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**FOR IMMEDIATE RELEASE**

## **First Gas Sales from Tipton West Field Almost Two Months Early**

The Board of Arrow Energy N.L. ("Arrow") is pleased to announce that first gas was sold yesterday from the Tipton West Field to the Braemar Power Project ("BPP").

Under the terms of the Gas Sales Agreement ("GSA"), first gas deliveries were required by 31 March 2007. In a tight market for labour and materials, the project development has been well executed with the total elapsed time from project development decision to first gas sales being approximately 13 months.

Dewatering of the field began from a limited number of wells in the second half of calendar 2006 and further wells continue to be brought on stream. To date approximately 45 of the 85 wells drilled (inclusive of an additional 10 wells drilled to take advantage of rig availability) have been put on pump and have commenced dewatering. The remaining wells will be added over the next 3 months. Commissioning of the gas compression and related facilities is now under way enabling first gas sales to be made.

Initial gas flow into the BPP export line was at a rate of approximately 4 TJ/day and is stabilising at around 2.5 TJ/day. Sales will be intermittent over the next few weeks during the commissioning phase. Post commissioning, gas deliveries as required under the GSA will ramp up from a low rate in April 2007 rising to the full requirement of 16 TJ/day by 1 October 2007. Field production forecasts show a rate of 27 TJ/day should be achievable by year end from the project.

All of Arrow's field development in the Surat targets a well spacing of approximately 160 acres. Analysis shows that this spacing gives the optimal gas production profile over the life of the well to meet the required long term supply commitments under the GSA, whilst minimising the requirement for later expenditure on subsequent wells to maintain rate and hence maximising full field economics.

The Tipton West Project is a joint venture between Arrow (60%) and Beach Petroleum (40%).

Combined upstream and downstream development costs for the 10 PJ p.a. project was approximately \$71m (for the original 75 well development) with Arrow's net capital contribution being approximately \$7m, following the previously announced upstream farm-in by Beach Petroleum and the downstream funding arrangement with the Australian Pipeline Trust.

Tipton West is Arrow's fourth producing project, following on behind Moranbah, Kogan North and Daandine. At the start of this year, Arrow operated projects accounted for approximately 15% of gas sold in Queensland. It is estimated that this will rise to 25% by the end of this year as all projects continue to ramp up production.

**Kerry J. Parker**  
**Company Secretary**

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