

# Veles Water Weekly Report:

## Capital Flows Towards Water Security

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TECHNICAL ANALYSIS BY JOSHUA BELL
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July 2<sup>nd</sup> 2026

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## WATER FUTURES MARKET ANALYSIS

Welcome to ***WATERTALK***

by Joshua Bell

**CLICK THE LINK BELOW**

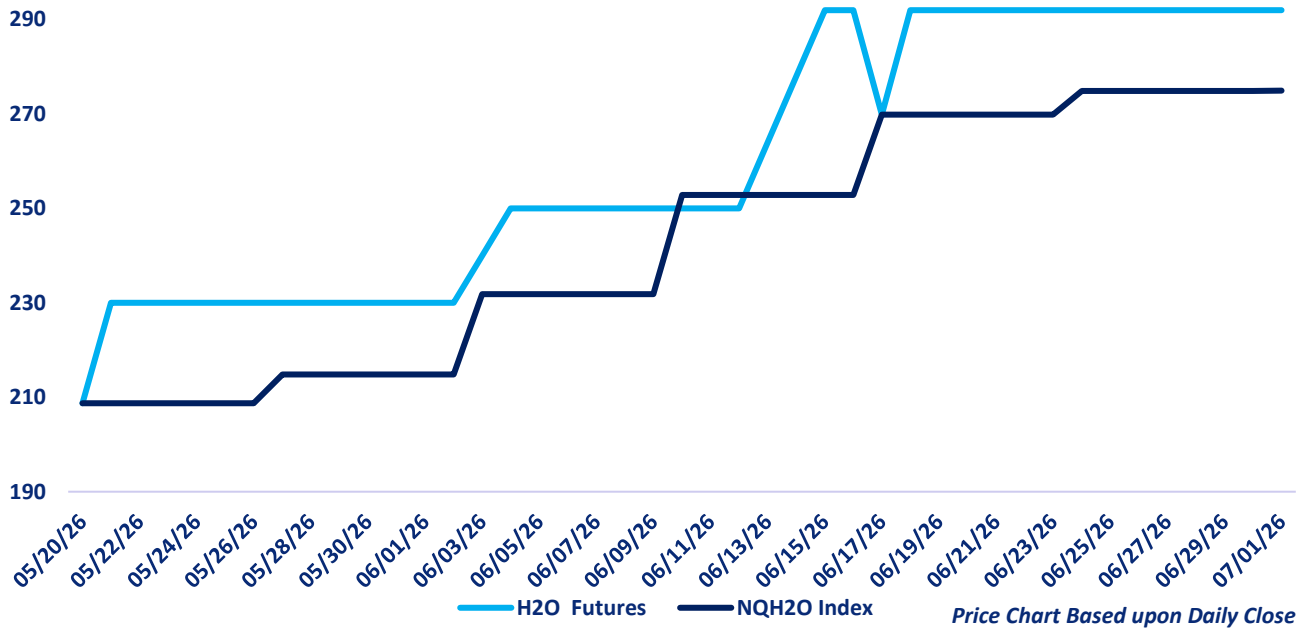
*“A 2 minute technical analysis video of H2O futures”*

[https://vimeo.com/1206375199?share=copy&fl=sv  
&fe=ci](https://vimeo.com/1206375199?share=copy&fl=sv&fe=ci)



NQH2O™ INDEX PRICE vs H2O FUTURES PRICE

1 Month Price Performance NQH2O Index vs H2O Futures

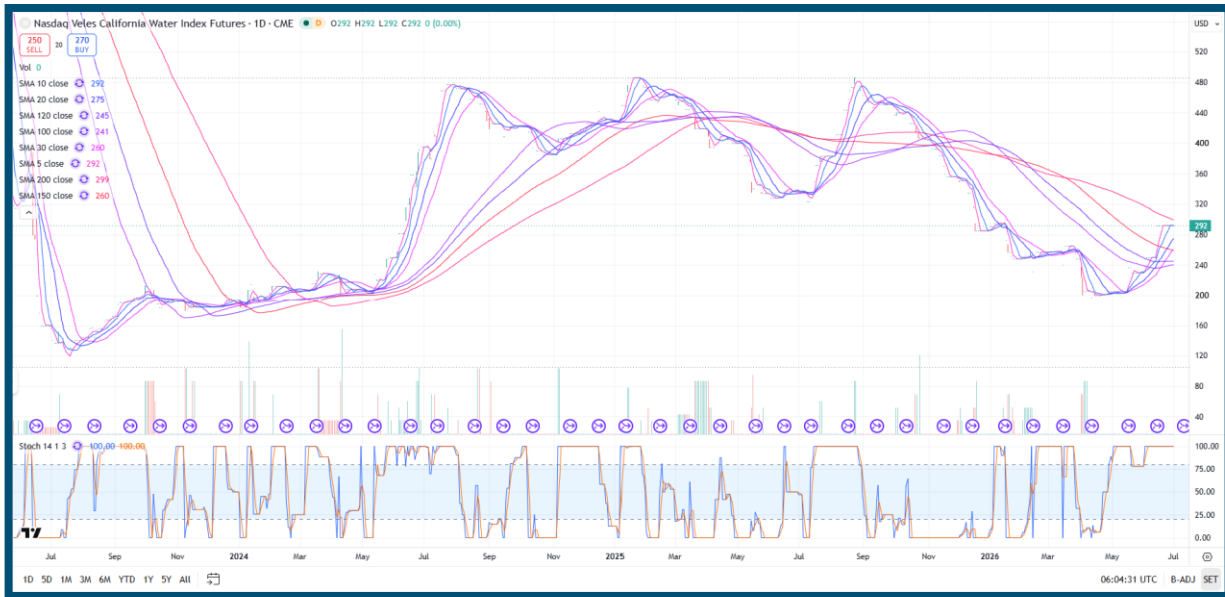


The new NQH2O index level of \$274.96 was published on July 1<sup>st</sup>, up 0.03% or \$0.07 from the previous week. The July is considered the front month. The futures prices closed at a premium of \$17.04 to a premium of \$17.11 versus the index over the past week.



