Arkansas Department of Energy and Environment - Oil and Gas Commission: SWA Lithium LLC's Lithium Compensation Structure Approved



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The Arkansas Department of Energy and Environment – Oil and Gas Commission ("Commission") addressed an application for the establishment of a lithium compensation structure at its May 28th meeting in Magnolia.

The lithium compensation structure application was submitted by SWA Lithium, LLC ("SWA").

A Department news release states that the application addresses lithium to be produced from the Reynolds Brine Production Unit. This unit is stated to encompass more than 20,000 acres in south Arkansas. The lithium will be extracted brine located in the Smackover Formation.

Bromine and other elements have bene extracted from brine for many years. Lithium extraction is an additional element extracted from the brine. It is regulated under the Arkansas Brine Production Act and in accordance with the Commission's Arkansas Brine Production Regulatory Program.

SWA's application requested an approval of an additional lithium payment of 2.5% of the lithium carbonate equivalent in addition to a brine fee already established by law.

Arkansas Department of Energy and Environment Secretary Shane Khoury is quoted in the news release as stating:

...Lithium brine extraction in Arkansas is unique – it enables Arkansas to unleash its energy and critical mineral potential in a way that results in minimal surface impact to the Natural State… The Commission's approval of SWA's proposal as fair and equitable compensation signifies a huge step forward for Arkansas's lithium industry.

A copy of the news release can be downloaded here.