



ASX ANNOUNCEMENT – 3 December, 2004

**ALTOSTRATUS 1, DRILLING REPORT, TP/17, CARNARVON BASIN, OFFSHORE
WESTERN AUSTRALIA**

The Directors of Arrow Energy N.L. advise that at 0600hrs (WST) on 3rd December 2004, Altostratus 1 in TP/17 has reached its total depth of 1,132 metres.

Arrow's subsidiary, Bow Energy Ltd, has a 10% interest in the well. Strike Oil Ltd is the operator of the well.

The Altostratus 1 well is designed to explore the oil potential of 4 separate reservoir horizons at the following estimated depths:

Age	Target Horizon	Estimated Depth (metres)
Cretaceous (Stag Sand)	M.australis	767
Jurassic (Athol Formation Sands)	C.halosa	913
	N.gracilis	962
Triassic	Mungaroo Formation	1007

Drilling Summary

Spud Date/ Time (Commencement of drilling)	29 November 2004, 1820 hrs
Depth at 0600hrs (WST)	1,132 metres
Operations at 0600 hrs (WST)	Preparing to run wire-line logs
Planned Total Depth	1,132 metres

Wire-line logging and side-wall coring will be undertaken prior to a decision concerning further evaluation.

Preliminary Observations From Drilling – Subject to verification by logging and evaluation program following drilling:

The following are preliminary observations based upon rock cuttings returned to the surface in the drilling fluid and gas readings at the surface from the drilling fluid. A more definitive interpretation will be possible when wire-line logging and further evaluation program is completed.

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Target Horizon	Reservoir Description	Hydrocarbon Shows	Comments
Cretaceous Stag Sand (M.australis) 755m-810m	Drill cuttings indicate poor quality sandstone	Gas shows and hydrocarbon fluorescence shows	Requires wire-line logging and further well evaluation program.
Jurassic Athol Sands (C.halosa) 880m-920m	Indicated poor quality Sandstone	Gas Shows	As above
(N.gracilis) 935-950m	Indicated poor quality Sandstone	Gas Shows and minor hydrocarbon fluorescence shows	As above
Triassic (Mungaroo) 985m-1132m	Good quality Sandstone	Gas Shows and minor hydrocarbon fluorescence in top two metres only	

Interests in the Permit TP/17 after the drilling of the Altostratus 1 well will be:

Strike Oil Limited (Operator) 90%
Bow Energy Limited 10%

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