

3 February 2017

Mr Mike Callaghan AM
Review of Petroleum Resource Rent Tax
The Treasury
Langton Crescent
PARKES ACT 2600

Email: prrtreview@treasury.gov.au

Dear Mr Callaghan

Re: Review of Petroleum Resource Rent Tax

Thank you for the opportunity to provide a submission to the Review of the Petroleum Resource Rent Tax (PRRT).

Arrow Energy (Arrow) fully supports the comprehensive submission of the Australian Petroleum Production and Exploration Association (APPEA) to the Review of the Petroleum Resource Rent Tax.

Arrow is a standalone integrated coal seam gas (CSG) company owned by a joint venture company between Shell and PetroChina (50/50). Arrow explores and develops gas fields, produces and sells CSG and generates electricity. Arrow has been safely and sustainably developing CSG since 2000 and supplying it commercially since 2004, and now delivers almost 20 per cent of Queensland's gas supply from its five CSG fields in the Bowen and Surat basins in central and southern Queensland respectively. Arrow is working to meet the growing international demand for cleaner burning fuels through gas supply for liquefied natural gas export.

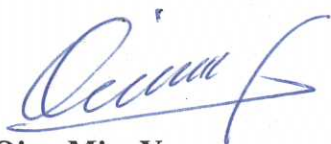
Arrow like any other company is subject to the normal corporate income tax regime. In addition since 1 July 2012 CSG production has been subject to multiple taxes, namely Queensland state royalties as administered under the *Petroleum and Gas (Production and Safety) Act 2004* and the Commonwealth's PRRT. The PRRT regime recognises that state royalties is the primary tax that applies to CSG production and that state royalties is appropriately treated for PRRT purposes to avoid double taxation.

The current PRRT regime properly balances the need to provide an appropriate return to the community on finite gas resources while supporting the development of those resources by imposing a relatively high tax burden on investors after a modest return has been achieved from a project. Fiscal certainty and stability are critical factors in making long-term capital intensive investment decisions. As such, it is essential the PRRT continues to operate in this manner to provide certainty to our industry.

In closing, we would like to reiterate, Arrow Energy's full support of the comprehensive submission of the Australian Petroleum Production and Exploration Association (APPEA) to the Review of the Petroleum Resource Rent Tax.

Should you have any enquiries or wish to discuss any aspect of this submission further, please do not hesitate to contact Shane Simmons, Group Manager Tax and Treasury or Michael Todd, Government Relations Manager on 07 30124000.

Yours sincerely,



Qian MingYang
Chief Executive Officer



Edwin Kunkels
Chief Financial Officer