



Monthly Drilling Report

November 2014

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Highlights:

- 13 wells drilled at a success rate of 85%
- Bauer field pad well development continuing to produce results above expectations, with 2P reserve increases expected
- SACB JV close space infill drilling program near completion

DEVELOPMENT

Australia – Cooper and Eromanga Basins

Operated

PEL 91

(Beach 40%, Drillsearch 60%)

A six well development campaign is near completion at the Bauer field. This campaign is the first phase of a full field development plan aimed to support past record levels of production through the development of the highly productive Namur Sandstone reservoir. The current six well drilling campaign comprises four deviated wells drilled from a single pad location and two vertical wells.

The Bauer pad drilling campaign involves the Bauer-16 to -19 wells. This pad drilling approach involves drilling wells in close proximity without the need for rig re-mobilisation. A 'sideways walk' of the rig achieves savings in terms of footprint, drilling time and costs. As an example, the sideways rig walk from Bauer-16 to -17 was completed in two hours, a record for the Cooper Basin. Consequently, the full four well pad program is expected to be completed within 30 days.

The first of the four pad wells, Bauer-19, intersected the top of the Namur reservoir 4.7 metres high to prognosis, with 8.7 metres of net oil pay, with an additional 4.0 metre oil bearing gross interval of overlying McKinlay member. The second of the pad wells, Bauer-16, intersected the top of the Namur reservoir 1.0 metre low to prognosis, with 3.5 metres of net oil pay and an additional 4.0 metre oil bearing gross interval of overlying McKinlay member. This was followed by Bauer-17, which intersected the top of the Namur 3.5 metres high to prognosis, with 5.4 metres of net oil pay and a 4.2 metre oil bearing gross interval of overlying McKinlay member.

Bauer-16, -17 and -19 were cased and suspended as future oil producers. Bauer-18 is the final pad well and is expected to reach total depth this weekend.

The first of the two vertical wells, Bauer-14, was drilled in October 2014 in the central part of the field and intersected the top Namur reservoir 0.6 metres low to prognosis. The well was cased and suspended as a future McKinlay oil producer based on a 4.1 metre gross oil bearing interval. The well was perforated in the McKinlay member and flow tested at ~250 barrels of oil per day ("bopd") over a four hour period. The Namur reservoir was observed to be swept due to offset production. The second vertical well, Bauer-15, was drilled in the northern part of the field in November and intersected the top of the Namur reservoir 2.2 metres high to prognosis, with 5.1 metres of net oil pay. Flow testing over a half hour period produced a flow rate of ~5,000 bopd from the Namur Sandstone.

Non-operated

South Australian Gas

(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

During calendar years 2013 and 2014, the gas development program on the South Australian side of the Cooper Basin has primarily focused on close space infill drilling at the Cowralli, Moomba North and Big Lake fields. The infill drilling campaign is targeting the conversion of undeveloped reserves to developed reserves to enable ramp-up of gas production in 2015. The campaign for calendar year 2014 is near completion and the operator is expected to provide the production ramp-up profile in December 2014.

During November, drilling focused on five wells in the Big Lake field. Big Lake-121, -122 and -123 were drilled on a single pad in the central area of the field. Big Lake-131 and -132 are standalone wells in the south-west sector of the field. Positive results from these wells will de-risk future drilling in the area. During the month, Big Lake-121, -122 and -131 were cased and suspended as future Permian gas producers and Big Lake-123 and -132 are currently drilling ahead.

The Nephrite South field is located north-west of Moomba and towards the western boundary of the SACB JV permit area. During November, Nephrite South-10, the first of a four well pad program, was spudded and is currently drilling ahead. Development drilling in the Nephrite South field is consistent with the joint venture's objective for more geographically widespread drilling relative to the close space infill drilling conducted near Moomba during 2013 and 2014. Up to four development wells are planned for Nephrite South in calendar year 2015.

Queensland Gas

(Beach 23.2%, Santos 60.06% and operator, Origin 16.5%, Australia Pacific LNG Ltd 0.24%)

The Durham Downs North-4 development well was drilled on a small culmination in the north-west sector of the field. The well confirmed gas pay in the Toolachee and Patchawarra Formations and as a result was cased and suspended.

EXPLORATION and APPRAISAL

Australia – Cooper and Eromanga Basins

Operated

PEL 106

(Beach 50%, Drillsearch 50%)

A four well exploration and appraisal campaign is currently underway, targeting gas and gas liquids in the Patchawarra Formation and Tirrawarra Sandstone. The program is proximal to the existing Canunda field and gas pipeline to Middleton.