# VELES WATER WEEKLY REPORT

## H2O FUTURES TECHNICAL REPORT



### Technical Analysis

#### Trend Overview

**Current Price: 292 (0.00%)**

#### Momentum

- The market has stabilised following the recent recovery, with price holding at 292 for a second consecutive week.
- The recovery remains intact, with the contract continuing to trade above the 100-day, 120-day and 150-day moving averages.
- Price is now consolidating immediately below the 200-day moving average, suggesting the market is building a base ahead of its next directional move.
- Momentum remains elevated, although the market has transitioned from a rapid recovery into a consolidation phase.

#### Moving Averages

##### Short-Term (SMA 5–30)

- **SMA 5:** 292
- **SMA 10:** 292
- **SMA 20:** 275
- **SMA 30:** 260

#### Analysis

- Price remains above all short-term moving averages.



## VELES WATER WEEKLY REPORT

- The short-term moving averages continue to trend higher and remain positively aligned.
- The support cluster has strengthened further, rising into the **275–292** range as the moving averages continue to catch up with price.
- With both the 5-day and 10-day moving averages now sitting at the current price, the recent rally has transitioned into sideways consolidation while maintaining its bullish structure.

### Long-Term (SMA 100–200)

- **SMA 100:** 241
- **SMA 120:** 245
- **SMA 150:** 260
- **SMA 200:** 299

### Analysis

- Price continues to trade above the 100-day, 120-day and 150-day moving averages.
- The market has maintained its breakout above the 150-day moving average, reinforcing the medium-term recovery.
- The 200-day moving average has continued to fall and now sits at **299**, placing major long-term resistance within close reach.
- A sustained break above the 200-day moving average would represent another significant improvement in the longer-term technical outlook.

### Stochastic Oscillator

- **%K:** 100.00
- **%D:** 100.00

### Analysis

- The stochastic oscillator remains in overbought territory.
- Momentum remains strong despite the recent consolidation.
- There is currently no bearish crossover signal.
- While overbought conditions increase the likelihood of consolidation, they do not necessarily indicate that the current recovery has ended.

### Resistance & Support Levels

#### Resistance Zones

- **299:** 200-day moving average and primary long-term resistance.
- **320–330:** Secondary resistance zone if the 200-day moving average is cleared.

#### Support Zones

- **260–245:** 150-day and 120-day moving averages.



## VELES WATER WEEKLY REPORT

- **275–292:** Rising short-term moving average cluster.
- **260:** 30-day moving average support.

### Summary

The Nasdaq Veles California Water Index Futures continue to consolidate at **292**, preserving the strong technical recovery established over recent weeks. The market remains above the **100-day, 120-day and 150-day moving averages**, confirming that the medium-term trend continues to improve.

Short-term structure remains constructive, with all key moving averages continuing to rise beneath price. The recent consolidation has allowed the **5-day and 10-day moving averages** to catch up with price, strengthening the underlying support structure ahead of the next potential move.

The primary technical focus now shifts to the **200-day moving average at 299**. A sustained move above this level would represent a major technical breakout and significantly strengthen the longer-term outlook.

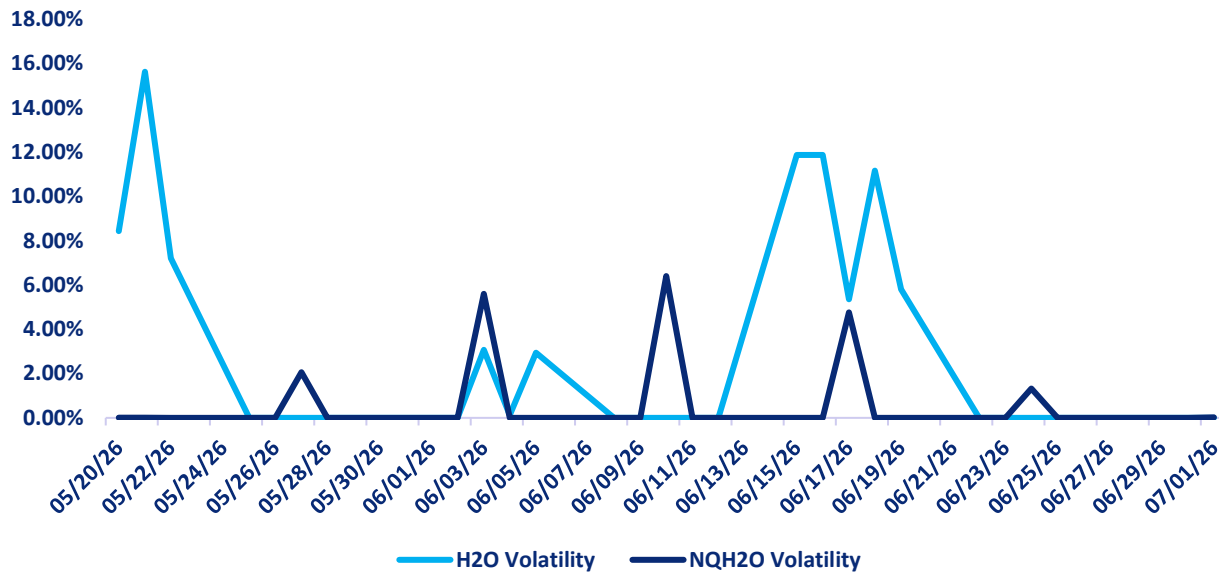
### Key levels to watch:

- A sustained break above **299** would reinforce the recovery and improve the longer-term trend.
- Holding above **260–245** would confirm the recent breakout remains intact.
- The rising support cluster between **275 and 292** should continue to underpin the market.
- A break back below **260** would weaken the current recovery structure and suggest a deeper period of consolidation.



## H2O FUTURES AND NQH2O INDEX VOLATILITY ANALYSIS

### Daily H2O Futures Volatility vs Daily NQH2O Index Volatility



### DAILY VOLATILITY

Over the last week the July contract daily future volatility high has been 5.80%.

