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ASX and Media statement

8 November 2010

Attached is a media statement from Arrow Energy concerning the detection of minute traces of benzene at the Moranbah Gas Project. Arrow Energy is the operator of the Moranbah Gas Project, in which AGL is a joint venture partner.



Paul McWilliams
Company Secretary



Media Release



08 November 2010

FOR IMMEDIATE RELEASE

Notification of Monitoring Results

Arrow Energy has advised Government authorities and landholders this afternoon that its monitoring tests have detected minute traces of benzene in three of 60 fluid samples taken in the northern Bowen Basin, in Central Queensland.

These preliminary results relate to two wells in the area of Arrow's Moranbah Gas Project (MGP) and one well in an adjoining exploration tenement (ATP364).

Water from these wells is managed in accordance with regulations governing coal seam water and is contained in lined, fenced ponds for treatment or removal. There are no registered water bores within five kilometres of the three wells, and coal seam water is not used for feedstock. However as a precaution, Arrow will conduct testing of water from bores closest to the area.

Arrow has not used chemicals containing benzene (or other members of the BTEX group of chemicals) in its fracking fluids.

Consequently, immediate further independent testing will be undertaken to verify the results. Separately, more research will be conducted to determine if the benzene is naturally occurring, or introduced by another means. BTEX group chemicals can be present in oil based lubricants, diesel and petrol.

Arrow has briefed the Department of Environment and Resource Management (DERM), Department of Employment Economic Development and Innovation (DEEDI) the Isaac Regional Council, and AGL Energy, Arrow's joint venture partner in the MGP.

BTEX is an acronym for the group of chemicals benzene, toluene, ethylbenzene and xylene.

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