OIL & GAS COMMISSION

ORDER NUMBER: 001-2026-01 **March 18, 2026**

EVERGREEN BRINE PRODUCTION AND EVERGREEN EXPANSION BRINE UNIT
Columbia and Lafayette Counties

After due notice and public hearing in Hot Springs, Arkansas, on March 4, 2026, 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, finds the following facts and issues the following Order.

STATEMENT OF THE CASE

TETRA Technologies, Inc. (hereinafter referred to as the "Applicant") filed its application for a Commission Order establishing fair and equitable compensation for lithium extracted from brine produced from the Evergreen Brine Production Unit and Evergreen Expansion Brine Unit (hereinafter referred to as the "Brine Unit").

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 Applicant in said proceeding, the Commission finds that:

1. In Order Reference No. BU 041-2024-07, the Commission established the Evergreen Brine Production Unit for the production of brine from the Smackover Lime Formation in conformity with a plan of development and operation. Applicant is the designated operator of the Brine Unit. The Evergreen Brine Unit was expanded to include the Evergreen Expansion Brine Unit in Order Reference No. BU 023-2025-04.

2. The legal description of the lands presently included in the Brine Unit is as follows:

In Lafayette County:

> The North half (N/2), and the North half of the South half (N/2 S/2) of Section 28 Township 17S Range 23W; All of Section 20 Township 17S Range 23W; All of Section 21 Township 17S Range 23W, Lafayette County, Arkansas.

In Columbia County:

All of Section 22 Township 17S Range 23W; All of Section 23 Township 17S Range 23W; The South half (S/2) and the South half of the Northwest Quarter (S/2 NW/4) and the West half of the Southwest Quarter of the Northeast Quarter of the Southwest Quarter of the Northeast Quarter (S/2 NE/4 SW/4 NE/4) and the Southeast Quarter of the Southwest Quarter of the Northeast Quarter (SE/4 SW/4 NE/4) and the South half of the North half of the Southeast Quarter of the Northeast Quarter (S/2 N/2 SE/4 NE/4) and the South half of the Southeast Quarter of the Northeast Quarter (S/2 SE/4 NE/4) of Section 24 Township 17S Range 23W; The South half (S/2) of Section 19 Township 17S Range 22W; The North half (N/2), and the North half of the South half (N/2 S/2) of Section 30 Township 17S Range 22W; All of Section 25 Township 17S Range 23W; All of Section 26 Township 17S Range 23W; The North half (N/2), and the North half of the South half (N/2 S/2), and the South half of the Southeast Quarter (S/2 SE/4) of Section 27 Township 17S Range 23W, Columbia County, Arkansas. (The Evergreen Unit as originally formed)

Also:

The North half (N/2) of the North half (N/2), and the North half (N/2) of the North half (N/2) of the Southwest quarter (SE4) of the Northeast quarter (NE/4), and the North half (N/2) of the Northeast quarter (NE/4) of the Southwest quarter (SW/4) of the Northeast quarter (NE/4) of Section 24 Township 17S Range 23W; the North half (N/2) of Section 19 Township 17S Range 22W; and the West half (W/2) of Section 20 Township 17S Range 22W, all in Columbia County, Arkansas. (The Evergreen Expansion Brine Unit)

containing, in the aggregate 6,953 acres, more or less.

3. The brine owners and holders of brine leases within the Brine Unit are listed in Applicant's Exhibit "B" which is attached to this Order.

4. Ark. Code Ann. § 15-76-315(a) requires that Applicant pay what Applicant termed a "Brine Fee" when it produces brine. The "Brine Fee" must be paid to brine owners upon the production of brine, regardless of whether or to what extent additional substances may subsequently be extracted from the brine.

5. Ark. Code Ann. § 15-76-315(c)(1) requires that, in addition to any other amounts due and owing by the producer or producers of any unit to the owners therein, the producer or producers shall account separately and on a fair and equitable basis to each owner in the unit for all substances which are found by the commission to be profitably extracted from brine by a producer and which were not extracted by a producer on January 1, 1979.

6. Applicant has established that it will be able to profitably extract lithium from brine produced from the Brine Unit.

7. Applicant proposed the following methodology for calculating fair and equitable compensation for brine owners when Applicant profitably extracts lithium from brine in the Brine Unit: **Compensation Payment = Product Quantity × Price × Compensation Rate × Brine Owners' Interest**

   A. **Product Quantity:** In establishing how a Compensation Rate is applied, the mineral's point of production or extraction to the surface is typically utilized (i.e., oil at the wellhead). In this case, however, neither brine nor lithium ions, at their low concentrations, have any value at the wellhead or point of extraction. The value to be realized from lithium extraction will come from the solid specialty products manufactured from the extracted lithium ions. Such specialty products include lithium carbonate, lithium hydroxide, lithium oxide, and other lithium product derivatives. These products differ from one another. However, their respective lithium content can be measured by comparing their unique molecular lithium concentrations to that within lithium carbonate, thus establishing a standard comparative basis known as a lithium carbonate equivalent (LCE), which is utilized throughout the market and industry. The product quantity used in the compensation calculation shall be that of the first marketable product produced converted to LCE. The "first marketable product produced" would be the most upstream lithium product from the Unit that is subject to an arm's length sales agreement.

   B. **Price:** Establishing a connection between a market price and compensation, as opposed to a mere per-acre payment, ensures the alignment of interest and proportional value sharing between developers and brine owners throughout the life of a development. However, it is not feasible to use the Applicant's actual sales proceeds from the sales of diverse specialty products as a basis for compensation calculation. Actual sales price data for products is considered confidential and/or trade secret information. Publicizing actual sales prices for products presents potential antitrust concerns and could disadvantage the brine industry development in South Arkansas. It should be noted that, in normal industry practice, actual sales price is lower than the available index price.