ASSET	1 YEAR (%)	2 MONTH (%)	1 MONTH (%)	1 WEEK (%)
NQH2O INDEX	27.42%	10.36%	6.93%	1.84%
H2O FUTURES	N/A	14.07%	20.55%	0.00%

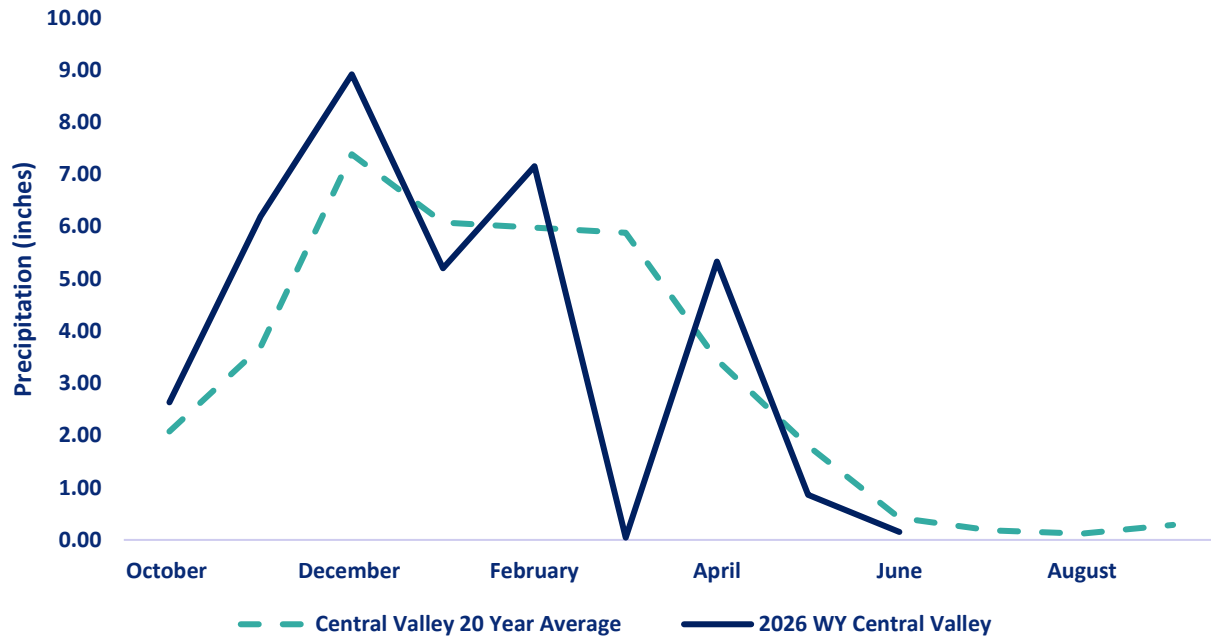
For the week ending on July 1<sup>st</sup>, the two-month futures volatility is at a premium of 1.91% to the index, up 1.79% from the previous week. The one-month futures volatility is at a premium of 13.62% to the index, down 5.59%. The one-week futures volatility is at a discount of 1.84% to the index, a reversal of 19.60%.

*The above prices are all **HISTORIC VOLATILITIES**. All readings refer to closing prices as quoted by CME.*



## CENTRAL VALLEY PRECIPITATION REPORT

### Central Valley Precipitation Index



Central Valley average is calculated using data from 19 weather stations in Central Valley, California.  
Data as of 01/07/2026

STATION	MTD (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF 20 YEAR AVERAGE MTD	2026 WYTD VS 2025 WYTD %	2026 WY VS 20 YEAR AVERAGE TO DATE %
SAN JOAQUIN 5 STATION (5SI)	0.03	0.03	9.36	78	89
TULARE 6 STATION (6SI)	0.18	0.11	103.00	82	87
NORTHERN SIERRA 8 STATION (8SI)	0.25	0.24	32.33	105	97
CENTRAL VALLEY AVERAGE	0.15	0.13	36.26	88	91

## RESERVOIR STORAGE

RESERVOIR	STORAGE (AF)	% CAPACITY	LAST YEAR % CAPACITY	*% HISTORICAL AVERAGE
TRINITY LAKE	2,017,525	82	90	107
SHASTA LAKE	3,572,722	78	84	101
LAKE OROVILLE	3,096,874	90	95	115
SAN LUIS RES	1,210,182	59	48	108

\*% Historical Average is based on a daily average that is interpolated from historical monthly averages. The monthly averages are computed using monthly data from water year 1991 to 2024. The monthly averages are updated every 5 years using a sliding 30 year period.

[Reference: California Water Data Exchange](#)



## SNOWPACK WATER CONTENT

### CURRENT REGIONAL SNOWPACK FROM AUTOMATED SNOW SENSORS

% of April 1 Average / % of Normal for This Date



**Statewide Average: 1% / 4%**

NORTH	
Data as of June 5, 2026	
Number of Stations Reporting	32
Average snow water equivalent (Inches)	0.1
Percent of April 1 Average (%)	0
Percent of normal for this date (%)	0

CENTRAL	
Data as of June 5, 2026	
Number of Stations Reporting	54
Average snow water equivalent (Inches)	0.4
Percent of April 1 Average (%)	1
Percent of normal for this date (%)	4

SOUTH	
Data as of June 5, 2026	
Number of Stations Reporting	25
Average snow water equivalent (Inches)	0.8
Percent of April 1 Average (%)	3
Percent of normal for this date (%)	15

STATE	
Data as of June 5, 2026	
Number of Stations Reporting	111
Average snow water equivalent (Inches)	0.4
Percent of April 1 Average (%)	1
Percent of normal for this date (%)	4

\*Snow Water Equivalent, or SWE, is a commonly used measurement used by hydrologists and water managers to gauge the amount of liquid water contained within the snowpack. In other words, it is the amount of water that will be released from the snowpack when it melts. SWE has regional variance.

