

**ASX RELEASE**

Release Date: 31 January 2003

To: Australian Stock Exchange Ltd

Facsimile: 1300 300 021

No of Pages: 1

From: Eric Streitberg

**Re: UPDATE ON OPERATIONS**

**Hovea 5**

ARC Energy NL advises that at 0600 hours WST the Hovea 5 well operated by ARC Energy NL and located in the onshore Perth Basin Production Licence L1, was preparing to run casing at 653 metres.

The Hovea 5 well was spudded on 30 January 2003 and is being drilled as a deviated combination appraisal and development well from the Hovea Production Facility ("HPF") location. The well is designed to intersect the Dongara Sandstone reservoir at a position some 490 metres to the south of the HPF and will provide information on the southern extent of the Hovea Field.

**Hovea 4**

The start of production from the recently completed Hovea 4 ST1 well has been delayed by minor mechanical problems and availability of equipment. These issues are expected to be resolved shortly and the well will be brought onto production as soon as possible.

**Development Activity**

Development activity at the field is proceeding well with the start of installation of permanent production facilities including separators, storage tanks and water handling facilities. It is intended to bring these facilities on line in mid February 2003, subject to government approvals. These facilities will provide a production capacity in excess of 5,000 bopd.

**Exploration**

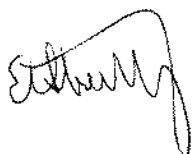
The Hovea 5 well is expected to be completed in approximately three weeks. The Joint Venture has agreed that Eremia 1, an exploration well 2.4 kilometres to the west of the Hovea Field and located between Hovea and the EP 413 Jingemina oil discovery, will be drilled immediately following Hovea 5. The primary targets for the Eremia 1 well are the Dongara Sandstone, oil bearing in the Hovea and Jingemina Fields and the High Cliff Sandstone, gas bearing in Hovea 2.

Participants in L1 and L2 (excluding the Dongara, Mondarra and Yardarino fields), Hovea 5 and Eremia 1 are as follows:

- ARC Energy NL - 50%; and
- Origin Energy Developments Pty Ltd - 50% \*

\* a wholly owned subsidiary of Origin Energy Limited

Yours faithfully  
ARC Energy NL

A handwritten signature in black ink, appearing to read 'Eric Streitberg', with a stylized, flowing script.

ERIC STREITBERG  
**Managing Director**