ARC ENERGY

ASX RELEASE

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To: Australian Stock Exchange Ltd   No of Pages: 1

From: Eric Streitberg

Re: Agonis 1 gas exploration well update 3

ARC Energy Limited advises that at 0600 hours WST the operations at the Agonis 1 well, operated by ARC, was running back in the hole with a new bit, and preparing to drill ahead. Since the last report, the 216mm (8 ½ inch) hole was drilled to a depth of 2,415 metres.

The well is located approximately 5.5 kilometres east of the Hovea Production Facility and approximately midway between the Xyris and Mondarra gas fields. The well is being drilled directionally to avoid clearing native vegetation at the vertical well location. The target bottom hole location is approximately 485 metres southeast of the surface location.

The depth to the prognosed top of the primary objective Dongara Sandstone is approximately 2800 metres measured depth (2700 metres TVDSS). The proposed total depth of the well is 2925 metres measured depth and it is expected to take 20 days to drill on a dry hole basis.

Preliminary co-ordinates for the surface drilling location are as follows:-

Latitude	29° 18' 39.09" S
Longitude	115° 06' 09.38" E

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

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