ARC ENERGY NL
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From: Eric Streitberg

Re: Eremia 1 test flow, Update on Operations

Eremia 1 was perforated and flow tested on 11 May at an initial constrained rate of 1600 barrels of oil per day (bopd). The well has now commenced a production test and cleanup program at a constrained rate of 1,000 bopd. The initial analysis of the oil recovered is that it is very similar to that from the Hovea Field.

The forward plan is to continue to flow the well at a stable rate of 1,000 bopd for up to four weeks to gather reservoir and operational data to design the most efficient permanent production system for the field. During this evaluation flow period for Eremia the total production rate for the Hovea and Eremia Fields will be constrained to 5,000 barrels of oil per day.

Participants in L1 and L2 (excluding the Dongara, Mondarra and Yardarino fields), and Eremia 1 are
• ARC Energy NL (Operator) - 50%
• Origin Energy Developments Pty Ltd - 50% *
* a wholly owned subsidiary of Origin Energy Limited

Managing Director's comments

Following on from the recent sale of ARC's Cliff Head interest, this production from the Eremia Field (which was completed for production less than six weeks ago) is a graphic demonstration of the value of the established infrastructure and operating capability of the joint venture. We have very exciting times ahead as we prepare for our next drilling round later this year and look forward to the rest of the year with great anticipation."

Yours faithfully
ARC Energy NL

Eric Streitberg
Managing Director

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