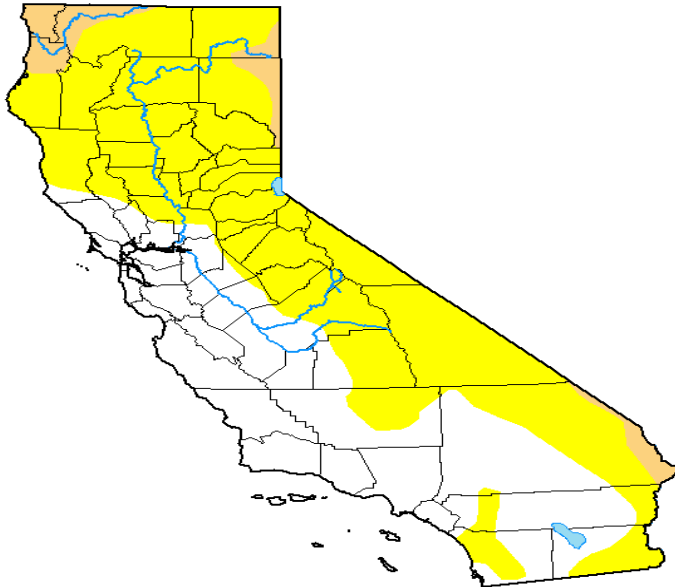
\*\* April 1<sup>st</sup> is used as the benchmark as it when the snowpack in California is generally deepest. It has been used the benchmark date since 1941 by DWR and can be used to predict spring river flow.



# DROUGHT MONITOR

## U.S. Drought Monitor California

**June 23, 2026**  
(Released Thursday, Jun. 25, 2026)  
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	39.59	60.41	5.01	0.00	0.00	0.00
<b>Last Week</b> 06-16-2026	39.59	60.41	5.01	0.00	0.00	0.00
<b>3 Months Ago</b> 03-24-2026	76.24	23.76	0.00	0.00	0.00	0.00
<b>Start of Calendar Year</b> 01-06-2026	100.00	0.00	0.00	0.00	0.00	0.00
<b>Start of Water Year</b> 09-30-2025	26.78	73.22	38.52	18.61	1.25	0.00
<b>One Year Ago</b> 06-24-2025	32.17	67.83	39.29	22.98	5.91	0.10

**Intensity:**

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

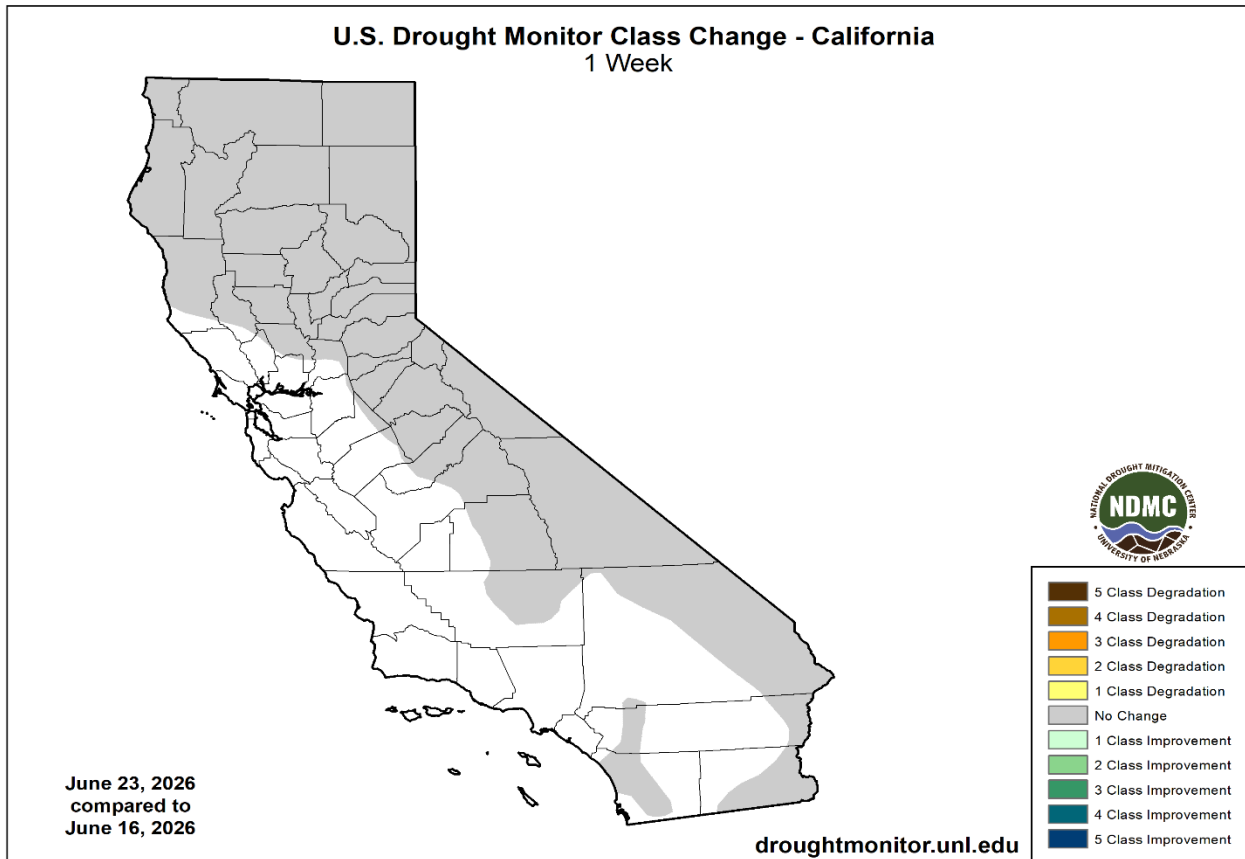
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

**Author:**  
Brad Rippey  
U.S. Department of Agriculture



[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

### U.S. Drought Monitor Class Change - California 1 Week



June 23, 2026  
compared to  
June 16, 2026

[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)



5 Class Degradation
4 Class Degradation
3 Class Degradation
2 Class Degradation
1 Class Degradation
No Change
1 Class Improvement
2 Class Improvement
3 Class Improvement
4 Class Improvement
5 Class Improvement

