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For Immediate Release – 08 June 2011
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ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

BEACH ON SCHEDULE TO COMMENCE FLOW STIMULATION OF HOLDFAST-1 SHALE WELL

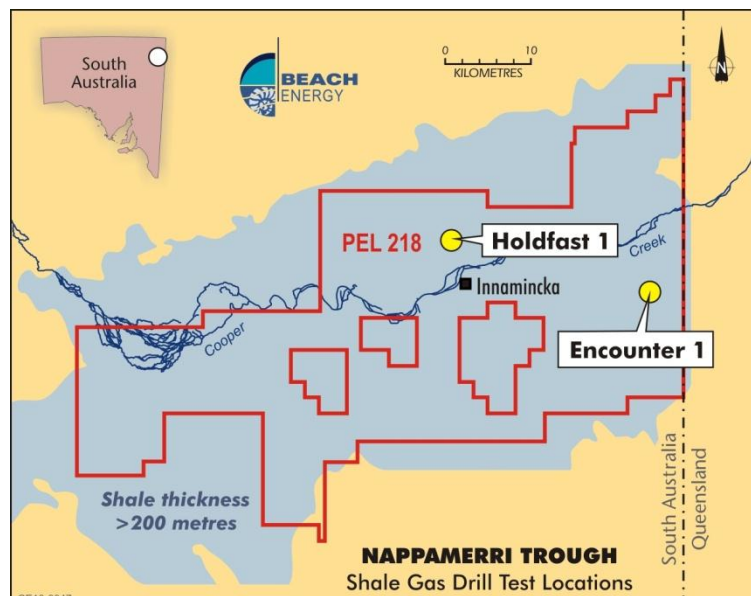
Beach Energy Limited (ASX: BPT, "Beach") has rigged up on site, conducted mechanical checks and is ready to commence stimulation of the target zone in its PEL 218 Holdfast-1 shale gas well.

The flow stimulation of Holdfast-1 will be undertaken in eight stages and is expected to be completed within two weeks, with the first flow results expected in early July.

Both the Holdfast-1 and Encounter-1 wells were specifically designed as data gathering wells and not production wells. This will likely result in lower flow rates than would otherwise be achieved from horizontal wells typically used in plays in the USA and likely to be used in Beach's future production and development activity.

Flow stimulation of conventional gas wells has been an ongoing part of gas production in the Cooper Basin over the past 40 years, however, this will be the first time flow stimulation has specifically targeted shale target zones at depth.

The Encounter-1 shale well has experienced completion delays as a result of a well bore mechanical issue. During final checks of the recently installed stimulation work string, some adjustments were found to be necessary. While attempting to recover the work string from the wellbore, difficulties were experienced in removing it from the downhole latch assembly and it appears additional equipment will now be required to resolve the issue. This will likely result in a delay in the stimulation activities of Encounter-1.



There will be no impact on the shale gas pilot production program, set down for early 2012, as a result of the likely delay in the Encounter-1 flow stimulation. Indeed, this now provides Beach with more time to assess the results from Holdfast-1, from which it will be able to optimise the flow stimulation of the Encounter-1 well should it be required.

It is expected that a shale gas resource addition will be made in July/August 2011.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Reg Nelson", on a light yellow background.

Reg Nelson

Managing Director, FAusIMM

PEL 218 Permian Joint Venture - Beach (90% and operator), Adelaide Energy (10%)

For more information contact

Corporate

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Investor Relations

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