



ASX RELEASE

Release Date: 28 September 2006
To: Australian Stock Exchange Ltd No of Pages: 2
From: Eric Streitberg
Re: **Hovea 12 Development Well Update**

ARC Energy Limited advises that operations at the Hovea 12 well, operated by ARC Energy and located in the Hovea Field in the onshore Perth Basin, are as set out in the attached well report.

The attached release will also be available on the Company's website at;
www.arcenergy.com.au.

For enquiries please contact:

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About ARC Energy Limited

ARC Energy is one of Australia's pre-eminent energy companies, owning and operating oil and gas interests in the Perth and Canning basins and internationally. Listed on the Australian Stock Exchange with a market capitalisation of approximately A\$300 million, ARC has an aggressive onshore and offshore exploration and development drilling program. It continues to drive increased shareholder value by the early adoption of innovative technical and commercial practices.

HOVEA 12 DRILLING REPORT NORTHERN PERTH BASIN, WESTERN AUSTRALIA

Date:	28 September 2006	
Permit:	L1	
Well Location:	Surface	Target
Lat	29° 19' 06.96" S	29° 18' 32.00" S
Long	115° 02' 33.15" E	115° 02' 26.11" E
Directional offset:	1,090 metres north of the surface location	
Elevation:	KB 66.1 m	
Prognosed Depths (measured KB):	Top primary objective	Total depth
	2,274 metres	2,476 metres
Prognosed drilling time:	24 days	
Spud Date:	21:00 hrs WST 19 September 2006	
Present Depth:	1908m KB	
Time of Reporting:	06:00 hrs, WST 28 September 2006	
Operations Since Last Report:	Drilled from 223 mKB to the 240mm casing point at 1596m KB, set casing and then drilled ahead to present depth of 1908m KB.	
Current Operations:	Drilling ahead in 216mm hole at 1908m KB.	
Hydrocarbon indications:	N/A	
Participants in the well:	ARC Energy Limited - 50% Origin Energy Developments Pty Ltd - 50%	
Comment:	Hovea 12 is designed to intersect the Dongara Sandstone as near to the structural crest of the Hovea oil field as possible, which may be up to 20 metres updip from existing Hovea wells. The surface location is within the confines of the Hovea production facility.	