



ASX ANNOUNCEMENT 1 April 2005

Weekly Operations Update

The Directors of Arrow Energy NL [Arrow] advise the following operations update.

PL 194 – Kogan North Development (Arrow 50%, CS Energy 50%)

Development drilling continues with the two rigs on site at Kogan North. To date four wells have been drilled and cased and operations are advanced on two further wells. A completion rig has been scheduled for 11th April and it is anticipated that three initial wells will be brought on to production within the month to begin the dewatering process.

Drilling results to date have exhibited coal thicknesses as prognosed and with initial water flow tests that have significantly exceeded expectations.

Construction and installation of the gas and water gathering systems is continuing on schedule.

Contractors are currently working on construction of the pipeline crossing of the Condamine Highway. This crossing will take gas and water from the field to the processing plant adjacent to the Roma to Brisbane pipeline.

Project Background:

The Kogan North CSG Project is located in the Surat Basin approximately 40 km west of the township of Dalby in Queensland

First sales gas from the field is expected in late September / early October this year.

The development of this 30-35 well project will be for the purpose of supplying 4 PJ of gas per annum for 15 years to CS Energy's Swanbank 'E' power plant, located near Ipswich in south east Queensland. Gas will be transported to Swanbank via the Roma to Brisbane Pipeline.

CS Energy is to spend up to \$10.8 million towards the Kogan North Development Project to increase their share of the project to 50%. The Australian Pipeline Trust (APA) is to fund the downstream processing facilities 100% and to toll the Kogan North gas through these facilities.

Arrow estimates its share of the total Kogan North development capital of approximately \$25 million will be approximately 10%.

Arrow is the Operator of the Kogan North CSG Project and retains 50% working interest. APA will operate the Central Gas Processing Facility.

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PL 198 - Tipton West Pilot (Arrow 80%, Comet Ridge 20%)

A significant improvement in gas flow rates is being observed on the Tipton pilot since the addition of the two new producing wells TWP-14 and -15 less than three weeks ago. Overall pilot production yesterday exceeded 500 thousand cubic feet per day of gas (mcf/d), up from 220 mcf/d immediately before the addition of the two new wells.

This is a very encouraging response to the additional water withdrawal created by TWP-14 and -15 and is currently being analysed by reserves certification engineers Netherland Sewell and Associates International.

Project Background:

The Tipton West Pilot (TWP) is located in the Surat Basin approximately 20 km south of the township of Dalby in Queensland.

The initial pilot wells were brought on stream last year and pressure responses were quickly seen in monitoring wells up to 7 km away. This proved continuity of the coal seams and led to a "Possible" gas reserves certification by Netherlands Sewell and Associates Inc. (NSAI) of 1,086 PJ.

Achievement of a commercial flow rate and the subsequent upgrading of reserves to the "Probable" category will allow the three existing sales Memoranda of Understanding (Ergon Energy - 3.2 PJ p.a. for 15 years; BP - 15 PJ over 5 years; and ERM Warnbo Power - 19 PJ p.a. for 15 years) to proceed to finalisation of firm gas sales agreements.

First sales gas from the Tipton field is scheduled for mid 2006 at a rate of 10.2 PJ p.a.

ATP 644 (Arrow 100%): Mount Lindesay-3 Core Hole

This well has now been drilled to total depth of 642 metres. The well has encountered significant coal sections with a total net coal of 49 metres. Although initial desorption tests indicate reasonable potential gas contents, four drill stem tests (DST's) conducted on the well have only yielded limited flow rates.

This well was a significant step out from the initial Mt Lindesay-1 well and was designed to test the western limit of the coals discovered in the initial well. Additional appraisal, closer to the discovery well, will now be needed to determine the commercial viability of the coals.

Project Background:

Mt Lindesay-3 appraisal well is located in the Clarence-Moreton Basin, 7 km southwest of Beaudesert and 60 km south of Brisbane. The Mt Lindesay-1 discovery well was drilled in early 2004 and contained 27 metres of net coal with high gas contents of up to 500 cubic feet per ton. The Mt Lindesay-3 well is located 5 km west of the original well and is delineating the field in preparation for a subsequent production pilot.

The well and pilot are intended to confirm reserves and flow rates for supply of gas under two previously announced Letters of Intent to supply gas and electricity to local industrial users, AJ Bush & Sons and GELITA Australia Pty Ltd, as well as other potential gas customers in the Brisbane/Gold Coast area.

For and on behalf of the Board of Directors

JPK Marshall
Company Secretary

About CS Energy: CS Energy, wholly owned by the Queensland Government, is the State's largest gas fired power generator and operates the 385 MW Swanbank 'E' combined cycle gas-fired power station.

This announcement has been approved by the board of Arrow and the technical information herein has been provided by a consultant (Dr R W Day) with more than 25 years experience in petroleum exploration.

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