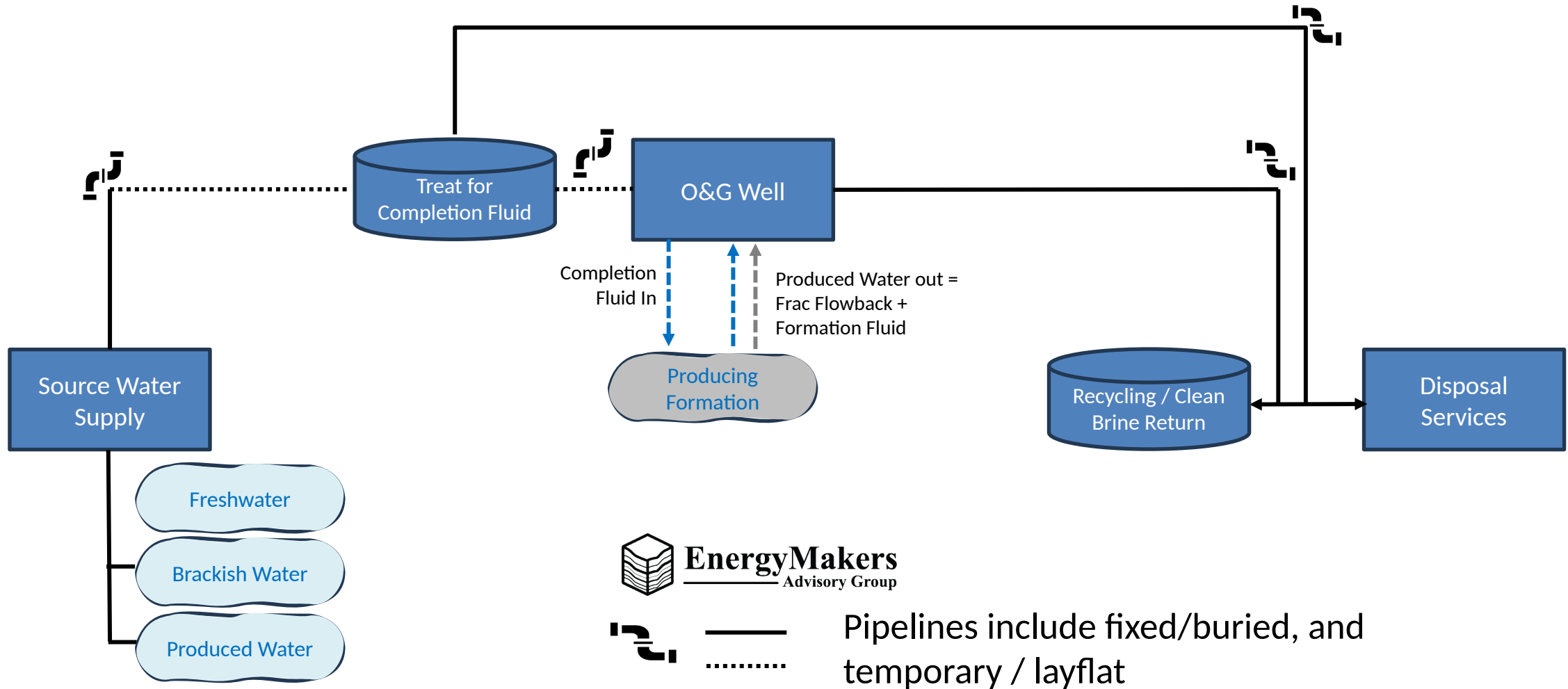
KEY PROGRAMS — OIL & GAS SHARE OF FUNDING



\$ 11.3 B O&G Revenues to State and Local NM govt

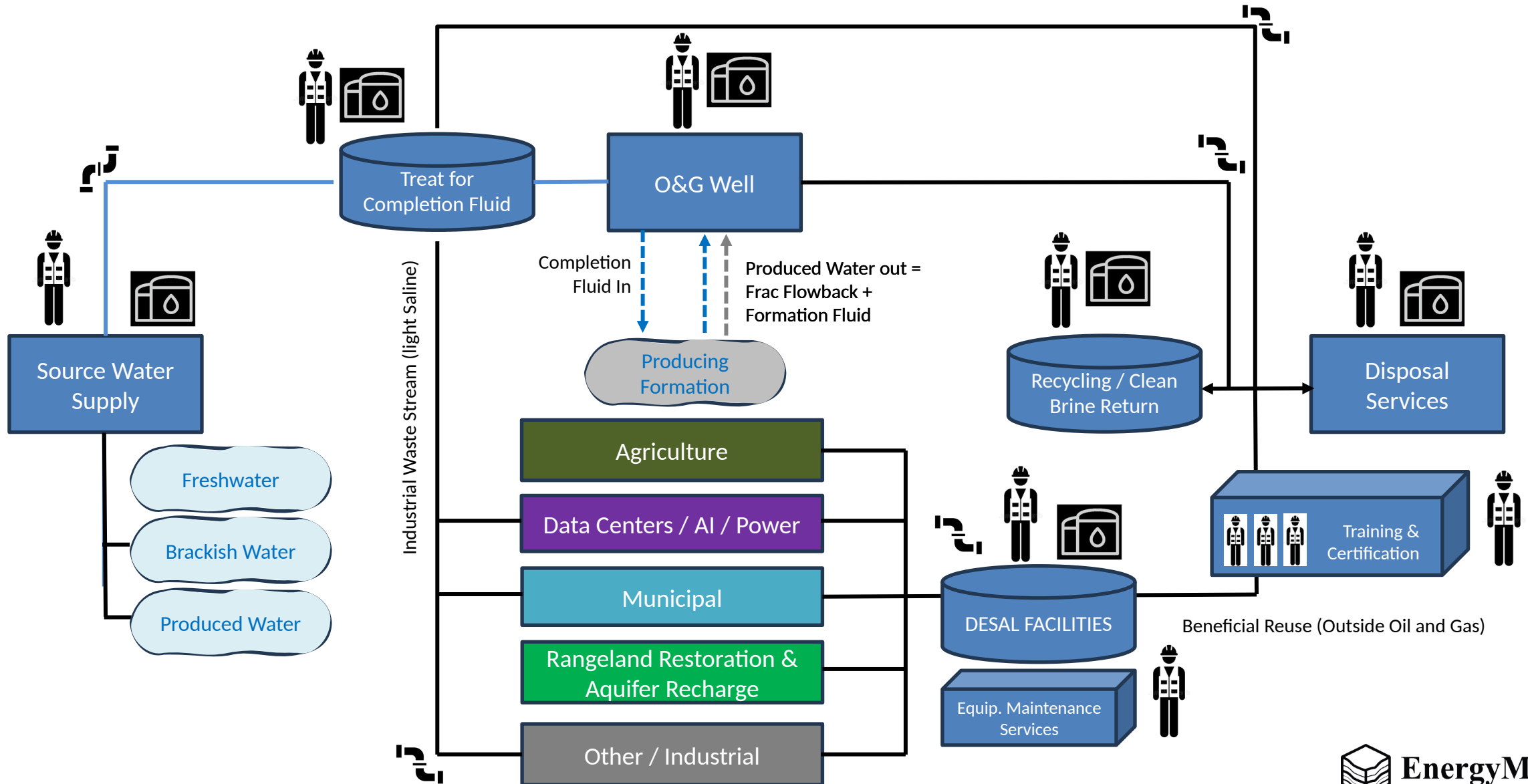
The Evolving Business Of Produced Water Treatment

