



Make-good agreements

May 2020

Here are a few basics about the make-good agreement process that you will be going through with Arrow Energy. If you have any questions, please contact Arrow's Landholder Bores Lead or your Arrow land liaison officer.

Make-good agreements

Queensland's make-good process requires coal seam gas (CSG) companies to 'make good' any impacts that their operations may have on water bores with those bore owners. The process is mandated by the Queensland Government under the *Water Act 2000* (Qld).

The major steps in the make-good process are as follows:

1. Assessment. Arrow will undertake a bore assessment on all authorised water supply bores on your property if:

- the bore is identified in an underground water impact report (UWIR) as falling in an immediately affected area on or off our tenure where Arrow is the assigned responsible tenure holder
- Arrow are directed by the Queensland government, or
- Arrow voluntarily choose to do so in specific circumstances.

Arrow's bore assessments adhere to the Queensland Government's bore assessment guideline. As part of the bore assessment, Arrow will determine if your bore is capable of producing any water through a pumping test, or through an injection test if there is a risk of gas release. No make-good measure will be provided for bores that do not have any capacity to supply water.

Arrow will then produce a bore assessment report which will conclude whether CSG-related activities have, or are likely to, impair the bore's water producing capacity ('impaired capacity'), and if that impairment impacts your use of it. This will inform the type of make-good measure Arrow will offer, if required.

If your bore is damaged or impacted for reasons not caused by CSG-related activity (eg: previous damage, poor maintenance, prior collapse, having no actual water production capacity), that impairment will not be compensated.

Arrow will discuss the outcome of each bore's assessment with you and provide you with a copy of the assessment results.

2. Negotiation. Arrow will discuss with you how Arrow will 'make good' if the bore assessment shows your bore is, or will substantially be, impaired by CSG-related activities.

Please note: the GasFields Commission Queensland, an independent statutory body, has information (<https://gasfieldscommissionqld.org.au/>) that may assist you, including a make good agreement decision table (see page 3 of this fact sheet).

Definition of 'impaired capacity'

Impaired capacity is recognised if your bore shows:

- a decline in water level due to coal seam gas-related activity, where the bore is no longer supplying a reasonable amount of water for its purpose
- free gas is emerging through the bore due to coal seam gas-related activity, which is damaging the bore's pump or other infrastructure, causing health or safety concerns, or causes declines in the amount of water in the bore required for its purpose.

During this process, Arrow will provide you with a **key terms document**, which forms the main points for discussion. The 'key terms' document includes the make-good measure Arrow are offering. Make-good measures may include:

- monitoring
- monetary compensation
- reconditioning or deepening the bore
- drilling an alternative bore
- providing an alternative water supply.

We encourage the bore owner to actively participate in discussions with Arrow directly on the 'key terms' as this provides a good opportunity for you to communicate your concerns and expectations to Arrow's make-good measure. Agreement on the 'key terms' forms the basis for a make-good agreement.

3. Agreement drafting. Once the 'key terms' are agreed, Arrow will provide you with a draft make-good agreement for you to sign. You may choose to discuss the draft make-good agreement with your legal representative. Arrow will reimburse you for reasonable accounting, hydrogeological, legal or valuation costs you incur in negotiating a make-good agreement. Please Note: while Arrow will reimburse the reasonable cost of receiving such advice, Arrow do not believe it is reasonable for third parties, like legal firms, to act as project managers or negotiators in the make good-process. We believe that the bore owner should directly manage the make-good negotiations with Arrow.

A make-good agreement is only required to include 'make good' measures when CSG related activities materially contributed to any impairment of a bore. All water bores that are assessed require a make-good agreement, even if they are not eligible for make-good measures. In such instances, the make-good agreement will reflect the outcome of bore assessment and no make-good measures required. Arrow will work with you to finalise and execute the make-good agreement.

4. Action. All agreed terms and conditions are set out in the final make-good agreement, which is signed by you and Arrow. Both parties are required to comply with the terms and conditions of the make-good agreement.



