

ARC ENERGY
ASX RELEASE

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To: Australian Stock Exchange Ltd

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From: Eric Streitberg

Re: Jingemia 7 update

ARC Energy Limited advises that as at 0600 hours the current operation at the Jingemia 7 well was completing logging.

Since the last report, the well has been logged using 'Logging While Drilling' (LWD) tools and these confirm the interpretation from mud logs that the Dongara Sandstone is water bearing at this location. The joint venture has agreed that the well will now be suspended and the rig will be moved to drill the Hakia 2 well.

During the drilling of the Hakia 2 well, which is expected to take approximately 23 days, the next version of the Denison 3D seismic data which includes additional processing is expected to be received and the Jingemia 7 well results will be incorporated into the interpretation of that new data set. The rig will be returned to the Jingemia 7 location after Hakia 2 and it is intended that the Jingemia 7 well will be sidetracked to an agreed location based on the results of that new interpretation.

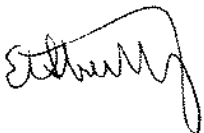
Managing Director's comment:

"Field appraisal and development is always an iterative process and the program going forward is a sensible, technically driven way to ensure the optimum delineation of the field. We are confident the full development of the field will continue as planned and look forward to the rig coming back from Hakia 2 to continue that process."

Participants in Jingemia 7 and L1 and L2 (excluding the Dongara, Mondarra and Yardarino fields) 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



ERIC STREITBERG
Managing Director