Canunda-2, the first well in the program, was cased and suspended in October 2014. Maupertuis-1, the second well in the program, was spudded in November with oil fluorescence and moderate gas shows in the Tirrawarra Sandstone detected during drilling. The well was cased and suspended, with Beach electing not to participate. Antechamber-1 is the next well in the program and is expected to spud in December 2014.

Non-operated

SACB JV deep natural gas

(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

The Gaschnitz-3 vertical well was cased and suspended in November after confirming log gas pay in the Toolachee, Epsilon and Patchawarra Formations and Tirrawarra Sandstone. The objective of this well is to further evaluate all unconventional lithotypes, including tight sand, shale and deep coal targets.

The rig has now moved to the Gaschnitz-2 well location, the last well in the 2014 Gaschnitz drilling campaign. Fracture stimulation of the three Gaschnitz wells across multiple lithologies is planned for 2015. Details of the fracture stimulation program are still to be agreed by the joint venture partners.

Other potential SACB JV deep natural gas activities during the 2015 calendar year (subject to joint venture approval) may include: 1. drilling, fracture stimulation and testing of one well located on a structural high within the Nappamerri Trough, targeting an interpreted 'sweet spot' for permeability and natural fracturing, and 2. completion of the fracture stimulation program at Van der Waals-1, with a possible further nine stages and subsequent flow testing (multiple lithologies / stacked targets).

South Australian Gas

(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

The Swan Lake-11 appraisal well was drilled in the north-east sector of the field and confirmed gas pay in the Toolachee, Epsilon and Patchawarra Formations and Tirrawarra Sandstone, and was subsequently cased and suspended. As a result, the field limit was extended and the results of this well have de-risked planned future development drilling. Development drilling in the Swan Lake field is consistent with the joint venture's objective for more geographically widespread drilling relative to the close space infill drilling conducted near Moomba during 2013 and 2014. Up to six development wells are planned for Swan Lake in calendar year 2015.

Queensland oil

The Tickalara-28 appraisal well (Beach 30%, Santos 70%) was spudded on 26 October 2014 with the aim of appraising the north-east area of the Tickalara field, targeting the McKinlay Formation on the down-dip flank of the field. The well encountered approximately 1.4 metres of net pay in the McKinlay Formation but was plugged and abandoned due to the result being sub-economic.

The Munro-8 appraisal well (Beach 40%, Santos 60%) was spudded during November to appraise the northern extent of the Munro field. The primary target was the Birkhead Formation, which had no evident pay on wireline logs. However, an approximate two metre net pay sand was encountered in the Mid-Namur Sandstone and the well was subsequently cased and suspended as a future Mid-Namur oil producer.

Egypt

Abu Sennan Concession

(Beach 22%, Kuwait Energy 50% and operator, Dover 28%)

The ASH-1X exploration well continued drilling ahead during November. The well is at a current depth of 3,520 metres, targeting the Alam El Bueib / Khatatba and Abu Roash “C” and “E” members.

Al Jahraa-3 testing is currently underway on the Abu Roash “C” member. The appraisal well intersected seven metres of net pay in the Abu Roash “C” member and this zone was tested for 11 hours at a rate equivalent to 1,385 barrels of oil per day.