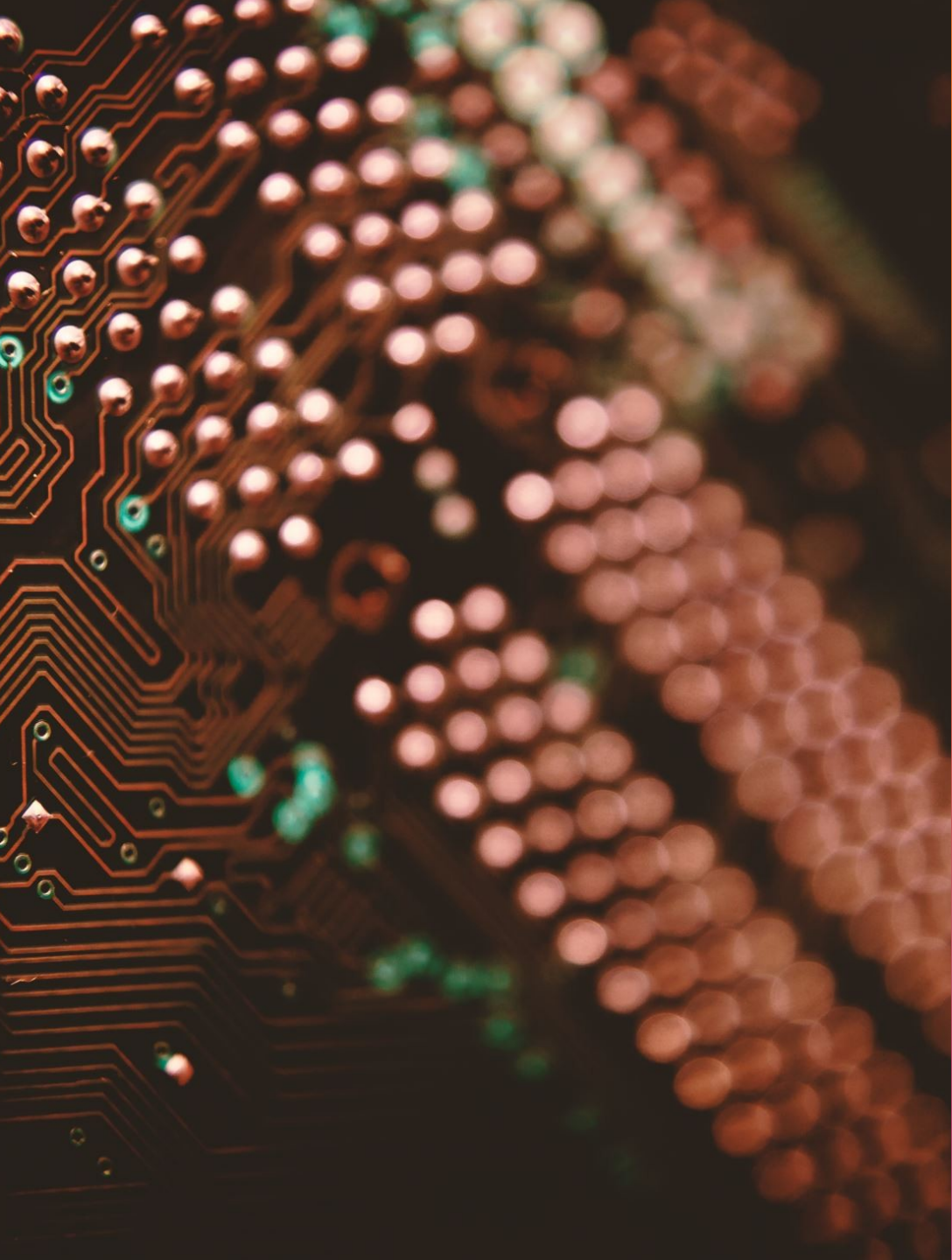
Permian Midstream Treatment Business - Today



Estimated Market Spending, 2026: \$11 Billion

Estimated Produced Water Market in 4 years, 2030: \$16 Billion

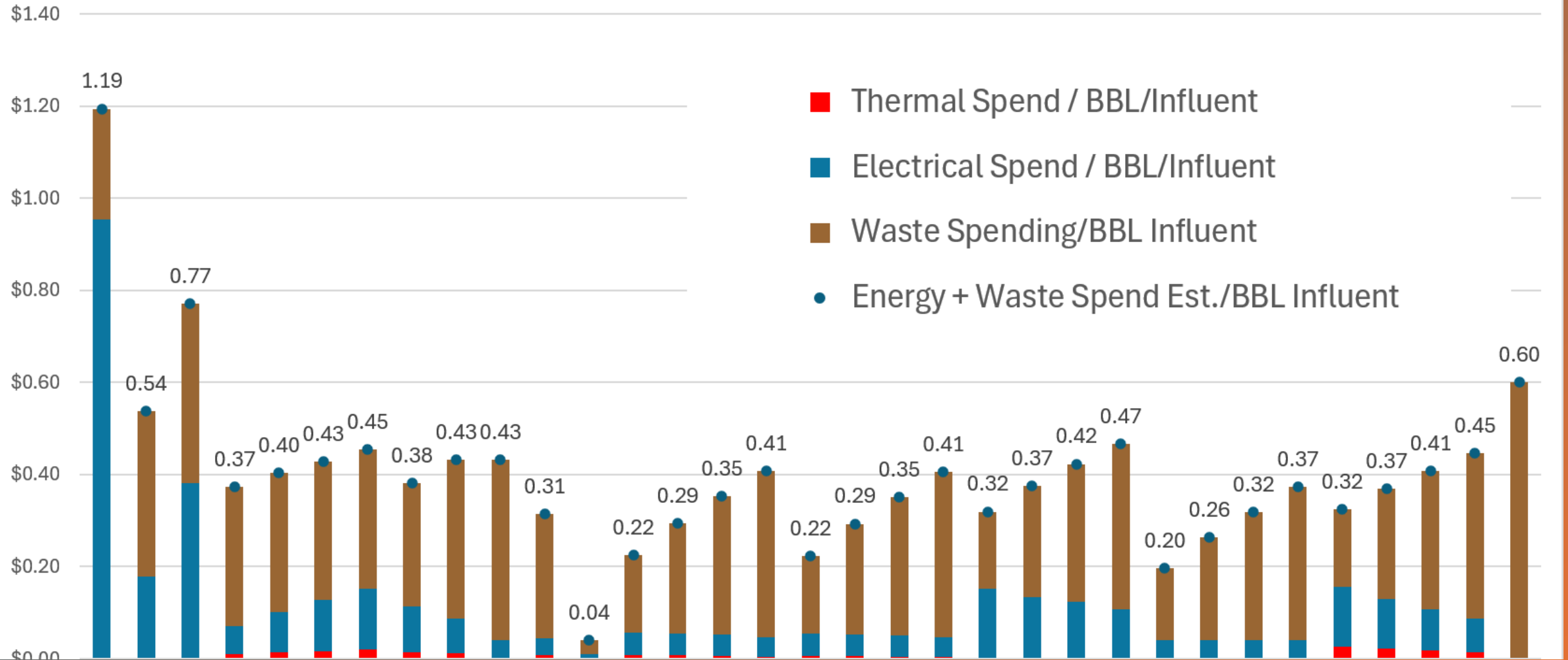




Techno-Economics: Are we there yet?

