



ASX RELEASE

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To: Australian Stock Exchange Ltd

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From: Eric Streitberg

Re: Apium 1 gas exploration well progress report

ARC Energy Limited advises that at 0600 hours WST the operations at the well was drilling ahead in 216mm (8 1/2") hole at 1445m. Since the last report, 244 mm (9 5/8 inch) surface casing was set to a depth of 625 metres.

The well is located approximately 3 kilometres east of the Hovea Production Facility and 2 kilometres west of the recent Xyris 1 gas discovery. The prognosed top of the primary objective Dongara Sandstone is approximately 2,720 metres measured depth. The proposed total depth of the well is 2,850 metres measured depth and it is expected to take 22 days to drill on a dry hole basis. It is intended to core the upper part of the Dongara Sandstone reservoir to obtain definitive porosity and permeability information.

Co-ordinates for the drilling location are as follows:-

Latitude	29° 18' 47.5" S
Longitude	115° 04' 15.7" E

Participants in L1 and L2 (excluding the Dongara, Mondarra and Yardarino fields) and Apium 1 are:

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

Yours faithfully

ARC Energy Limited

A handwritten signature in black ink, appearing to read 'Eric Streitberg', written over a horizontal line.

ERIC STREITBERG
Managing Director