

# ASX/MEDIA ANNOUNCEMENT

14 December 2010

The Manager  
Companies Announcements Office  
Australian Securities Exchange



## ENCOUNTER-1 WEEKLY DRILLING REPORT

ITEM	DETAIL
Well name	▪ Encounter-1
Permit	▪ PEL 218 (Permian JV)
Participants	▪ Beach Energy Ltd – 90% (Operator) ▪ Adelaide Energy Ltd (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	▪ 3586m
Total depth @ end of previous week	▪ 3462m
Metres drilled during week	▪ 124m
Mud weight – lbs per gallon (ppg)	▪ 13.6
Current formation	▪ Patchawarra
Activities during week	▪ Drill 8½ hole from 3462m to initial TD; run electric line logs – revise TD; drill ahead to Murteree core point and cut/retrieve core – drill ahead
Current activities	▪ Drilling ahead in Patchawarra
Planned activities	▪ Drill ahead to final TD in Patchawarra – log bottom section – run production casing
Other comments	▪ Formation Thickness, m (preliminary) Roseneath : 194 Epsilon/Murteree : 194 (estimate) <b>Total REM : 388 metres</b>

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

*“Encounter-1 has to date provided us with enormous encouragement as to the potential of the shale gas exploration play in the Nappamerri Trough. The much larger thickness than anticipated of the Roseneath Shale that was announced last week provides both the potential for considerably larger gas in place numbers and greater ease of stimulating the production of this gas.*

*The very high mud weights required for the safe and controllable drilling of the well (13.6 ppg rather than 9.0 ppg) together with the constantly high gas shows encountered both prior to and within the primary targets point to large overpressure and/or a high concentration of in situ gas. Either or both scenarios indicate a significant amount of gas in the system.*

*We look forward to the well reaching target depth and the results of the various testing programs which will provide more data on this well over the coming weeks and months.”*

**For further information contact:**

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