



ASX RELEASE

Release Date: 11 October 2007
To: Australian Stock Exchange Ltd No of Pages: 3
From: Eric Streitberg
Re: Stokes Bay-1 Update

Please find attached an update on the Stokes Bay-1 well.

The attached release will also be available on the Company's website at;
www.arcenergy.com.au.

For inquiries please contact:

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About ARC Energy Limited

ARC Energy is one of Australia's pre-eminent energy companies, owning and operating oil and gas interests in the Perth, Canning and Bass basins, and internationally. Listed on the Australian Stock Exchange with a market capitalisation of approximately A\$450 million, ARC has an aggressive onshore and offshore exploration and development drilling program. It continues to drive increased shareholder value by the early adoption of innovative technical and commercial practices.

STOKES BAY-1 DRILLING REPORT CANNING BASIN, WESTERN AUSTRALIA

Date:	11 th October 2007
Permit:	R1
Well Location:	Lat : 17° 08' 23.46"S Long : 123° 42' 32.40"E
Directional offset to target:	1024 metres
Elevation:	Ground Level is 12.4mAMSL Rotary Table is 18.1mAMSL
Proposed Total Depth (measured KB):	2505 metres
Prognosed drilling time:	15 days
Spud Date:	0930 hrs, WST 3 October 2007
Present Depth at 0600 hrs:	1841mMD
Time of Reporting:	0600 hrs, WST 11 th October 2007
Operations Since Last Report:	Drilled 8 1/2" hole from 1226m to 1840mMD. Pipe stuck at 858m while pulling out of hole for a new drilling bit. String was freed and recovered. A cleanout trip was made during which 1m of new formation was drilled prior to POOH for a new drilling assembly.
Current Operations:	RIH with new BHA and bit to drill ahead in 8 1/2" hole from 1841mMD
Hydrocarbon indications:	None
Comment:	N/A
Participants in the well (post earning):	Empire Oil and Gas NL - 14.8% ARC Energy Limited - 38.95% (Operator) Emerald Oil & Gas NL - 12.75% Pancontinental Oil & Gas NL - 10.0% Phoenix Resources PLC - 10.0% First Australian Resources Limited - 8.0% Indigo Oil Pty Ltd - 5.5%

Canning Basin Stokes Bay - 1

Spud Date: **09:30hrs 3rd October 2007**

DATE: **11/10/2007**

General Well Data

Planned TD: 2500mMD / 2130m TVSS

Drill Floor Elevation: 18.1m amsl

Summary @06:00hrs WST

RIH with new bit to continue drilling 8 1/2" hole from 1841mMD