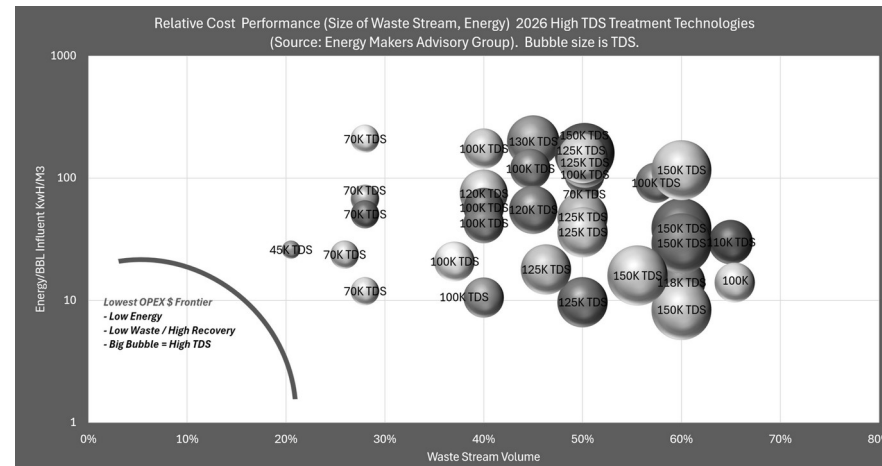
\$ USD Spending / Barrel Influent: Thermal Energy + (\$3.00/mcf), Electrical
Energy (\$.08 kWh) + Waste (\$.60/bbl) Spending
(Capex, Labor, Chemicals not included)

Energy Makers Advisory Group, Vendor Reports





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Where's the Money?



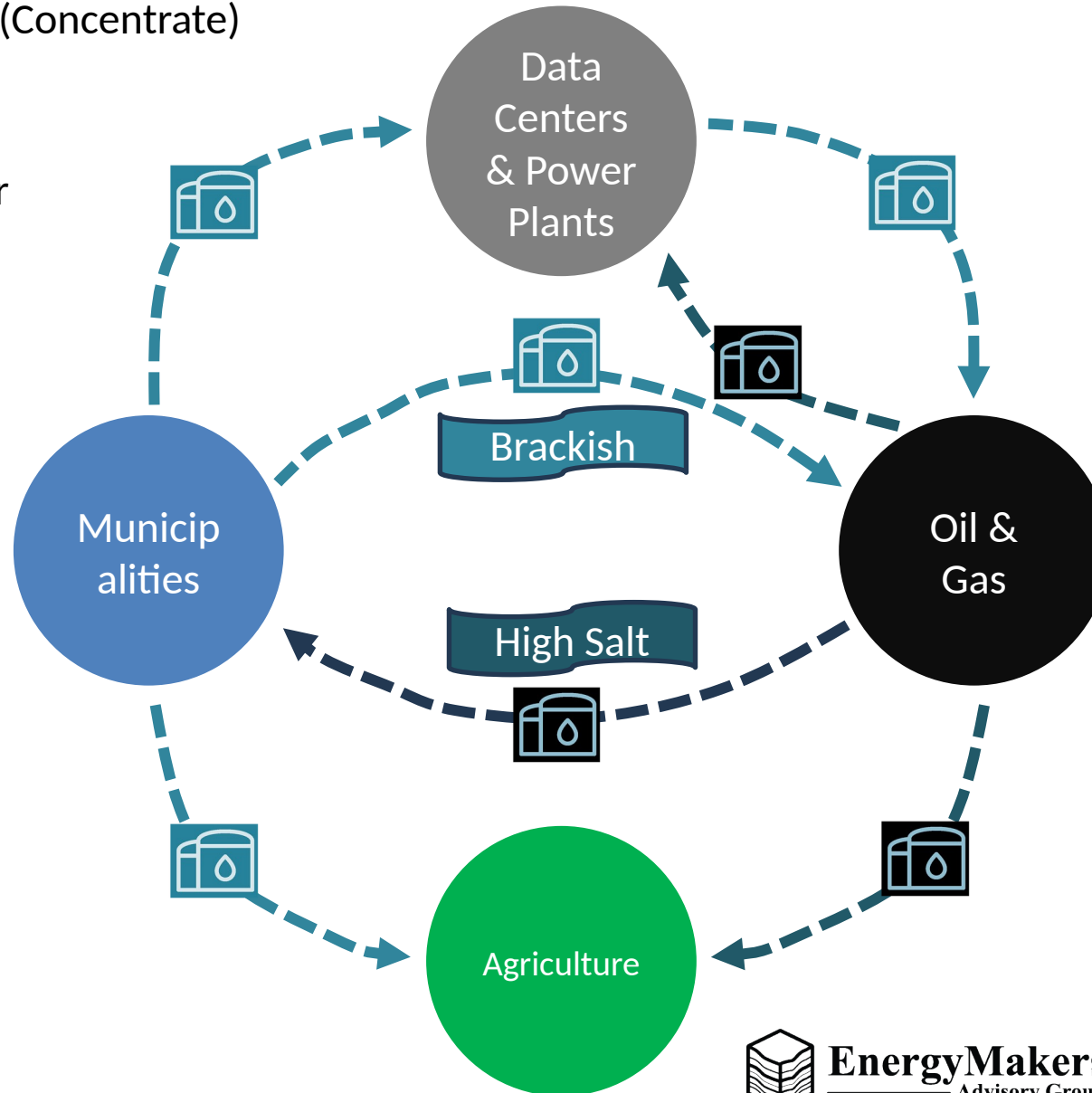
Treated Waste-Water Transfers between Industry will be the New Normal



Brackish Waste Streams (Concentrate)
as Inputs



Treated Produced Water
as new Water Supply



Between-industry water transfers and treatment will become standard operating procedure within 2-3 years.

Market expansion and demand will grow for:

- Brackish Water Treatment equipment and services
- Produced water equipment and services
- Training and Certification*
- Equipment Maintenance*

*Treatment under the TCEQ in Texas, unlike TX RRC, requires high-spec worker training and certification.

Source water supply & Treatment Prices

0.95

Supply of Completion Fluid and CF Treatment / Completed Well

Completion Fluid Supply \$/BBL
Completion Fluid Supply Transport \$ / BBL
Pretreat / Clean Brine \$ / BBL

Average Prices / BBL

\$ 0.50
\$ 0.20
\$ 0.25
\$ 0.95

Total

1.25

Flowback to SWD / Completed Well

Percent Initial Flowback treated as FB
Flowback Disposal Cost per Barrel
Flowback Transport Cost per Barrel

35%
\$ 0.75
\$ 0.50
\$ 1.25

Total

1.00

Produced Water to SWD

Transport to SWD
Dispose to SWD

\$ 0.20
\$ 0.80
\$ 1.00

Total

1.60

Beneficial Reuse

Price Paid by Operator (Influent) to Take Fluids Away
Price paid by treatment provider for concentrate disposal to SWD (w/ offsets)

\$ 1.60
\$ 0.45

Fixed Facilities

Fixed Facility Daily Capacity BPD Influent

150,000

#Desal Fixed Facility Trains Operating, Year End (Total, Cum)
Fixed Facility - Treated Water Percent Recovery

	2025	2026	2027	2028	2029	2029
	3	10	30	45	65	
	51%	54%	57%	60%	63%	66%

Transport to Facility

\$ 0.20 100%

Pretreat

\$ 0.34 100%

Desal

\$ 0.90 100%

Post Treat

\$ 0.31 50% .24-.37

Total

\$ 1.60

Treatment Only

\$ 1.40

Deployed CAPEX Assumptions

\$ CAPEX per 1,000 BBLs Treated Effluent/per Day
Effective CAPEX per Fixed System

