

ARC ENERGY NL
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To: Australian Stock Exchange Ltd

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From: Eric Streitberg

Re: Eremia 2H ST1 Oil Development Well - Progress Report

ARC Energy advises that at 0600 hours WST the Eremia 2H ST1 oil development well operated by ARC Energy and located in the onshore Perth Basin Production Licence L1, was preparing to run the production completion string.

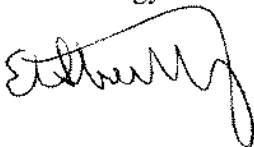
As reported previously, subsequent to unsuccessful attempts to retrieve the stuck drill string from the horizontal section of the well, the well was plugged back to approximately 650 metres measured depth. It has now been sidetracked from this depth with 244 mm (9 5/8 inch) casing being set at a measured depth of 1525 metres. The well was then drilled ahead in 216 mm (8 1/2 inch) hole and has intersected an oil column of approximately 18 metres in the Dongara Sandstone close to the intersection achieved in the horizontal well and at a well bore angle of approximately 8 degrees from vertical. The well was then drilled ahead to a total measured depth of 2385m. A 178 mm (7 inch) liner was then run over the interval 1484 m to 2381 m and the well is now being completed for production.

It is anticipated that the well will be completed by 7 January 2004 and the rig will then be moved to drill the Kingia 1 oil exploration well which is expected to spud around 17 January 2004.

Participants in L1 and L2 (excluding the Dongara, Mondarra and Yardarino fields) are:

- ARC Energy NL - 50% (Operator)
- Origin Energy Developments Pty Ltd - 50% * (a wholly owned subsidiary of Origin Energy Limited)

Yours faithfully
ARC Energy NL



ERIC STREITBERG
Managing Director