Definition of 'key terms' document

Arrow provides key terms to bore owners for further discussion and consideration by the bore owner. The intention is to reach agreement on these main commercial points before commencing drafting a legal agreement. Typically, the key terms covers commercial terms such as bore assessment outcomes, the proposed make-good measures (ie. monetary compensation, monitoring etc), payment options, timing to perform works, working hours and work standards. The document also includes agreement on the expected reimbursement amount for legal and other fees based on how the bore owner would like to proceed and manage these services and costs. The key terms document is tailored to individual circumstances of each bore and its owner.

Further information

Please contact Arrow's Landholder Bores Lead or your Arrow Land Liaison Officer. If you do not have their business card, please contact our general inquiry points:

- info@arrowenergy.com.au
- 1800 038 856 (toll free)
- Community information Centre
42 Cunningham Street, Dalby.

The Queensland Department of Environment and Science has further information on its website (<https://environment.des.qld.gov.au/manangement/non-mining/groundwater.html>) that explains make-good obligations. Additional factsheets that explain the make-good process is also available on the Queensland GasFields Commission's website (<http://www.gasfieldscommissionqld.org.au/>).

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MAKE GOOD AGREEMENT TEMPLATE DECISION TABLE

All water bores that have undergone a bore assessment require a make good agreement, even if they are not eligible for make good measures. The GasFields Commission has developed this table to recommend appropriate make good agreement templates that may be used based on the outcomes of a bore assessment.

OUTCOME OF BORE ASSESSMENT		DUE TO PETROLEUM & GAS ACTIVITIES		NOT DUE TO PETROLEUM AND GAS ACTIVITIES	
Bore has the capacity to provide a reasonable quantity and/or quality of water for its authorised use or purpose	Not impaired and unlikely to become impaired due to water level decline or free gas*	Due to water level decline	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES
		Due to free gas*	Make good agreement: MONITORING <i>Bore is monitored with triggers for future assessment and variation of make good agreement</i>		
	Impaired	Due to water level decline Due to free gas*	Make good agreement: COMPENSATION OR NEW BORE(S)**	Make good agreement: NO MAKE GOOD MEASURES <i>Action may be taken by the bore owner to P&A***</i>	Make good agreement: NO MAKE GOOD MEASURES
Bore does not have the capacity to provide a reasonable quantity and/or quality of water for its authorised use or purpose	Unlikely to become a health or safety risk due to free gas*	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES
	Likely to become a health or safety risk due to free gas*	Make good agreement: NO MAKE GOOD MEASURES <i>Resource company may P&A*** the bore if the bore owner agrees</i>	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES <i>Action may be taken by the bore owner to P&A***</i>	Make good agreement: NO MAKE GOOD MEASURES <i>Action may be taken by the bore owner to P&A***</i>
	Bore has become a health or safety risk due to free gas*	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES	Make good agreement: NO MAKE GOOD MEASURES
BORE ASSESSMENT WAS ATTEMPTED BUT COULD NOT BE UNDERTAKEN:					
Due to the bore having pre-existing damage****		No make good obligation triggered. If the damaged bore is repaired, another attempt to conduct a bore assessment may be undertaken			
Because the bore does not physically exist****		No make good obligation triggered.			

* Free gas can impair a water bore by adversely affecting the quantity or quality of water provided, causing damage to the bore infrastructure, or creating a health or safety risk

** This does not cover other make good measures such as reconditioning the bore or providing an alternative water supply, which may be negotiated

*** P&A (to 'plug and abandon' or decommission a water bore) is not a make good measure and it is not a requirement under the *Water Act 2000*. However, it may be negotiated as a special condition in the make good agreement if the parties agree for the bore to be decommissioned

**** This may provide the tenure holder a reasonable excuse **not** to undertake a bore assessment under Section 417(2) or 418(2)(b) of the *Water Act 2000*