\$ 1,000,000
75,000,000

Transportable Desal Systems

Transportable System Daily Capacity BPD Influent

5,000

#Transportable Desal Operating, Year End (Total, Cum)
Transportable Facility - Treated Water Percent Recovery

	2025	2026	2027	2028	2029	2029
	0	2	10	40	60	80
	50%	50%	50%	50%	50%	50%

Transport to Facility

\$ 0.10 100%

Pretreat

\$ 0.34 100%

Desal

\$ 1.20 100%

Post Treat

\$ 0.31 50%

Total

\$ 1.80

Deployed CAPEX Assumptions

\$ CAPEX per 1,000 BBLs Treated Effluent/per Day
Effective CAPEX per Fixed System

\$ 1,000,000
2,500,000

Assumptions

Completion Growth 2025-2030

0%

#BBL/Completion

500,000

% Recycle CF/Total CF

	2023	2024	2025	2026	2027	2028	2029	2030
	44%	50%	56%	59%	62%	65%	68%	71%

SWD Capacity Growth

	2023	2024	2025	2026	2027	2028	2029	2030
			2%	2%	2%	2%	2%	2%

PW Growth (Formation Fluid Only, SWD Only)

	2023	2024	2025	2026	2027	2028	2029	2030
	12%	10%	5%	5%	5%	5%	5%	5%

Regional/ Local SWD Shortage Growth

	2023	2024	2025	2026	2027	2028	2029	2030
				15%	15%	15%	15%	15%



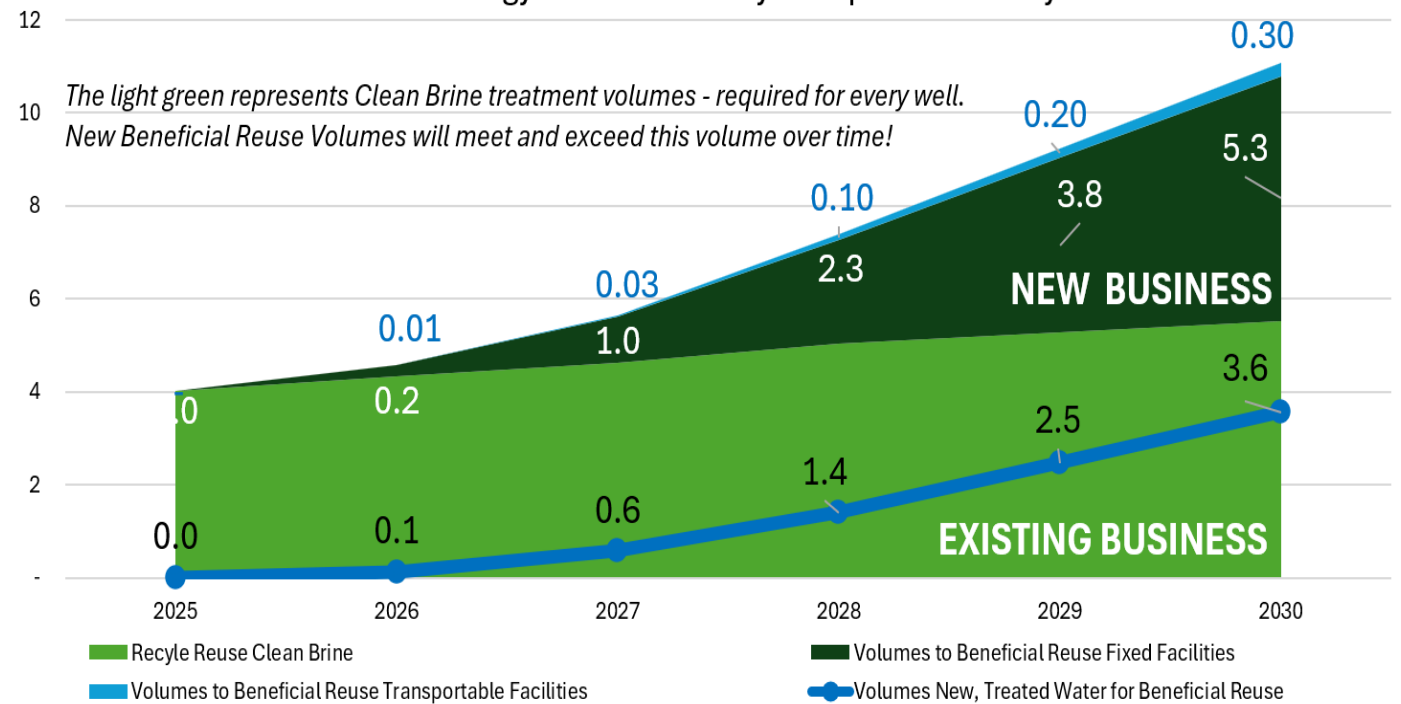
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Assumptions Used in Water Planning Spending Scenarios



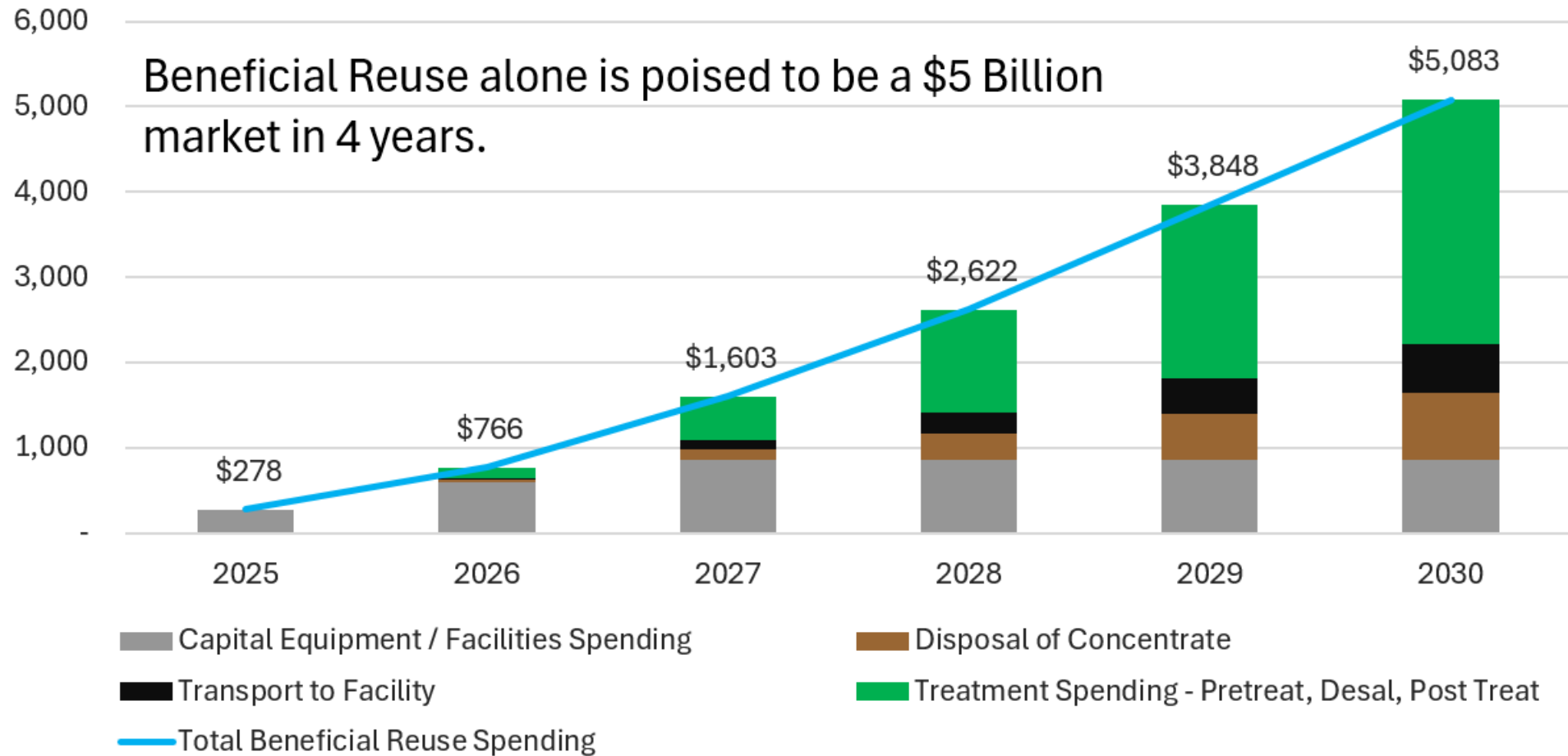
Permian Basin Water Treatment Volumes with Beneficial Reuse (Million BPD)

