

ARC ENERGY
ASX RELEASE

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To: Australian Stock Exchange Ltd

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From: Eric Streitberg

RE: Tarantula 1 Sidetrack gas exploration well update 5

ARC Energy Limited advises that at 06:00 hours WST today operations on the gas exploration well Tarantula 1 Sidetrack 1 (Tarantula 1ST1), operated by Origin Energy and located in the onshore Perth Basin Production Licence L11, was drilling ahead at 3,253 metres in the Wagina Formation.

Since the last report 7 inch (178 mm) intermediate casing has been run to 3,128 metres and the well drilled to 3,253 metres in 6 inch (152 mm) hole. Preliminary results indicate that the Wagina Formation was intersected at a measured depth of 3,204 metres, approximately 5 metres low to Tarantula 1. Gas shows in interpreted good quality reservoir sands have been encountered over a minimum of 9 metres. The well will now be drilled to a Total Depth of approximately 3,330 metres and wireline logs run.

Co-ordinates for the Tarantula 1 ST1 drilling location are as follows:

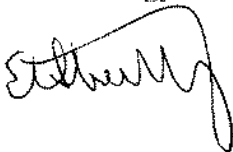
Latitude: 29° 25' 20.26" S
Longitude: 115° 08' 18.51" E

Participants in L11 and Tarantula 1 are:

- ARC Energy Limited - 33%
- Origin Energy Developments Pty Ltd - 67% (a wholly owned subsidiary of Origin Energy Limited) - Operator

Yours faithfully

ARC Energy Limited



ERIC STREITBERG
Managing Director