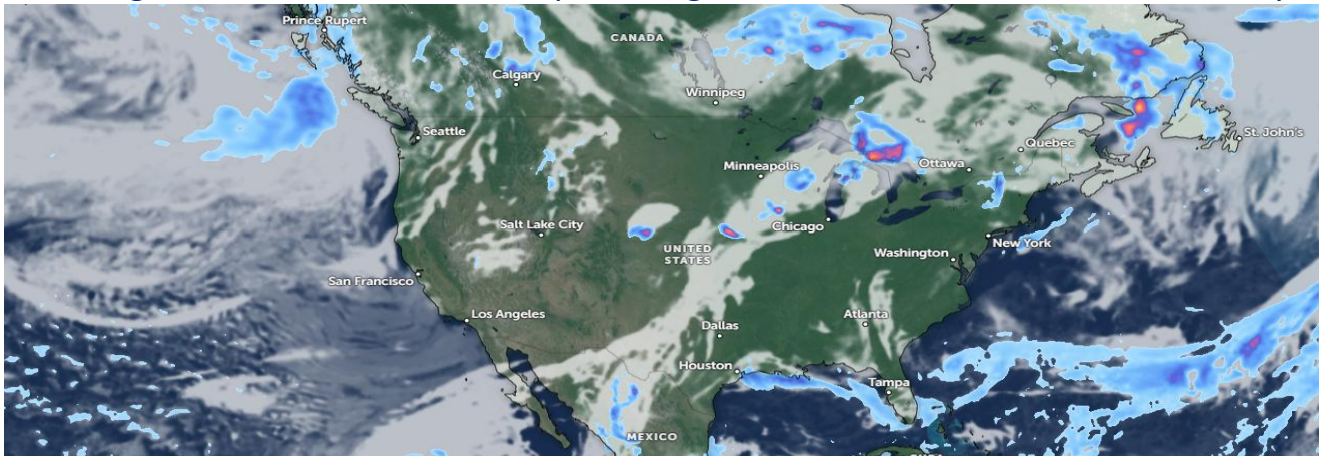
The U.S Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC. The U.S drought monitor is at 1 week lag tot this report,



### CURRENT SATELLITE IMAGERY

This map shows a generally weak weather pattern across the United States, with most activity confined to the northern tier and Great Lakes region. A weak disturbance is producing scattered precipitation from the Upper Midwest into the Great Lakes and southern Ontario, with the heaviest precipitation centred near Lakes Michigan and Huron. Cooler air across the northern U.S. and southern Canada supports a mix of rain and higher-elevation snow.

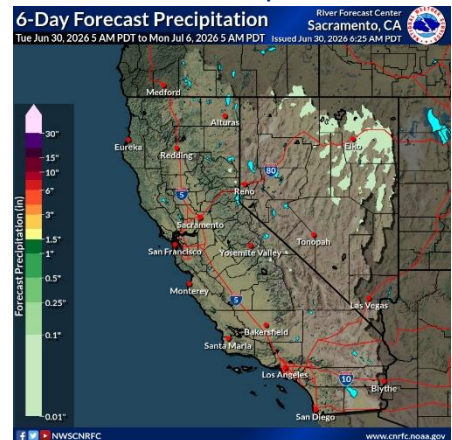
Elsewhere, the central and southern United States remain largely dry, with only isolated showers over the central Plains and along the Gulf Coast. The western U.S. is also relatively quiet under weak ridging, while a broad Pacific low remains well offshore with little immediate impact. Overall, the most notable U.S. weather is confined to the Great Lakes region, with stable conditions prevailing across much of the rest of the country.



### 10 Day Outlook

The area remains under a troughing pattern this morning which will result in continued below normal temperatures through the work week. Anomalies of -5 to -10 deg F or so expected. Slight chances of showers and maybe a thunderstorm or two over ne NV in the afternoon/evening through tomorrow. Troughing will become less pronounced towards the end of the week while high pressure attempts to push into the area. This will kick off a bit of warming bringing temperatures across NV and far interior CA near to above normal over the weekend.

Map Ref: Zoom Earth



Reference: National Weather Service / California Nevada RFC / Sacramento CA



### WESTERN WEATHER DISCUSSION

Hot, dry weather boosted irrigation demands and resulted in a broadly elevated wildfire threat. Drought deterioration was commonly observed across roughly the northern half of the region, amid significantly above-normal temperatures and mounting water-supply concerns. However, water supplies are highly basin-dependent and often complicated by water rights and other local, state, or regional regulations. Some of the West's most significant drought—with embedded pockets of extreme to exceptional drought (D3 to D4)—stretched from Oregon to Wyoming, southward into portions of the Four Corners States. By June 24, at least a half-dozen active Western wildfires had burned more than 10,000 acres of vegetation—three in Utah, two in Nevada, and one in Washington. Additionally, the U.S. Department of Agriculture reported on June 21 that statewide rangeland and pastures were rated 75% very poor to poor in Arizona, along with 63% in Colorado, and 60% in Wyoming.

Reference:

Lindsay Johnson, National Drought Mitigation Center

Richard Tinker, NOAA/NWS/NCEP/CPC



## WATER NEWS

### Hydrology Stress & Drought

#### Seawater threatens farms relying on Italy's Po as flow falls in heatwave

- **Source:** Reuters
- **Author:** Matteo Negri, Alex Fraser and Francesca Landini
- **Date:** 2026-06-27
- **URL:** <https://www.reuters.com/business/environment/seawater-threatens-farms-relying-italys-po-flow-falls-heatwave-2026-06-27/>
- **Summary:** The flow of Italy's Po has dropped dramatically in less than two weeks as a result of the [heatwave](#) gripping Europe, allowing salty seawater to advance as far as 18 km (11 miles) inland and raising fears for the delta's agriculture and protected wetlands.

At the last point before the Po branches into several channels feeding into the Adriatic Sea, the flow has dropped from some 1,000 cubic metres per second to below 300.

While engineers have been tackling the so-called salt wedge for years, barriers built in the 1980s to limit the intrusion of seawater are proving insufficient.

"We are seeing an increase in the frequency and intensity of extreme events, which we are also observing here," said Rodolfo Laurenti, director of the Po Delta Reclamation Consortium, which manages and safeguards water resources.

While the river appears to be normal, saltwater has been infiltrating it, drying out the environment and damaging crops at a crucial juncture in their growing cycle.

"Without this primary resource, we don't know whether these crops will complete their cycle and whether we'll be able to harvest them," said local farmer Federica Vidali, whose soybeans, alfalfa and sunflowers need large amounts of water.

Irrigation canals are being shut to prevent saltwater from burning crops, a measure also affecting maize and rice growers.

A similar crisis hit after a severe drought in 2022, but farmers say this year is more alarming because of how early the phenomenon has appeared.