Source: Energy Makers Advisory Group Market Study



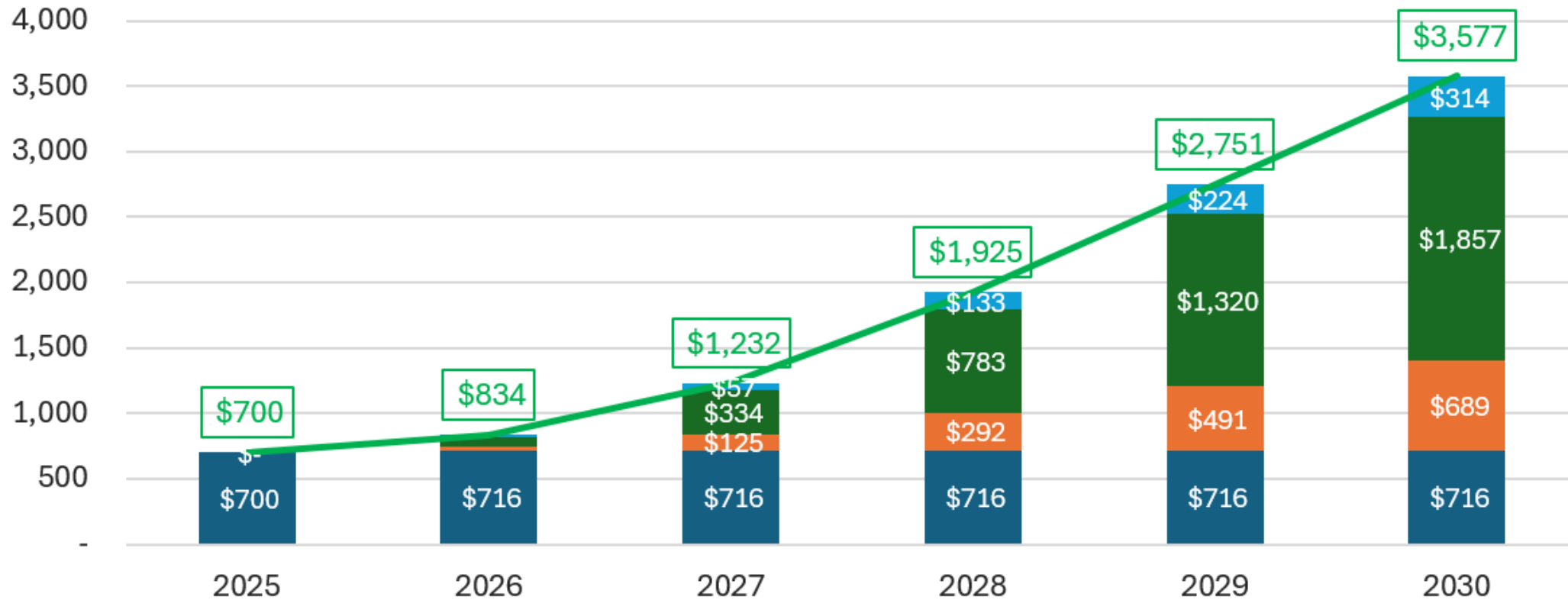
Permian Basin Spending on Beneficial Reuse - Projection (\$ Million)

Source: Energy Makers Advisory Group , 2026



Permian Basin Spending on Water Treatment (\$ Million)

Source: Energy Makers Advisory Group Market Study



Clean Brine for Completions

Desalination in Facilities

Total Water Treatment Spending, Permian

Pretreat in Facilities

Post Treatment in Facilities



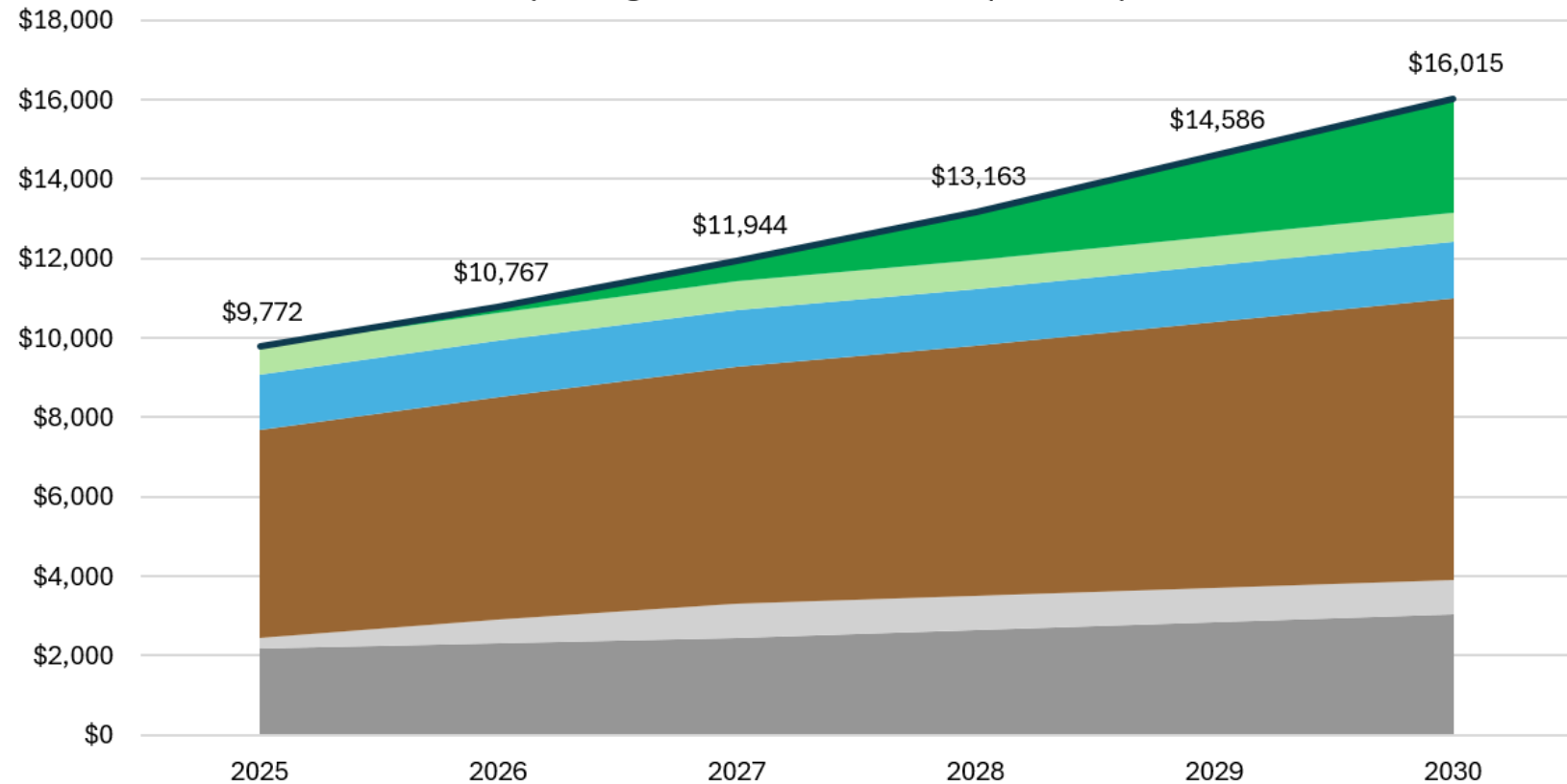
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Permian Produced Water Managemer t Spending 2030 : \$ 16 Billion

