



ASX RELEASE

Release Date: 11 May 2007
To: Australian Stock Exchange Ltd No of Pages: 3
From: Eric Streitberg
Re: Drakea Exploration Well Spuds

Please find attached a release on the spudding of the Drakea exploration well.

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\$340 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.

**DRAKEA DRILLING REPORT
NORTHERN PERTH BASIN, WESTERN AUSTRALIA**

Date:	11 May 2007	
Permit:	L1	
Well Location:	Surface	Target
Lat:	29° 24' 17.79"S	29° 24' 09.47"S
Long:	115° 03' 40.47"E	115° 03' 57.76"E
Directional offset:	495 metres east of the surface location	
Elevation:	41.4mAMSL (47.1mRT)	
Prognosed Depths (measured KB):	Top primary objective	Total depth
	2,589 metres	2,839 metres
Prognosed drilling time:	16 days	
Spud Date:	06:00 hrs WST 11 May 2007	
Present Depth:	60 mRT	
Time of Reporting:	06:00 hrs, WST 11 May 2007	
Operations Since Last Report:	N/A	
Current Operations:	Drilling ahead.	
Hydrocarbon indications:	N/A	
Participants in the well:	ARC Energy Limited - 50% (Operator) Origin Energy Developments Pty Ltd - 50%	
Comment:	N/A	