

ASX Announcement



15 April 2010

ACCC Not to Oppose Shell/Petrochina Acquisition of Arrow

Arrow Energy Limited (ASX:AOE, Arrow), notes that the Australian Competition and Consumer Commission (ACCC) have completed their informal review of the proposed acquisition of Arrow Energy Ltd by way of a 50:50 joint venture company owned by Shell Energy Holdings Australia Limited and PetroChina International Investment Company Limited and that the ACCC will not be opposing the transaction.

A copy of the review summary posted on the ACCC website is attached.

Paul Marshall
Company Secretary

www.arrowenergy.com.au

Shell Energy Holdings Australia Limited and PetroChina International Investment Company Limited - proposed acquisition of Arrow Energy Limited

Type of assessment	Informal Review	
Reference	41090	
Acquirer(s)	Shell Energy Holdings Australia Limited PetroChina International Investment Company Limited	
Target(s)	Arrow Energy Limited	
Industry	Coal seam gas and LNG	
Summary	<p>Shell Energy Holdings Australia Limited and PetroChina International Investment Company Limited proposed to acquire Arrow Energy Limited by way of a 50:50 joint venture company.</p> <p>Shell Exploration Company B.V. held a 30% interest in Arrow's Australian coal seam gas tenements and a 10% interest in Arrow's international assets. Arrow's international assets (and certain domestic assets) were excluded from the proposed acquisition.</p>	
Outcome of assessment	Not opposed	
Total review days *	25	
Commenced public review	10 th March 2010	
Date completed	13 th April 2010	
Market definition	<p>The ACCC did not consider it necessary to form a definitive view in relation to market definition in this review, since competition concerns were unlikely to arise irrespective of the market definition adopted. For the purpose of its assessment, the ACCC considered the proposed acquisition in the context of the following markets:</p> <ul style="list-style-type: none"> - the southern Queensland market for the wholesale supply of natural gas; and - the northern Queensland market for the wholesale supply of natural gas. 	
Competition analysis	<p>The ACCC noted that in the absence of the proposed acquisition:</p> <ul style="list-style-type: none"> - Shell's only natural gas interests in Queensland would consist of its 30% interest in Arrow's tenements; and - Arrow's future gas supply was likely to be predominantly directed toward export LNG projects and its own downstream energy interests, rather than supply to domestic gas customers. <p>In light of the above and taking into account the significant competing gas suppliers and abundant gas reserves that would remain post-acquisition, the ACCC considered that the proposed acquisition was unlikely to substantially lessen competition in any relevant market.</p>	
Review timeline	Date	Event
	10 th March 2010	ACCC commenced review under the Merger Review Process Guidelines.
	25 th March 2010	Closing date for submissions from interested parties.
	13 th April 2010	ACCC announced it would not oppose the proposed acquisition.

* Total Review days = Total business days less public holidays and time during which the review was Suspended.