Permian Basin Produced Water Management Spending \$ Billions

Source: EnergyMakers Advisory Group, Beneficial Reuse Adoption Scenario.

*No EOR Spending included, Midstream / Pipeline Capex not reflected



Transportation

Disposal

Clean Brine Treatment

Produced Water Management Spending, Permian*

Capital Equipment - All Treatment Facilities

Completion Fluid Sales

Beneficial Reuse Treatment

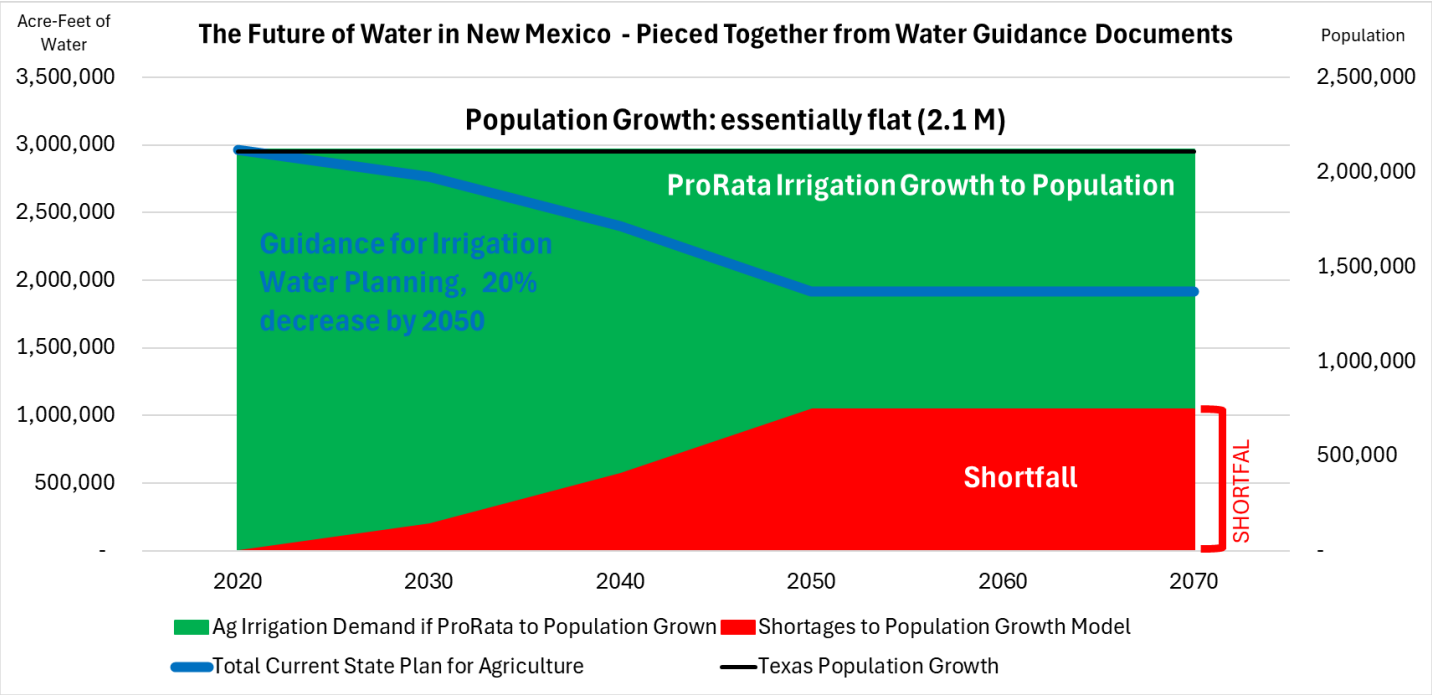


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Agricultural Water Shortages and Demand for NEW Water