"The minimum value below which it was thought the river's flow could never fall has, in fact, more than halved at the moment," Laurenti said.

#### On Greek island of Santorini, winemakers try to adapt to heat and drought

- **Source:** Reuters
- **Author:** Deborah Kyvrikosaios
- **Date:** 2026-06-29



- **URL:** <https://www.reuters.com/business/environment/greek-island-santorini-winemakers-try-adapt-heat-drought-2026-06-29/>
- **Summary:** In a vineyard on the Greek island of Santorini, winemaker Yiannis Boutaris gestures to a dried-up 'kouloura' vine trained into the shape of a basket to protect the grapes from the gruelling summer sun. The plant endured for 90 years but was finally killed by heat and drought. Its fate highlights a growing problem on Santorini, where low rainfall and searing temperatures from 2023-2025 have increased the price of grapes, slashed wine production and intensified concerns over water supply - an issue blighting much of Greece as climate change makes summers hotter and rainfall more erratic. "The lack of rain, in combination with the lack of cultivation, in the last couple of years has led to these old vineyards really dying," said Boutaris, whose winery has its own vineyards and also buys grapes - including from the vineyard with the dying vines. "The main thing for our winery is we are not abandoning tradition ... we are adapting the vineyard to the new circumstances."
 

GREECE'S ANCIENT VINEYARDS TRY NOVEL TECHNIQUES

Boutaris, a sixth-generation winemaker who runs the Domaine Sigalas winery, now part of the Kir-Yianni family of wineries, is testing a pilot project with local authorities and scientists to take wastewater from homes and hotels to irrigate the vines.

They say the practice, also used in California, could be more sustainable and energy-efficient than taking water from expensive desalination plants.

Boutaris is also testing planting vines in rows rather than scattered in the traditional way, to make irrigation more efficient, and atmospheric water harvesting. This captures moisture from the air in hydrogels, then extracts it as water with heat generated by solar panels.

Wine growers are at the centre of a wider contest for land and water in Greece. In the warmer months, when millions of tourists descend on islands like Santorini, farmers, hotel owners and swimming pool operators often compete for a share of the dwindling water supply.

Production of Santorini's famous Assyrtiko grape fell from 2,500 metric tons in 2022 to just 500 tons last year. Winemakers are paying farmers 10 euros (\$11) a kg, the kind of prices seen in prosperous regions like Champagne. In northern Greece, which is less hot, a kilo goes for just 80 cents.

"Santorini reached a limit of dramatic conditions in 2023 and 2024," said Stefanos Koundouras, a professor of viticulture at Aristotle University in Thessaloniki. He said the temperatures were the hottest in 60 years.



Koundouras said the wine sector could become less sustainable all over Europe, particularly around the Mediterranean, if it keeps getting hotter and drier.

“We are already seeing problems in the quality and special character of the wines.”

Winemaker Yiannis Papaeconomou is also planning to tap into the wastewater project for his 6-year-old vines.

He has been trying other techniques such as a system that irrigates the vines underneath the soil rather than from above, to reduce evaporation, as well as trellising them so they can be watered more efficiently.

“So we must adapt and proceed in a new way of thinking and, you know, find a way out,” he said.

### **Water shortages and heat waves: France on track toward severe summer drought**

- **Source:** Le Monde
- **Date:** 2026-06-25
- **URL:** [https://www.lemonde.fr/en/environment/article/2026/06/25/water-shortages-and-heat-waves-france-on-track-toward-severe-summer-drought\\_6754873\\_114.html](https://www.lemonde.fr/en/environment/article/2026/06/25/water-shortages-and-heat-waves-france-on-track-toward-severe-summer-drought_6754873_114.html)

- **Summary:**

- The Garonne River, in France's southwest, is in bad shape. Its level is so low that the hydroelectric dams in the Pyrenees mountains will need to release some water in the coming days to prevent it from running dry. Normally, such water releases are scheduled for later in the summer. "In 33 years of low-water level support, it has never been done this early," said Franck Solacroup, director general of the Garonne Gascogne and Pyrenees Tributaries Public Establishment. Like the Garonne, many rivers across mainland France have been weakened by the heat and lack of rain.

With groundwater levels falling and soils increasingly drying up, the current state of France's water reserves already heralds a difficult summer in several departments, and 78 prefectures have either implemented water restrictions or incited their departments' residents to save water. Emergency measures have also been required in about 15 administrative departments, for example, in parts of central France, where the practice of irrigating crops by...

### **Water–Energy Nexus**

#### **Federal Water Tap, June 29, 2026: Reclamation Takes Step to Replacing Two Hoover Dam Turbines**



## VELES WATER WEEKLY REPORT

- **Source:** Circle of Blue
- **Author:** Brett Walton
- **Date:** 2026-06-29
- **URL:** <https://www.circleofblue.org/newsletter/federal-water-tap-june-29-2026-reclamation-takes-step-to-replacing-two-hoover-dam-turbines/>
- **Summary:** The Bureau of Reclamation has begun seeking bids to replace two Hoover Dam turbines capable of generating electricity at lower Lake Mead elevations. The project reflects the long-term adaptation of hydropower infrastructure to declining Colorado River storage and changing hydrological conditions. The newsletter also includes updates on harmful algal bloom forecasts and federal drinking water policy.

### Water Infrastructure & Finance

#### EPA to Waive Water Infrastructure Loan Program Fees, Remove Barriers for Small Communities

- **Source:** U.S. Environmental Protection Agency
- **Author:** U.S. Environmental Protection Agency
- **Date:** 2026-06-29
- **URL:** <https://www.epa.gov/newsreleases/epa-waive-water-infrastructure-loan-program-fees-remove-barriers-small-communities>
- **Summary:** Today, U.S. Environmental Protection Agency (EPA) announced it will be waiving fees for small communities who apply for Water Infrastructure Finance and Innovation Act (WIFIA) loans in fiscal years 2026 and 2027. By waiving the WIFIA Application and Credit Processing Fees, small communities can save almost \$200,000 when applying for a WIFIA loan, clearing a notable barrier to accessing funding to improve water infrastructure through this successful program.  
*“Small and rural communities are the backbone of America, and it is a top priority at the Trump EPA to support access to clean, safe drinking water and wastewater services. Water infrastructure in these communities is essential to their public health, environmental protection and economic prosperity,” said EPA Assistant Administrator for Water Jess Kramer. “EPA’s WIFIA program has \$11 billion in flexible financing available to support water infrastructure projects. Our goal is to reduce barriers to access these resources, especially in our nation’s small and rural communities.”*

The WIFIA program charges fees to loan applicants to reimburse the federal government for costs incurred with processing and underwriting WIFIA loans. These costs can be financed by the WIFIA loan as eligible project costs. The \$25,000 WIFIA Application Fee for small communities and separate Credit Processing Fee – currently averaging approximately \$156,000 per loan – can be



significant barriers for small communities seeking to access WIFIA financing.

