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ASX ANNOUNCEMENT AND MEDIA RELEASE
ACTIVITY UPDATE

Welder Ranch Update

Following is the text of a release made by the operator of the Vaquero #1 and # 2 wells overnight in the United States.

Dune Energy, Inc. Provides Update On Welder Ranch Drilling Operations

HOUSTON, Texas, June 20, 2005 - Dune Energy, Inc. ("Dune" or the "Company") (AMEX: DNE) today reported interim progress relating to its drilling activities being conducted on its Vaquero #1 and #2 wells, located on its Welder Ranch property in Victoria County, Texas. The two wells were drilled into the geopressured Middle Wilcox horizon, to approximately 13,000 feet, utilizing reprocessed 3-D seismic data and interpretation, as well as offset operator activity just north of its lease line. Both wells have encountered significant gas shows at depths ranging from 9,300 to 12,500 feet. These results have been confirmed by mud logs, and in the case of the Vaquero #1, by electric log. As a result of mechanical difficulties with respect to the casing of the Vaquero #1, it has been determined that the optimum course of action is to initially complete the well in the 9,300 foot zone. Such zone was tested productive for natural gas and, as is common in the Middle Wilcox in the area, will require fracture stimulation (a "frac job") in order to establish the anticipated flow rate. Dune is presently evaluating frac proposals from various service companies.

The Vaquero #2 has also encountered a significant potential payzone at 9,300 feet, similar to the horizon found in the Vaquero #1. The payzone in the Vaquero #2 was tested and found to be productive on the basis of core analysis and a formation test. In addition, the #2 had significant mud log shows. Drilling was continued to a depth of 12,500 feet. This deeper zone also had significant gas shows, and is believed to be the identical zone that is present in a well recently drilled and put on production 1,200 feet to the north by an offset operator. During the drilling operation, drill pipe was differentially stuck, and attempts to free the pipe were unsuccessful. Therefore, based upon recommendations of three engineering consultants, the Company has decided to initiate sidetrack operations. The purpose of the sidetrack is to circumvent the stuck pipe, with a new bottom hole position to be completed just a few feet away from the original location. Dune expects the process to extend its drilling program by two to three weeks, at which time the Company will quickly hook the well up to nearby pipeline infrastructure.

Management remains highly optimistic with respect to its recent Welder Ranch activity, as well as other potentially large Middle Wilcox targets to be drilled during 2005 and 2006.

FORWARD-LOOKING STATEMENTS: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning estimates of expected drilling and development wells and associated costs, statements relating to estimates of, and increases in, production, cash flows and values, statements relating to the continued advancement of Dune Energy, Inc.'s projects and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Dune Energy, Inc. believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include the potential that the Company's projects will experience technological and mechanical problems, geological conditions in the reservoir may not result in commercial levels of oil and gas production, changes in product prices and other risks disclosed in Dune's Annual report on Form 10-KSB filed with the U.S. Securities and Exchange Commission.

The Vaquero #1 and #2 wells are located on an area of mutual interest comprising 1,000 acres of the Welder Ranch lease, in Victoria County, South Texas. Under the terms of the agreement FAR holds a 9 percent working interest in both the Vaquero #1 and #2 wells.

Commenting on the announcement by Dune, executive Chairman, Michael Evans said

> *"both wells appear to be productive, very welcome news despite the delays encountered in the program. We now look forward to evaluating the deeper zone encountered in the Vaquero #2 well and getting both wells into the pipeline infrastructure."*

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