   Rather, a market-based index, which protects Applicant's proprietary information while still directly associating fair and equitable compensation with a market value basis, should be utilized. The Commission has determined that the appropriate index for valuation resides in the first marketable product, lithium carbonate, represented by the technical grade lithium carbonate index for North American markets published by Fastmarkets. That index, adjusted for each manufactured product in accordance with its LCE value, represents a fair and equitable value of such product with connected market transparency and consistency, while protecting the producers' proprietary product and confidential marketing information and providing uniformity among brine owners. Additionally, this technical grade index is the most appropriate value measurement because it represents the first marketable product in the variety of lithium containing products or derivatives. While indices exist for the valuation of other grades

or derivatives of lithium-containing products, such product indices reflect incremental value from further refining and manufacturing beyond the value contributed by the base lithium element. The value determination shall be made quarterly, in compliance with Ark. Code Ann. §15-76-315(c)(3), using the quarterly average of that index's daily spot market prices.

C. **Compensation Rate:** The proposed compensation rate must be competitive in a global market in order to enable the development of lithium resources in Arkansas. An examination of global lithium compensation rates reveals a variety of arrangements for compensating resource owners. A report summarizing available data concerning relevant global lithium compensation benchmarks was presented to the Commission in detail in Docket Reference No. 035-2025-06. For Arkansas' deep brine resources, which leverage emerging technologies and significant processing to create marketable lithium specialty products, a 2.50% rate shall be used as the ongoing rate.

D. **Brine Owner's Interest:** Fair and equitable compensation applicable to the extraction of lithium shall be distributed to the brine owners within the Brine Unit based upon each such owner's proportional net acreage therein. This is consistent with existing methodologies in Arkansas for brine and additional substances within the brine.

8. Applicant requested that the record of proceedings in the following matters be incorporated by reference as a part of the record with respect to this application: Docket No. 041-2024-07, Docket No. 023-2025-04, Docket No. 032-2025-05, and Docket No. 035-2025-06.

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

Sheryl A. Edwards of LiTHIUMLEARNS and Southern Arkansas University; Tobie Moore of BRP, LLC

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

It is, therefore, ordered by the Commission that:

1. Applicant proved that it can profitably extract lithium from brine produced from the Brine Unit.

2. Applicant shall pay the "Brine Fee" to underlying brine owners upon the production of brine from the Brine Unit, and, in addition, account to the underlying brine owners separately and on a fair and equitable basis for lithium that it profitably extracts from the brine produced from the Brine Unit using the following formula:

Compensation Payment = Product Quantity × Price × Compensation Rate × Brine Owners' Interest

A. **Product Quantity:** In establishing how a Compensation Rate is applied, the mineral's point of production or extraction to the surface is typically utilized (i.e., oil at the wellhead). In this case, however, neither brine nor lithium ions, at their low concentrations, have any value at the wellhead or point of extraction. The value to be realized from lithium extraction will come from the solid specialty products manufactured from the extracted lithium ions. Such specialty products include lithium carbonate, lithium hydroxide, lithium oxide, and other lithium product derivatives. These products differ from one another. However, their respective lithium content can be measured by comparing their unique molecular lithium concentrations to that within lithium carbonate, thus establishing a standard comparative basis known as a lithium carbonate equivalent (LCE), which is utilized throughout the market and industry. The product quantity used in the compensation calculation shall be that of the first marketable product produced converted to LCE. The "first marketable product produced" would be the most upstream lithium product from the Unit that is subject to an arm's length sales agreement.

B. **Price:** Establishing a connection between a market price and compensation, as opposed to a mere per-acre payment, ensures the alignment of interest and proportional value sharing between developers and brine owners throughout the life of a development. However, it is not feasible to use the Applicant's actual sales proceeds from the sales of diverse specialty products as a basis for compensation calculation. Actual sales price data for products is considered confidential and/or trade secret information. Publicizing actual sales prices for products presents potential antitrust concerns and could disadvantage the brine industry development in South Arkansas. It should be noted that, in normal industry practice, actual sales price is lower than the available index price.

Rather, a market-based index, which protects Applicant's proprietary information while still directly associating fair and equitable compensation with a market value basis, should be utilized. The Commission has determined that the appropriate index for valuation resides in the first marketable product, lithium carbonate, represented by the technical grade lithium carbonate index for North American markets published by Fastmarkets. That index, adjusted for each manufactured product in accordance with its LCE value, represents a fair and equitable value of such product with connected market transparency and consistency, while protecting the producers' proprietary product and confidential marketing information and providing uniformity among brine owners.

Additionally, this technical grade index is the most appropriate value measurement because it represents the first marketable product in the variety of lithium containing products or derivatives. While indices exist for the valuation of other grades or derivatives of lithium-containing products, such product indices reflect incremental value from further refining and manufacturing beyond the value contributed by the base lithium element. The value determination shall be made quarterly, in compliance with Ark. Code Ann. §15-76-315(c)(3), using the quarterly average of that index's daily spot market prices.

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D. **Brine Owner's Interest:** Fair and equitable compensation applicable to the extraction of lithium shall be distributed to the brine owners within the Brine Unit based upon each such owner's proportional net acreage therein. This is consistent with existing methodologies in Arkansas for brine and additional substances within the brine.

3. The record of the proceedings in the following matters are hereby incorporated by reference as part of the record with respect to the application: Docket No. 041-2024-07, Docket No. 023-2025-04, Docket No. 032-2025-05, and Docket No. 035-2025-06.

This Order shall be effective from and after **March 18, 2026**, and the Commission shall have continuing jurisdiction for the purposes of enforcement, and/or modifications or amendments to the provisions of this Order.

ARKANSAS OIL AND GAS COMMISSION



Alan J. York
Director