OIL & GAS COMMISSION

ORDER NO. BU 026-2025-04 **May 20, 2025**

REYNOLDS BRINE UNIT
Lafayette and Columbia Counties

CREATION OF THE REYNOLDS BRINE UNIT

After due notice and public hearing in El Dorado, Arkansas, on April 22, 2025, the Arkansas Oil and Gas Commission, in order to prevent waste, carry out an orderly program of development, and protect the correlative rights of each owner in this Brine Unit, has found the following facts and issued the following Order.

STATEMENT OF THE CASE

SWA Lithium, LLC (hereinafter referred to as the "Applicant"), filed an application requesting the establishment of the Reynolds Brine Unit (hereinafter referred to as the "Brine Unit") consisting of 20,854 acres in Columbia and Lafayette Counties, Arkansas.

FINDINGS OF FACT

Based upon the application filed, the exhibits as introduced and made a part of the record inclusive of those offered on behalf of the Commission, and other evidence presented by the Applicant in said proceeding, the Commission finds that:

1. The Applicant requested the creation of a brine production unit comprised of the following real property located in Columbia and Lafayette Counties, Arkansas:

   In Lafayette County:

   The Southwest Quarter (SW/4) of the Southwest Quarter (SW/4) of Section 5, Township 17, Range 23 W; The South Half (S/2) of the South Half (S/2) of Section 6, Township 17S, Range 23W; All of Section 7, Township 17S, Range 23W; All of Section 8, Township 17S, Range 23W; All of Section 9, Township 17S, Range 23W; All of Section 10, Township 17S, Range 23W (639.99-acres); All of Section 11, Township 17S, Range 23W; All of Section 14, Township 17S, Range 23W; All of Section 15, Township 17S, Range 23W; All of Section 16, Township 17S, Range 23W (657.6-acres); All of Section 17, Township 17S, Range 23W; All of Section 18, Page 2 Township 17S, Range 23W (617.89-acres); All of Section 19, Township 17S, Range 23W (629.4502-acres); The South Half (S/2) of the South Half (S/2) of Section 1, Township 17S, Range 24W; The South Half (S/2) of the South Half (S/2) of Section 2, Township 17S, Range 24W; The South Half (S/2) of the South Half (S/2) of Section 3, Township 17S, Range 24W; The South Half (S/2) of the South Half (S/2) of Section 4, Township 17S, Range 24W; The South Half (S/2) of the South Half

(S/2) of Section 5, Township 17S, Range 24W; All of Section 8, Township 17S, Range 24W; All of Section 9, Township 17S, Range 24W; All of Section 10, Township 17S, Range 24W; All of Section 11, Township 17S, Range 24W; All of Section 12, Township 17S, Range 24W; All of Section 13, Township 17S, Range 24W; All of Section 14, Township 17S, Range 24W (637.04-acres); All of Section 15, Township 17S, Range 24W; All of Section 16, Township 17S, Range 24W; All of Section 17, Township 17S, Range 24W; All of Section 20, Township 17S, Range 24W (642.85-acres); All of Section 21, Township 17S, Range 24W; All of Section 22, Township 17S, Range 24W; All of Section 23, Township 17S, Range 24W; All of Section 24, Township 17S, Range 24W (663.44-acres), Lafayette County, Arkansas.

In Columbia County: All of Section 7, Township 17S, Range 22W; The West Half (W/2) of Section 8, Township 17S, Range 22W; The West Half (W/2) of Section 17, Township 17S, Range 22W; All of Section 18, Township 17, Range 22W, Columbia County, Arkansas.

In Lafayette and Columbia Counties: All of Section 12, Township 17S, Range 23 W; All of Section 13, Township 17S, Range 23 W, in Lafayette County and Columbia County, Arkansas.

Containing, in the aggregate, 20,854 acres, more or less.

2. The Applicant and its participating partners own at least 75% of the right to drill in the proposed Brine Unit and the Brine Unit is necessary for the development of the natural resources of the State of Arkansas.

3. The geological evidence presented reasonably indicates that the proposed Brine Unit will produce brine solution.

4. The application was duly and properly filed with the Commission and due and proper notice of hearing was given in the manner and form prescribed by the Commission.

5. In view of the geological exhibits and other testimony on behalf of the Applicant, the Commission should approve the request as filed.

6. The Applicant prepared a Unit Operating Agreement (filed as "Exhibit F" to the Application) and a Form of Lease (filed as "Exhibit B" to the Unit Operating Agreement) to be utilized for this Brine Unit. Commission authorization to use these documents for this Brine Unit is contingent upon whether the Commission approves a "Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, before July 21, 2025.

   If the Commission approves a "Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, before July 21, 2025, then such

"Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, shall be used by all participants and Operators in this Brine Unit. If a "Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, are not approved by the Commission by July 21, 2025, then the Applicant's proposed Unit Operating Agreement and proposed Form of Lease shall become the Unit Operating Agreement and Lease Form for this Brine Unit.

7. The granting of this application will be protective of the correlative rights of all interested parties and will prevent waste.

8. The following person(s) appeared at the hearing, submitted comments, or submitted objections:

   Michael Wilson; James D. Rankin III on behalf of Occidental Petroleum Corporation; Sheryl A. Edwards on behalf of LiTHIUMLEARNS and Southern Arkansas University.

CONCLUSIONS OF LAW

1. That due notice of public hearing was given as required by law and that this Commission has jurisdiction over said parties and the matter herein considered.

2. That this Commission has authority to grant said application under the provisions of Act No. 937 of 1979, as amended.

ORDER

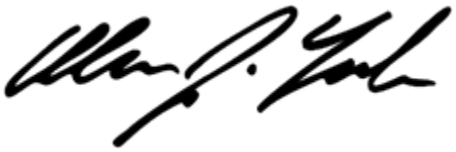
Now, therefore, it is ordered that the acreage described in Finding of Fact No. 1 above shall be established as the Reynolds Brine Unit containing 20,854 acres, more or less, in Lafayette and Columbia Counties, Arkansas.

This Order shall be effective from and after **May 20, 2025.** If the Commission approves a "Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, before July 21, 2025, then such "Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, shall be used by all participants and operators in this Brine Unit and the effective date of this Order shall be the date upon which the "Model" Brine Unit Operating Agreement and associated Model Form documents, including a Model Brine Lease, is approved by the Commission. If a "Model" Brine Unit Operating Agreement and associated "Model Form" documents, including a Model Brine Lease, are not approved by the Commission by July 21, 2025, then the Applicant's proposed Unit Operating Agreement and proposed Form of Lease shall become the Unit Operating Agreement and Lease Form for this Brine Unit.

The Commission shall have continuing jurisdiction for the purposes of enforcement, and/or modifications or amendments to the provisions of this Order. This Order will automatically terminate under any of the following conditions: well drilling operations have not been

commenced within two years after the effective date; or two years following cessation of drilling operations if no production is established; or, within two years from the cessation of production. The Commission may extend the two year deadlines referenced above for an additional two year period for good cause.

ARKANSAS OIL AND GAS COMMISSION



Alan J. York
Director