

MARCH 17, 2026 | PUBLICATION

Client Alert: The Bureau of Land Management Directs Field Offices to Help Oil Industry Find New Uses for Produced Water

The Bureau of Land Management (BLM) is instructing employees in the field to help oil and gas companies find uses for oilfield wastewater beyond injecting it underground permanently. The new BLM policy is the latest step in a broader debate about what to do with the billions of gallons of wastewater produced every year and has implications across energy, agriculture, and the rapidly growing data center industry.

What Is Happening

In a recent internal memo, BLM Assistant Director for Energy, Minerals and Realty Management, David Rosenkrance, instructed field and state offices to promote recycling and reuse of produced water—also commonly referred to as “salt water” or “brine”—by working with the industry to identify practical opportunities. The memo directs BLM offices to help companies by addressing regulatory or logistical barriers that may limit reuse, noting the policy is “aligned with the Administration’s priorities.”

Produced water surfaces alongside oil and gas at well sites is commonly saltier than seawater, may contain chemicals introduced during drilling and hydraulic fracturing, and can be radioactive.

Historically, most produced water has been disposed of through deep underground injection wells. Decades of reliance on that method have raised serious concerns, including induced earthquakes, geyser-like well blowouts, and ground swelling. Water managers in Texas have warned that continued injection at current rates could contaminate groundwater resources.

The BLM directive accompanies broader Trump Administration efforts, including Environmental Protection Agency (EPA) rulemaking designed to make it easier for companies to treat and reuse produced water.

INDUSTRY SECTOR

Environmental & Energy
Manufacturing
Technology

SERVICE LINE

Government Law & Policy

RELATED PROFESSIONALS

Chris Salemmme

MEDIA CONTACT

Wendy M. Byrne
wbyrne@shumaker.com

Why It Matters

If oil and gas producers cannot legally dispose of wastewater, production can grind to a halt. Reuse creates an alternative pathway that could serve multiple industries. Academics and industry officials have identified potential applications, including:

- Agricultural irrigation in water-stressed regions
- Cooling systems for data centers and large-scale computing infrastructure
- Other industrial processes in energy-producing regions

For the rapidly growing data center sector—particularly hyperscale and artificial intelligence (AI)-driven facilities that rely heavily on water for evaporative cooling—the policy could signal an emerging non-traditional water supply option, especially in regions where water availability is already a development constraint.

Key Considerations and Risks

While the BLM directive creates new opportunities, several unresolved issues warrant attention:

Environmental and Public Health Concerns: Local leaders and environmental organizations have raised concerns that insufficiently treated produced water could contaminate land and waterways.

Treatment Requirements: Significant treatment infrastructure may be needed to render produced water safe for agricultural or industrial reuse.

Regulatory Coordination: Reuse will require coordination among BLM, EPA, state environmental regulators, and local water authorities. Permitting frameworks remain under development.

Infrastructure Investment: Transporting and treating produced water at scale will likely require new pipelines, treatment facilities, and monitoring systems.

The Bottom Line

The BLM directive represents a meaningful policy shift in how oilfield wastewater is managed in the United States. For energy producers, data center developers, agricultural operators, and water technology companies, the push toward produced water reuse could open new operational and commercial opportunities, but regulatory clarity and robust treatment standards will be essential to realizing them responsibly.

How the Shumaker Advisors Federal Team Can Help

The Shumaker Advisors Federal Team, working alongside Shumaker's environmental attorneys, is closely monitoring federal policy developments affecting water resources, energy production, and digital infrastructure. Our team can assist organizations with:

- Tracking evolving federal and state policies on produced water reuse
- Evaluating water sourcing strategies for data center and infrastructure development
- Navigating environmental permitting and regulatory compliance
- Engaging with BLM, EPA, and other federal and state agencies as frameworks develop

Please do not hesitate to reach out to the Shumaker Advisors Federal Team with any questions about how

this policy development may affect your organization.