Monthly Drilling Report - Period ending 06:00, 1 December 2014

Well	Participants	Progress and summary	Primary targets
Cooper Basin operated			
Bauer-15	BPT* 40.00%	Drilling this month: 1,321 metres	McKinlay Member Namur Sandstone
PPL 253 (ex PEL 91)	DLS 60.00%	Current depth: 1,721 metres (total depth)	
Oil development Cooper, SA		Status: Cased and suspended as a future McKinlay Member and Namur Sandstone oil producer	
Bauer-16 (Pad)	BPT* 40.00%	Drilling this month: 1,515 metres	McKinlay Member Namur Sandstone
PPL 253 (ex PEL 91)	DLS 60.00%	Current depth: 1,515 metres (total depth)	
Oil development Cooper, SA		Status: Cased and suspended as a future McKinlay Member and Namur Sandstone oil producer	
Bauer-17 (Pad)	BPT* 40.00%	Drilling this month: 1,583 metres	McKinlay Member Namur Sandstone
PPL 253 (ex PEL 91)	DLS 60.00%	Current depth: 1,583 metres (total depth)	
Oil development Cooper, SA		Status: Cased and suspended as a future McKinlay Member and Namur Sandstone oil producer	
Bauer-18 (Pad)	BPT* 40.00%	Drilling this month: 646 metres	McKinlay Member Namur Sandstone
PPL 253 (ex PEL 91)	DLS 60.00%	Current depth: 646 metres	
Oil development Cooper, SA		Status: Drilling ahead	
Bauer-19 (Pad)	BPT* 40.00%	Drilling this month: 1,443 metres	McKinlay Member Namur Sandstone
PPL 253 (ex PEL 91)	DLS 60.00%	Current depth: 1,443 metres (total depth)	
Oil development Cooper, SA		Status: Cased and suspended as a future McKinlay Member and Namur Sandstone oil producer	
Maupertuis-1	BPT* 50.00%	Drilling this month: 2,814 metres	Patchawarra Formation Tirrawarra Sandstone
PPL 257 (ex PEL 106)	DLS 50.00%	Current depth: 2,814 metres (total depth)	
Gas appraisal C/E Basin, SA		Status: Cased and suspended (DLS to sole risk)	

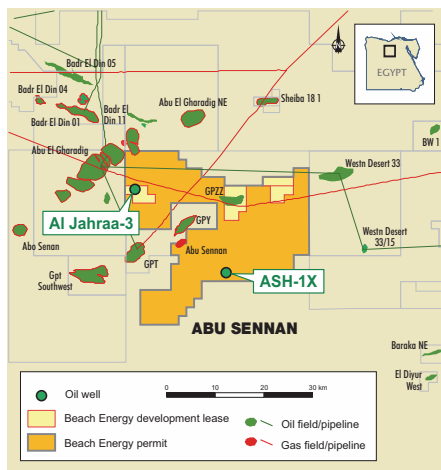
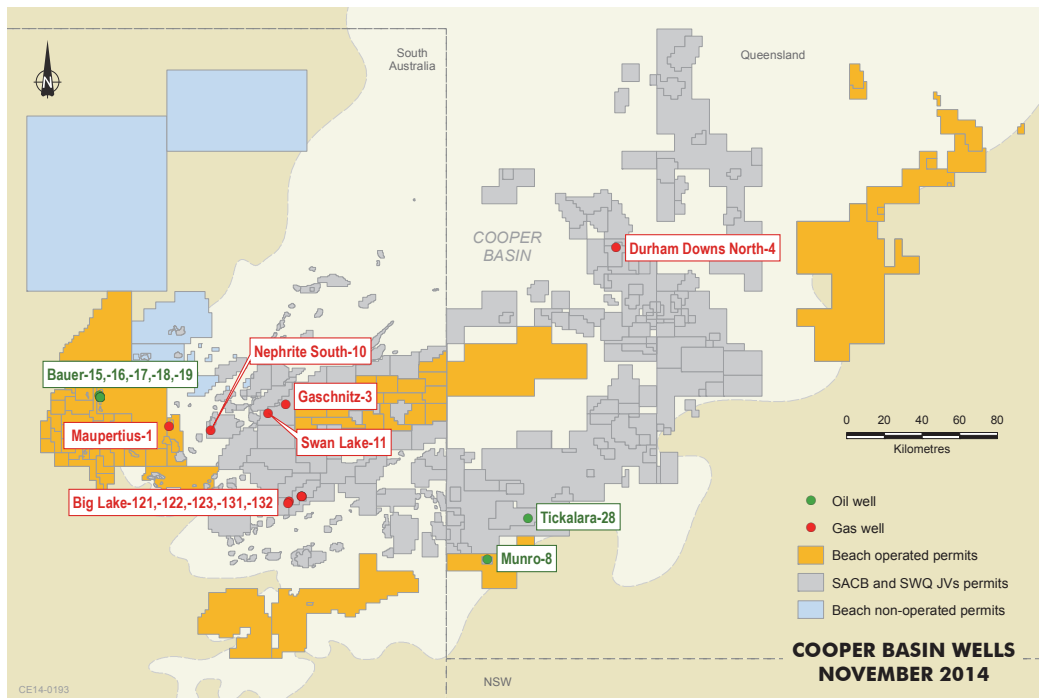
Monthly Drilling Report - Period ending 06:00, 1 December 2014

