

# ASX/MEDIA ANNOUNCEMENT

23 December 2010

The Manager  
Companies Announcements Office  
Australian Securities Exchange



## ENCOUNTER-1 FINAL DRILLING REPORT - FINAL

Adelaide Energy Limited (“ADE”) is pleased to announce that the Encounter-1 well has been cased and suspended and that the Operator, Beach Energy Ltd (BPT) has advised that the rig will be released shortly. Accordingly, this is the final drilling report for this well.

| ITEM                               | DETAIL  |
|------------------------------------|---|
| Well name                          | ▪ Encounter-1   |
| Permit                             | ▪ PEL 218 (Permian JV)  |
| Participants                       | ▪ BPT – 90% (Operator)<br>▪ ADE – 10%   |
| Primary targets                    | ▪ Roseneath/Epsilon/Murteree shale/sand/shale sequence (“REM” unit)   |
| Spud date                          | ▪ 3 October 2010  |
| Target depth (prognosed)           | ▪ 3625m   |
| Total depth @ end of current week  | ▪ 3612m (TOTAL DEPTH)   |
| Total depth @ end of previous week | ▪ 3586m   |
| Metres drilled during week         | ▪ 26m   |
| Mud weight – lbs per gallon (ppg)  | ▪ 14.0  |
| Current formation                  | ▪ Patchawarra   |
| Activities during week             | ▪ Drill 8½ hole from 3586 – 3612mTD; run electric line logs in new hole section – condition hole and run and cement 7” production casing to 3605m |
| Current activities                 | ▪ Preparing for rig release   |
| Planned activities                 | ▪ Move rig to Holdfast-1  |
| Other comments                     | ▪ Formation Thickness, m (final)<br>Roseneath : 194<br>Epsilon : 124<br>Murteree : 75<br><b>Total REM : 393 metres</b>                            |

Commenting on the completion of drilling operations on the well, ADE’s Managing Director, Mr Carl Dorsch, said:

*“The completion of the Encounter-1 well marks an important milestone in the testing of the Permian unconventional gas potential of the Nappamerri Trough. Over the next few months the joint venture will continue with a program that is designed to lead to the booking of initial independently certified contingent resource and reserve figures, which we expect by mid 2011. Additionally, the hydraulic fracturing of both wells, due after Holdfast-1 is completed, will provide vital information for future production purposes.”*

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