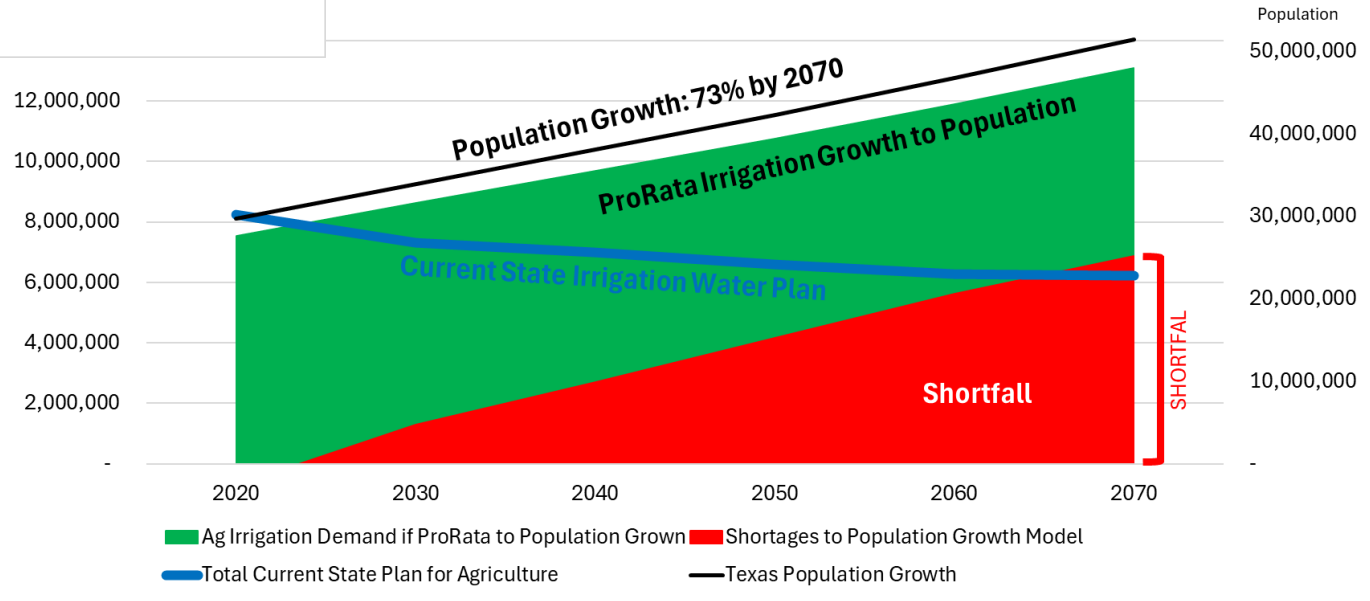


New Mexico Irrigation Demand



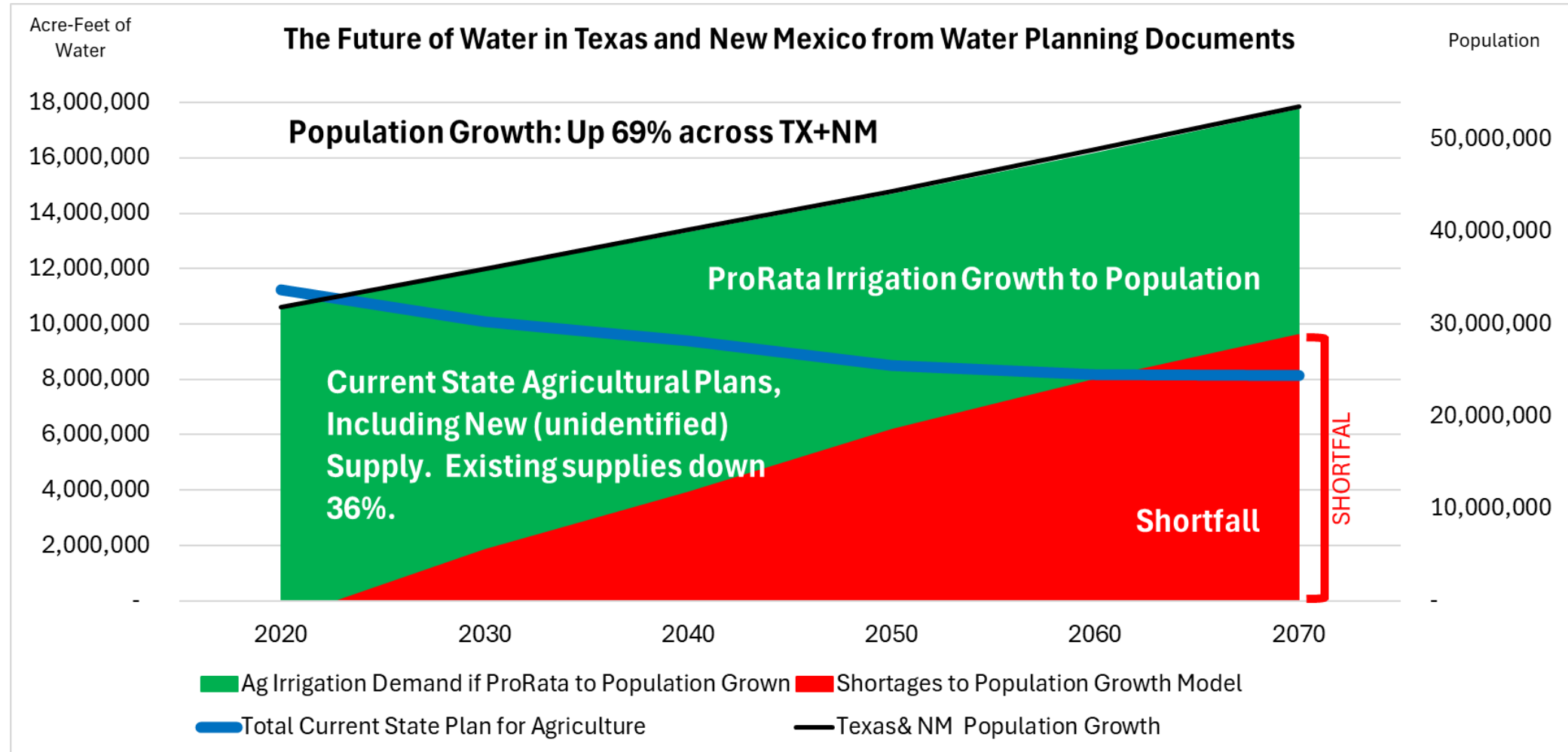
Texas Irrigation Demand

The Future of Water in Texas - Per the 2022 State Water Plan



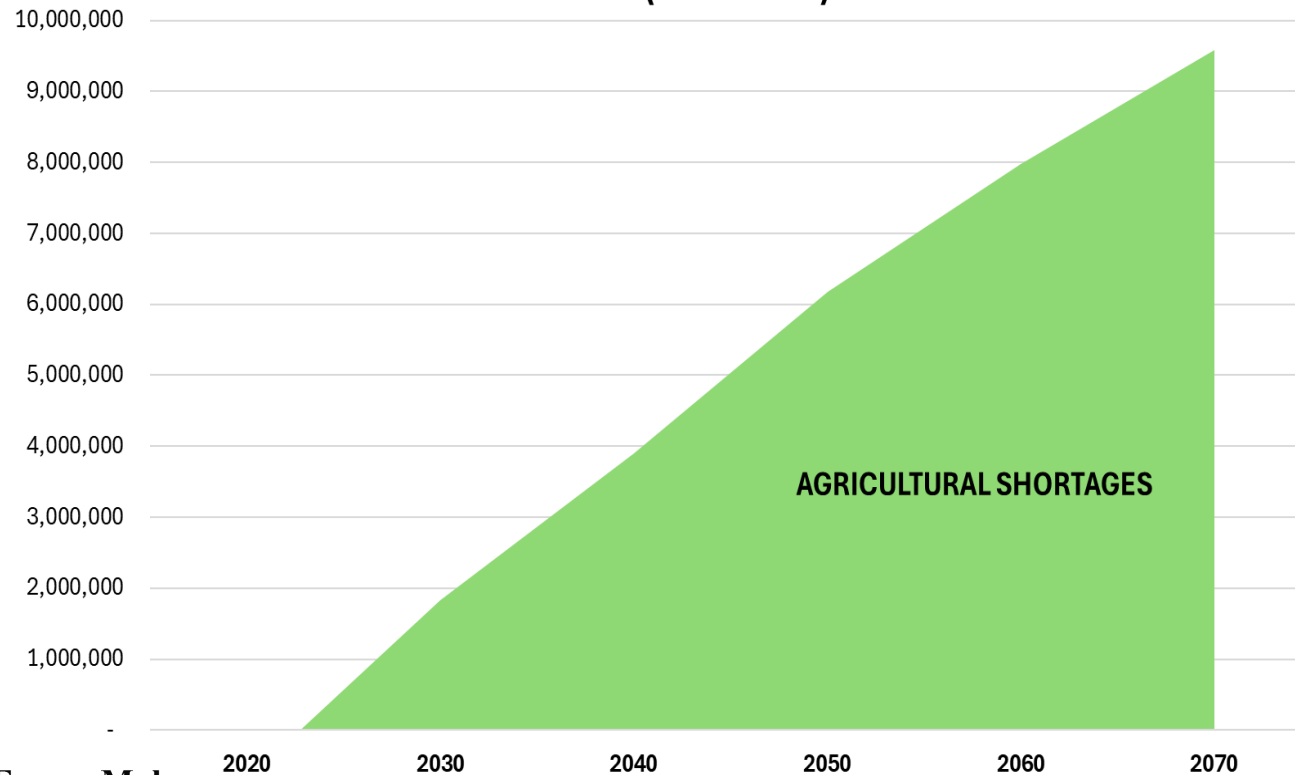


Texas & NM Water Demand



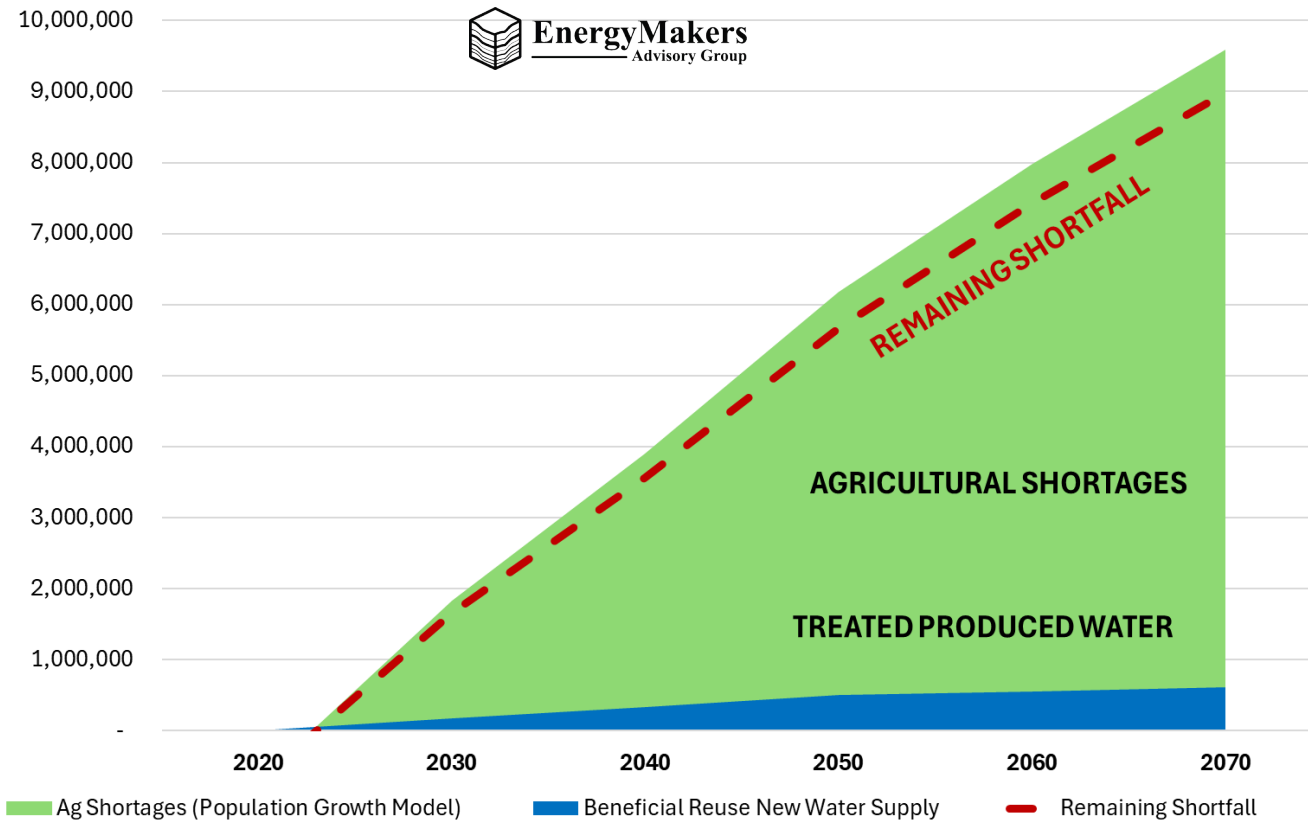
50 Year Outlook – Agricultural Shortages

50 Year Outlook: Irrigation Water Shortages versus Beneficial Reuse Forecast (Acre-Feet)