Well	Participants	Progress and summary	Primary targets
Cooper Basin non-operated			
Big Lake-121	BPT 20.21%	Drilling this month: 229 metres	Patchawarra Formation
PPL 11	STO* 66.60%	Current depth: 3,175 metres (total depth)	Tirrawarra Sandstone
Gas development	ORG 13.19%	Status: Cased and suspended as a future Permian Gas producer	
C/E Basin, SA			
Big Lake-122	BPT 20.21%	Drilling this month: 3,132 metres	Patchawarra Formation
PPL 11	STO* 66.60%	Current depth: 3,132 metres (total depth)	Tirrawarra Sandstone
Gas development	ORG 13.19%	Status: Cased and suspended as a future Permian Gas producer	Merrimelia Formation
C/E Basin, SA			
Big Lake-123	BPT 20.21%	Drilling this month: 2,215 metres	Patchawarra Formation
PPL 11	STO* 66.60%	Current depth: 2,215 metres	Tirrawarra Sandstone
Gas development	ORG 13.19%	Status: Drilling ahead	Merrimelia Formation
C/E Basin, SA			
Big Lake-131	BPT 20.21%	Drilling this month: 2,340 metres	Patchawarra Formation
PPL 11	STO* 66.60%	Current depth: 3,130 metres (total depth)	Tirrawarra Sandstone
Gas development	ORG 13.19%	Status: Cased and suspended as a future Permian Gas producer	
C/E Basin, SA			
Big Lake-132	BPT 20.21%	Drilling this month: 2,912 metres	Patchawarra Formation
PPL 11	STO* 66.60%	Current depth: 2,912 metres	Tirrawarra Sandstone
Gas development	ORG 13.19%	Status: Drilling ahead	Merrimelia Formation
C/E Basin, SA			
Swan Lake-11	BPT 20.21%	Drilling this month: 1,544 metres	Patchawarra Formation
PPL 101	STO* 66.60%	Current depth: 3,120 metres (total depth)	Tirrawarra Sandstone
Gas appraisal	ORG 13.19%	Status: Cased and suspended as a future Permian Gas producer	
C/E Basin, SA			
Nephrite South-10	BPT 20.21%	Drilling this month: 2,454 metres	Patchawarra Formation
PPL 101	STO* 66.60%	Current depth: 2,454 metres	
Gas development	ORG 13.19%	Status: Drilling ahead	
C/E Basin, SA			
Gaschnitz-3	BPT 20.21%	Drilling this month: 133 metres	Toolachee Formation
PPL 101	STO* 66.60%	Current depth: 3,939 metres (total depth)	Epsilon Formation
Unconventional	ORG 13.19%	Status: Cased and suspended as a future Permian Gas producer	Patchawarra Formation
C/E Basin, SA			Tirrawarra Sandstone
Durham Downs Nth-4	BPT 23.20%	Drilling this month: 586 metres	Toolachee Formation
PL 80	STO* 60.06%	Current depth: 2,660 metres (total depth)	Patchawarra Formation
Gas development	ORG 16.50%	Status: Cased and suspended as a future Permian Gas producer	
C/E Basin, QLD	APL 0.24%		
Tickalara-28	BPT 30.00%	Drilling this month: 0 metres	McKinlay Member
PL 34	STO* 70.00%	Current depth: 1,554 metres (total depth)	
Oil appraisal		Status: Plugged and abandoned	
C/E Basin, QLD			
Munro-8	BPT 40.00%	Drilling this month: 1,515 metres	Basal Birkhead
PL 55	STO* 60.00%	Current depth: 1,515 metres (total depth)	
Oil appraisal		Status: Cased and suspended as a future Birkhead Formation oil producer	
C/E Basin, QLD			
International			
ASH-1X	BPT 22.00%	Drilling this month: 2,823 metres	Alam El Bueib / Khatatba
Abu Sennan	KEE* 50.00%	Current depth: 3,520 metres	Abu Roash C, E
Oil exploration	DOV 28.00%	Status: Drilling ahead	
Egypt, Western Desert			
Al Jahraa-3	BPT 22.00%	Drilling this month: 664 metres	Abu Roash C, D, E
Abu Sennan	KEE* 50.00%	Current depth: 3,321 metres (total depth)	
Oil Appraisal	DOV 28.00%	Status: Pressure testing	
Egypt, Western Desert			

(*) Operator
BPT Beach Energy Ltd
DLS Drillsearch Energy Ltd

ORG Origin Energy Ltd
STO Santos Ltd
APL Australia Pacific LNG Ltd

DOV Dover Investments Ltd
KEE Kuwait Energy Egypt Ltd




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