



Surat Gas Project Update

September 2018

Bringing Arrow's gas to market

Arrow Energy has agreed a major gas supply deal to bring its significant Surat gas reserves to market.

The deal is one of the largest gas supply agreements on Australia's east coast, and will develop the vast majority of Arrow's gas in the Surat Basin over 27 years. It will create around 1000 new jobs, including 800 during peak construction and around 200 ongoing operational roles.

This is a significant step forward for Arrow's Surat Gas Project, and offers long-awaited infrastructure collaboration in the CSG industry to minimise impact.

Reducing our impacts

The deal allows Arrow to collaborate with the Shell-operated QCLNG joint venture on infrastructure, reducing the impacts of CSG development for landholders and communities.

Collaboration will see the use of existing QGC-operated gas compression, processing and transmission infrastructure, as well as water treatment facilities. For example, up to eight planned central gas processing facilities and two major water treatment facilities may not be built. The number of wells required for the project will be around 2,500 – a 60% reduction from original estimates in Arrow's Surat Gas Project Environmental Impact Statement (EIS).

Because the deal provides an existing path to market for Arrow's gas, the proposed Arrow Surat Pipeline is no longer required.

Arrow will continue to invest in industry-leading innovation and technologies to reduce its impacts throughout the development.

Development across the Surat

Phased development activity will commence with an expansion of Arrow's Tipton fields, near Dalby, and then progress to Daandine and Kogan areas.

From 2021, development will expand into new gas fields south of Dalby, and in the northern section of Arrow's tenure north-east of Miles.

The next phase, from 2024, will see development of an area north of Kogan.

Front-end engineering design (FEED) for Arrow's Tipton Expansion has commenced, and construction is expected to begin in the second half of 2018 near Arrow's existing Tipton infrastructure.

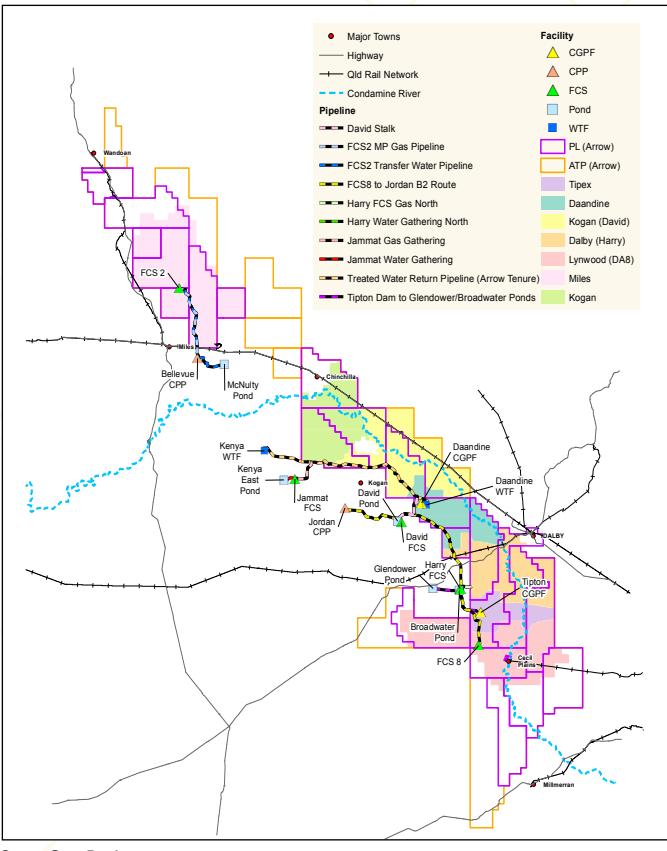
Peak construction activity for new areas will be around 2022 and peak gas production around 2027.

Detailed plans for the new development will take around 12 months to finalise, but Arrow will continue to share information with landholders and community members as it becomes available.



Surat Gas Project

An Environmental Impact Statement (EIS) for Arrow's Surat Gas Project received State Government approval on 25 October 2013 and Federal Government approval on 20 December 2013. This development falls within the scope of what was assessed in Arrow's EIS.



Surat Gas Project

Information for landholders

Arrow will engage with directly impacted landholders as further detail on development and timing becomes available.

Arrow works with landholders through our unique **Area Wide Planning** program, which helps identify where infrastructure might be located to ensure it aligns with landholder and agricultural activities. Planning occurs through one-on-one or small group sessions, depending on landholder preference.

Typically, Area Wide Planning discussions commence around two years before development occurs on a property.



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Groundwater

Arrow is committed to offsetting its predicted impact to groundwater resources of the Condamine Alluvium aquifer and maximising beneficial use of treated coal seam water, where possible.

The reduced scale of development means drawdown impacts are expected to be less than predicted in the original Environmental Impact Statement and Supplementary Report to the EIS, with further modelling underway. Arrow will continue to update predictions of drawdown by using the most appropriate groundwater model as developed by the Queensland Government's Office of Groundwater Impact Assessment (OGIA).

Arrow will also allocate the water to beneficial use, with a network developed to treat and return coal seam water to areas of Intensively Farmed Land (IFL).

Work with us

Providing regional employment opportunities is a priority for us and we're proud the majority of our Surat workforce lives locally.

We're also committed to creating meaningful employment and economic development opportunities for local industry.

Arrow offers full, fair and reasonable opportunity for capable and competitive local businesses to participate in the procurement of goods, equipment and services for our projects.

Visit arrowenergy.com.au to view our current vacancies or register your interest in becoming a supplier.

About us

Arrow Energy is a Queensland-based gas company that explores and develops gas fields, produces and sells coal seam gas (CSG) and generates electricity. Arrow has been safely and sustainably developing CSG since 2000 and supplying it commercially since 2004. The company is working to meet demand for cleaner burning fuels through gas supply.

Arrow is owned by Shell and PetroChina (50/50).

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