

SEMI ANNUAL REPORT JULY 2026

**3RF-63 - EAGLE SPRINGS
OIL FIELD, EAGLE
SPRINGS 8 FEDERAL
#001H FACILITY ID
[fVV2323649984]**

**[246238] HPOC, LLC
June 1, 2026.**

Venegas, Victoria, EMNRD

From: Barr, Leigh, EMNRD
Sent: Monday, June 1, 2026 9:46 AM
To: Venegas, Victoria, EMNRD
Subject: FW: [EXTERNAL] Semi Annual Report July 2026

Victoria,

Please review and upload the below email into Imaging.

Thank you,
Leigh

From: Nyle Khan <nk@kanalisgroup.com>
Sent: Monday, May 25, 2026 9:57 AM
To: Barr, Leigh, EMNRD <leighp.barr@emnrd.nm.gov>
Subject: [EXTERNAL] Semi Annual Report July 2026

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Leigh,

To date, as contemplated under the 3RF-63 - EAGLE SPRINGS OIL FIELD, EAGLE SPRINGS 8 FEDERAL #001H FACILITY ID [fVV2323649984], we have completed construction of approximately half of our permitted greenhouse facility and have commenced initial treated produced water experiments. Phase I of the project focused on testing the germination of tree seedlings. NMSU, through the NMPWC, conducted testing of the seedlings, water, and soil. We are very encouraged by the findings and look forward to building on this progress.

Our next phase aims to advance seedling growth beyond the germination stage. Given the scale of the Phase I experiment, we utilized our treated produced water sourced from BGNDRF rather than an onsite RO facility, as originally planned. For this upcoming phase we will be utilizing onsite RO capability, as originally contemplated and authorized. Depending on available space within the existing pumphouse, it may be necessary to construct a secondary structure to house the RO system next to or very near the current pumphouse. Any such structure will comply with applicable requirements and is not anticipated to require any change to the plans previously provided.

As we advance the pilot project, we also anticipate the need to incorporate several supplementary project components within the project area — such as a small office space, an onsite restroom, additional storage, and computer/data processing infrastructure, etc. — to support and optimize the objectives set forth in our Application. Where appropriate, these components may utilize the closed-loop geothermal systems contemplated in the Application for heating and cooling purposes. It is not anticipated that any of these items will require any change to the contemplated plans previously provided.

Please do not hesitate to reach out if you have any questions or concerns.

Kind regards,
Nyle Khan
Kanalıs Group, LLC

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General Information
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Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 590404

CONDITIONS

Operator: HPOC, LLC P.O. Box 1898 Cuba, NM 87013	OGRID: 246238
	Action Number: 590404
	Action Type: [C-147] Water Recycle Short (C-147S)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	None	6/1/2026