



ASX Release

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
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Dear Sir,

BALGOWAN FIELD 2P RESERVES ESTIMATION

Estimated 2P gross oil reserves for the Balgowan field of 344 kbbl following the successful drilling of Balgowan-1 in PEL 91

Beach Energy Ltd (ASX: BPT, "Beach") advised on 13 August 2014 that the Balgowan-1 exploration well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) confirmed expectations of an oil fairway extension to the north-east of recent discoveries by intersecting a gross oil interval of approximately nine metres. Of this, 3.5 metres of net pay was encountered in the Namur Sandstone and two metres of net pay in the overlying McKinlay Member. Based on these results, Balgowan-1 was cased and suspended as a future McKinlay Member / Namur Sandstone oil producer.

Beach has subsequently estimated reserves for the Balgowan field with preliminary mapping, resulting in 2P gross reserves of 344 thousand barrels of oil ("kbbl").

Conceptual development plan

McKinlay Member / Namur Sandstone analysis

Commercial productivity of the McKinlay Member and Namur Sandstone reservoirs is proven in offset fields within PEL 91. The Balgowan field is analogous to commercially producing fields in PEL 91, including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay Member / Namur Sandstone reservoirs at Balgowan. Beach has carried out a preliminary economic evaluation of the project using costs based on analogous projects and recently revised internal company oil price assumptions to assess commercial viability. Beach believes that the Balgowan field can be developed via a four kilometre flowline to transport formation fluid to the proposed Stunsail facility. Following processing at the Stunsail facility, oil will be transported via the proposed 19 kilometre Stunsail to Bauer flowline, or trucked directly to the Lycium Hub as required.

Pending joint venture approval it is anticipated that the development of the Balgowan field will cost approximately \$1.3 million. The proposed Stunsail facility is expected on-line in Q4 FY15, with the tie-in of Balgowan-1 expected prior to financial year end.

Using the proposed development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay Member / Namur Sandstone reservoirs as follows:

Reserves (kbbl)	Balgowan
1P	86
2P	344
3P	1,530

These figures are as at December 2014 and based on SPE-PRMS definitions and guidelines. Beach has a 40% share of the above estimates. The Balgowan field and any potential production from it was not included in Beach's FY15 production guidance.

Preliminary petroleum reserves were estimated for each target reservoir formation using probabilistic methods. The areal configuration of the Balgowan McKinlay Member and Namur Sandstone structures is based on interpretation and mapping of the Aquillus and Caseolus 3D seismic volumes, with oil column heights defined from wireline log analysis. The range of input petrophysical parameters was derived following comparison of Balgowan-1 well data to analogous reservoir data at commercial fields within PEL 91. Based on this analysis, it was determined that the reservoir is discovered and commercially producible.

Burners-1

On 28 October 2014, Beach reported on the Burners-1 exploration discovery, which intersected one metre of net pay in the Namur Sandstone and a five metre oil bearing gross interval in the overlying McKinlay Member. A drill stem test over the McKinlay Member (1,411 metres to 1,418 metres) recovered 5.1 barrels of oil from a four hour flowing period. Due to the limited flow rate and net pay intersected in Burners-1, the well is not scheduled for development this financial year. Burners-1 has been cased and suspended and will be considered for future tie-in to the proposed Stunsail production facility.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

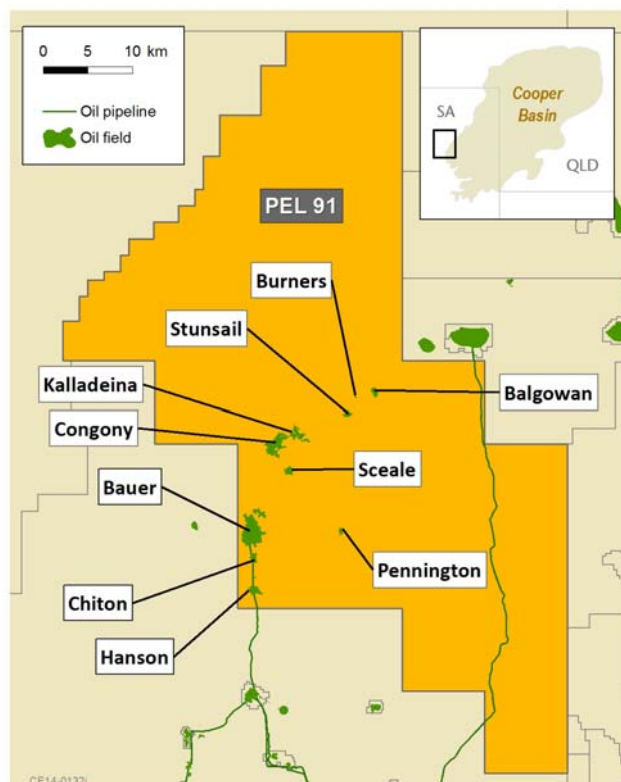
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Qualified Petroleum Reserves and Resource Evaluator Requirements

The reserves and resources information in this ASX release is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this ASX release was issued with the prior written consent of Mr Lake in the form and context in which it appears.