

ARC ENERGY
ASX RELEASE

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To: Australian Stock Exchange Ltd

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From: Eric Streitberg

Re: Hakia 2 gas exploration and appraisal well update 3

ARC Energy Limited advises that the operation at 06:00 hours WST at the gas exploration and appraisal well Hakia 2, operated by ARC and located in the onshore Perth Basin Production Licence L2, was drilling ahead in 216mm hole at 2,912 metres. Progress for the week is 660 metres.

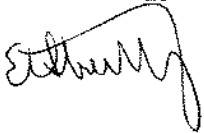
Good gas shows have been encountered at a number of levels in the Irwin River Coal Measures but no shows were observed in the Dongara Sandstone. The significance of the gas shows will be determined once the well reaches the revised total depth of 3006 metres measured depth and wireline logging is completed.

Participants in L1 and L2 (excluding the Dongara, Mondarra and Yardarino fields) and Hakia 2 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