EPA will be waiving the Application Fee for small communities with populations of 25,000 or fewer. The agency will also waive the Credit Processing Fee for communities in Fiscal Years 2026 and 2027, subject to WIFIA's program requirements and available administrative funds.

The WIFIA program currently has approximately \$11 billion in flexible financing available to support water infrastructure projects across the country, including in small and rural communities where WIFIA can finance up to 80 percent of project costs. EPA is currently accepting letters of interest.

### Industrial Water Demand

#### Central Texas town overpumping water amid ramp-up of SpaceX testing

- **Source:** San Antonio Express-News
- **Author:** Brandon Lingle
- **Date:** 2026-06-26
- **URL:** <https://www.expressnews.com/business/article/spacex-mcgregor-trinity-aquifer-water-overpumping-22301655.php>
- **Summary:** SpaceX's rocket engine testing in Central Texas has led the small [town of McGregor](#) to pump too much water from the [Trinity Aquifer](#) for three years in a row.

The [Southern Trinity Groundwater Conservation District](#), which is responsible for managing groundwater around Waco, has cited the city for overpumping its wells since 2023, records show. The town's top water user each of those years was Elon Musk's space firm.

The highest over-limit drawdown came last year, when the municipal utility produced nearly 258 million gallons of water, almost 103 million gallons more than its permitted 155 million gallons.

While two new companies have landed in McGregor during the three-year period, SpaceX has consumed roughly double the amount of the next highest user each year since 2023.

McGregor has been pulling more water than the total allotted under both a 2016 permit it opened to support [SpaceX](#) and its historic use permit, according to the conservation district, which assigned the violations to the "City of McGregor/SpaceX."

Water issues have [plagued SpaceX](#) and other Musk-owned companies in Texas, including [Tesla Inc.](#) and the [Boring Co.](#)

The water woes join a growing list of concerns over SpaceX's work in McGregor. Last month, 76 homeowners in the area [sued the company](#) over noise and vibrations from the engine tests that they allege have damaged their homes.



### **Top consumer**

Since 2003, SpaceX has leased land from the city to test-fire rocket engines. The company now has 4,323 acres at the site about 20 miles west of Waco. The complex occupies part of a former bomb plant and Superfund site that the Pentagon turned over to the city two decades ago.

SpaceX's work there has grown rapidly over recent years as it has at its other bases in Texas. The firm has outfitted 16 test stands at the site. The number of test firings for Falcon 9 and Starship rocket engines at McGregor has skyrocketed since 2023 as SpaceX has been seeking to break its own launch records and racing to meet NASA contract deadlines.

As of September 2024, SpaceX had performed more than 7,000 tests at the site, averaging seven a day, Gwynne Shotwell, SpaceX's president and chief operating officer, said in testimony to the Texas Legislature.

The company holds more than \$4 billion in NASA contracts for Starship Moon missions under the Artemis Program, which is already years behind schedule. The rush to get Starship operational for Artemis work has meant more frequent and longer-lasting test fires of the Raptor engines, which are louder and more powerful than the Falcon 9's Merlin engines.

Each test fire is estimated to consume tens of thousands of gallons of water. Accordingly, McGregor's water use has spiked and continues to climb despite multiple warnings from regulators.

Since last June, SpaceX at McGregor consumed 89.5 million gallons, almost double the amount of the next-highest user, Knauf Insulation, which consumed 45.9 million, according to city records provided to Hearst Texas.

From June 2024 through June 2025, SpaceX used 82.2 million gallons. The second-highest corporate user was Messer LLC, which produces gas products, with 37.7 million gallons. SpaceX used 87.3 million gallons from June 2023 to June 2024.

The company's annual water use is comparable to that of a town of 2,000 to 3,000 people, but it's less than that of some large industrial users, which consume billions of gallons annually.

### **Overpumping**

McGregor city officials have said in their responses to the district that they're adding infrastructure and seeking a new permit to cover the demand, but that application is held up until the city settles the overpumping violations.

The amount of water overdrawn by McGregor has grown exponentially since 2023, according to the violations. The 102.5 million gallons pulled over its permitted allowance last year was five times the 19.2 million gallons overdrawn in 2024, which was nearly three times greater than 6.7 million pulled in 2023.



The district said it had used an incorrect formula in calculating its numbers in its original violations and later adjusted the overdrawn amounts to slightly lower amounts.

“The corrections did not resolve the violation of over production,” the district said.

The district has demanded that the city obtain rights for the extra water and pay a fine to resolve the violations. It also threatened legal action for civil penalties and an injunction.

The district hasn’t disclosed the penalty amount, but overpumping can draw heavy fines. In one recent case, the Hays Trinity Groundwater Conservation District fined Aqua Texas \$448,000 for pulling 89 million gallons more than permitted. That case [remains pending in federal court](#).

Jacob Hinson of the engineering firm [Walker Partners](#) responded on behalf McGregor, writing that the city is setting up a system to provide reclaimed wastewater to SpaceX and other industrial users. It’s also buying surface water from a wholesaler and said it could be back in compliance this year.

He added that the city wants more groundwater rights, but a permit application for the request “is still not under consideration due to this and other violations.”

A district official said it’s in talks with McGregor and hopes to have a resolution by the end of the month.

Separately, the utility has four active violations with the [Texas Commission on Environmental Quality](#), including one for “failure to provide water system operating records.”

City officials haven’t responded to requests for comment.

