ARC ENERGY

ASX RELEASE

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From: Eric Streitberg

Re: Senecio 1 exploration well update 2

ARC Energy Limited advises that the current operation at the exploration well Senecio 1, operated by ARC and located in the onshore Perth Basin Production Licence L1, was preparing the hole for completion prior to undertaking a cased hole testing program. Since the last report the well has been drilled to a total measured depth of 2,920 metres and wireline logging has been completed. Present operation is deepening the well to 2,985 metres to provide operational flexibility for the testing program. A core was cut over the Kockatea Shale interval 2708 to 2763 metres of which 21 metres (38 %) was recovered.

Preliminary interpretation of the wireline logs obtained to date indicates a gross hydrocarbon column in the Dongara and Wagina sections of approximately 75 metres of which approximately 30 metres is interpreted as being potential reservoir quality sandstone. The hydrocarbon column is most likely gas with some indications of oil in the lower part of the section. Due to hole conditions, sufficient wireline pressure measurements to confirm hydrocarbon content and reservoir quality could not be obtained. The composition of the hydrocarbons and the ability of the reservoirs to flow at commercial rates will now be evaluated by cased hole testing. Initial results of this operation are expected in approximately ten days.

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

Arc Energy Limited (Operator)	50%
Origin Energy Developments Pty Limited*	50%

* a wholly owned subsidiary of Origin Energy Limited

Yours faithfully
ARC Energy Limited

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