

ASX RELEASE

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From: Eric Streitberg

Re: Hovea 4 commences production

ARC Energy NL advises that the Hovea 4 well commenced production on Sunday 2 February at initial rates in excess of 2,600 bopd on a one inch choke, with surface tubing head pressure of some 175 psi.

The Joint Venture is currently in a phase of significant development activity with the Hovea 4 well commencing production, Hovea 5 drilling ahead and the Hovea Field permanent production facilities nearing completion. Further increases in field rate are anticipated following completion of Hovea 5. This well is currently drilling ahead at a measured depth of 953 metres and is expected to intersect the Dongara Sandstone reservoir later this week.

As part of the development plan Hovea 1 which is located near the edge of the field, will shortly be recompleted for water injection to help optimize recovery of oil from the field. If the Hovea 5 well is successful in meeting pre-drill expectations, Hovea 3 will be used mainly as a monitoring well to assist in the management of production of oil from the field but will itself be capable of production when required, with the majority of the field production in the short term forecast to be from Hovea 4 and 5.

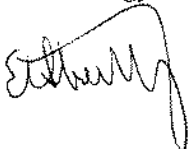
On the exploration front, the Twin Lions 1 well in TP/15 offshore from Dongara is expected to be at its target objective later this week. This will be followed by the Mentelle 1 exploration well which will be drilling at about the same time as the Eremia 1 exploration well to be drilled to the west of Hovea immediately following Hovea 5.

Together with the recent successful test of Cliff Head 3, this is an extraordinary amount of activity for a company of ARC's size to be undertaking, and we look forward to continuing positive results over the next few weeks.

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



ERIC STREITBERG
Managing Director