### **Texas law requires data centers to report water usage. Most aren't complying.**

- **Source:** Houston Chronicle
- **Author:** Megan Kimble
- **Date:** 2026-06-24
- **URL:** <https://www.houstonchronicle.com/politics/texas/article/data-center-water-usage-reports-required-texas-22303230.php>
- **Summary:** Texas lawmakers introduced reporting requirements for data-center water consumption, but most facilities have yet to comply. The article examines how limited reporting complicates long-term water planning as AI infrastructure expands rapidly across the state. It also discusses the trade-offs between cooling technologies, electricity demand and water consumption.

### **Colorado River & Basin Management**

#### **Reclamation: June 2026 Most Probable 24-Month Study**



## VELES WATER WEEKLY REPORT

- **Source:** U.S. Bureau of Reclamation
- **Date:** 2026-06-25
- **URL:** <https://www.usbr.gov/lc/region/g4000/24mo.pdf>
- **Summary:** Reclamation's June operational outlook projects exceptionally poor Colorado River inflows, with Lake Powell expected to receive only a fraction of average runoff during the current water year. The report underpins ongoing drought response operations, reservoir management decisions and hydropower planning across the basin.

### Solutions & Innovation

#### Western Midstream starts second produced water treatment facility

- **Source:** Midland Reporter-Telegram
- **Author:** Staff Report
- **Date:** 2026-06-27
- **URL:** <https://www.mrt.com/business/oil/article/western-midstream-produced-water-west-tx-22320498.php>

• **Summary:** Western Midstream continues moving deeper into produced water. The company, alongside Joint Industry Project collaborators Chevron, ConocoPhillips, Devon Energy and ExxonMobil, announced the startup of its second produced water treatment pilot facility, JIP 2, near Red Bluff Reservoir in Reeves County.

“JIP 2 is a milestone project for us. It puts us on the doorstep of commercialization,” said Chad Unrau, senior director, beneficial reuse at Western. Speaking with the Reporter-Telegram, Unrau said the project helps the company and its collaborators further refine water quality, reliability and economics.

JIP 2 is designed to receive 2,000 barrels per day of produced water and produce about 1,000 barrels per day of reclaimed freshwater, or about 10 times the amount produced by JIP 1. The first project evaluated and field-tested multiple produced water treatment technologies to identify preferred, high-performing solutions for ongoing operations.

Unrau praised the collaborators as strong partners but said the effort has gone beyond industry to include universities, consortiums and regulatory agencies.

“Doing this right is important for West Texas,” said Unrau. “We’re excited to be leading the charge.”

Western and its collaborators created JIP 1 in 2023, a small-scale pilot site in West Texas, to evaluate and measure technologies needed to commercialize beneficial reuse of produced water in the Permian Basin. During the 24-month project, technical experts at Western and its collaborators collected more than 50,000 water quality data points to demonstrate a treatment process that can



consistently produce water quality suitable for end-use applications that include industrial cooling, irrigation and surface discharge.

The JIP 2 facility will also serve as a demonstration site, enabling continued optimization of operations while validating consistent reclaimed freshwater production for a range of end-use applications. Insights and data collected from JIP 2 will guide the next phase of commercial-scale desalination facility development.

“We’re already in the early stages of engineering,” Unrau said, adding that Western wants to ensure the proper commercial structure for plants like JIP 2.

“There’s a lot of momentum behind beneficial reuse and now is the time to seize the moment,” he said.

### **New facility to extract iodine from produced water**

- **Source:** Midland Reporter-Telegram
- **Author:** Staff Report
- **Date:** 2026-07-01
- **URL:** <https://www.mrt.com/business/article/permain-tx-iodine-produced-water-22327446.php>
- **Summary:** Having teamed up with LibertyStream to extract lithium from produced water, Select Water Solutions is now targeting iodine.

Select subsidiaries are partnering with ISE Chemicals Corp. to develop commercial-scale iodine extraction and refining facilities using produced water sourced through Select’s network across Texas, New Mexico and Oklahoma.

While a specific site has not been chosen, Garrett Williams, Select’s vice president of corporate finance and investor relations, said the Permian is the most likely choice for an initial site.

“ISE is putting forth the capital, building the facility and will sell the iodine and Select will collect royalties,” he told the Reporter-Telegram.

The initial commercial facility is expected to be commissioned in 2027 and will be located within Select’s core Permian Basin footprint. The facility represents the first phase of a broader development program designed to evaluate scalable expansion opportunities across Select’s extensive produced water infrastructure network, with about 3,000 metric tons per year of iodine production targeted by the end of 2030.

Williams said Select is looking at ways to monetize the produced water it handles. The company is an infrastructure platform with operations in Texas, New Mexico and Oklahoma made up of pipelines, disposal wells and recycling facilities. Locating extraction operations next to its recycling facilities makes the effort more economical, Williams said.



“We do half the treatment necessary at the facility and we can add in extraction as well. We treat for oilfield recycling and once water is treated to beneficial reuse specs, we’re left with distilled water and also a concentrated brine stream. (That stream) makes mineral extraction more economic.”

Williams said the public is increasingly understanding of produced water, which he described as underappreciated. But recent developments, such as Select’s successful partnership with LibertyStream to extract lithium in commercial quantities, are helping increase public understanding.

Select and ISE believe the collaboration represents one of the first large-scale efforts to commercialize iodine recovery from produced water using existing oilfield water infrastructure in the United States and that it provides a scalable platform for future resource recovery opportunities.

### **Desalinated water, pipeline securing Geelong's water supply, gov says**

- **Source:** Herald Sun
- **Author:** Laura Place
- **Date:** 2026-06-27
- **URL:** <https://www.heraldsun.com.au/news/geelong/water-levels-would-be-critical-in-geelong-without-melbourne-link-government-says/news-story/285be50834d09db27a2382c9117d23d0>
- **Summary:** The Victorian Government has highlighted the role of desalinated water and the Melbourne–Geelong pipeline in strengthening water security as storage levels decline across the region. Water transferred through the interconnection, together with production from the Victorian Desalination Plant, has helped maintain reliable supplies for Geelong while reducing pressure on local reservoirs. The announcement demonstrates how long-term investment in diversified water infrastructure can improve resilience to drought and population growth.

*Note the attachment is not an inducement to trade and Veles Water does not give advice on investments.*

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