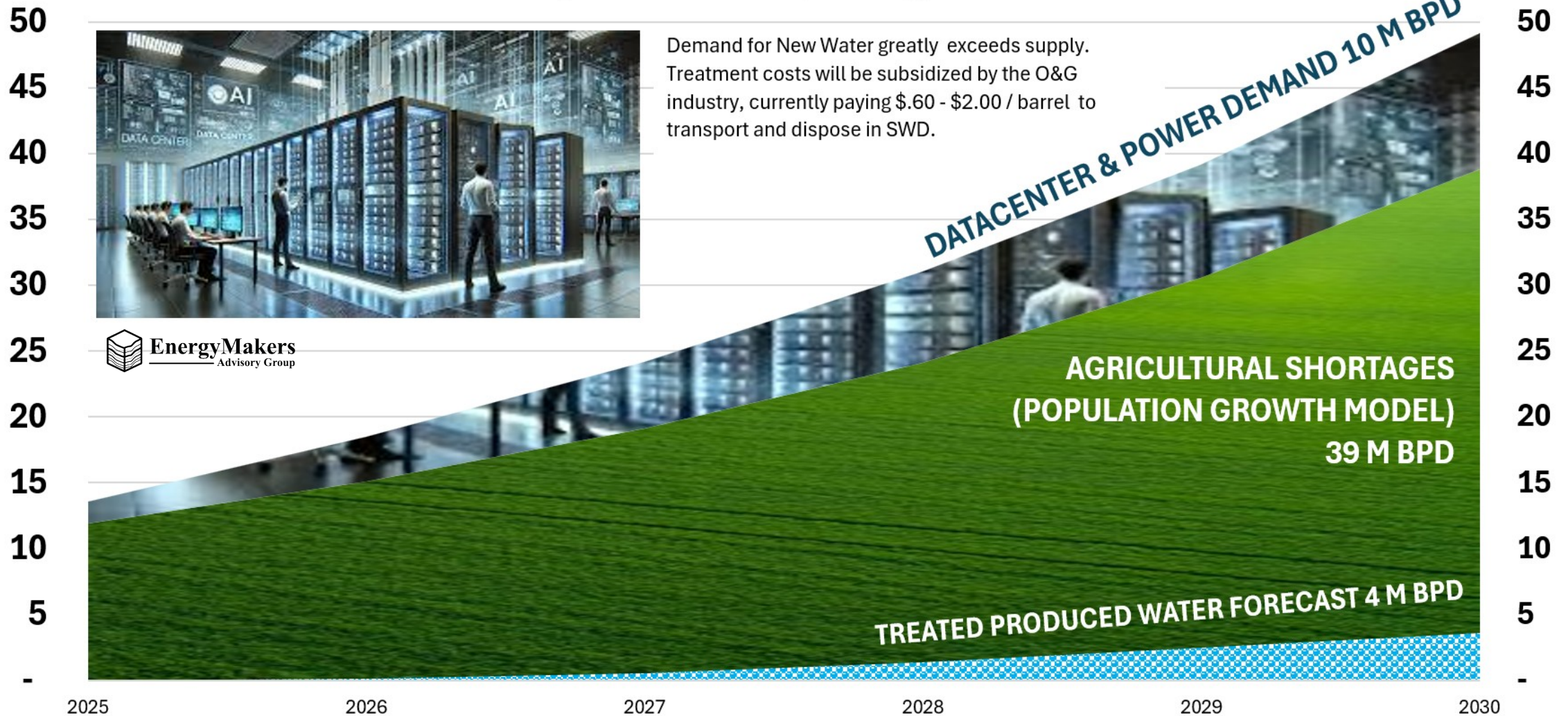
50 Year Outlook – Agricultural Shortages

50 Year Outlook: Irrigation Water Shortages versus Beneficial Reuse Forecast (Acre-Feet)



5 YEAR OUTLOOK

NEW WATER DEMAND 2026-2030 for TX & NM Irrigation, Data Centers, and Power for DataCenters (Million Barrels per Day) Source: EnergyMakers Advisory Group



Beneficial
Reuse – Not
just an option,
our only
option!

The question
is...who will the
beneficiaries
be?

