



ASX Release

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ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

FRACTURE STIMULATION OF HOLDFAST-1 SUCCESSFULLY COMPLETED

Beach advises the fracture stimulation of its vertical Holdfast-1 well has been completed successfully, with initial flow results expected in July

Beach Energy Ltd (ASX: BPT, "Beach") has completed the fracture stimulation of Holdfast-1 with the various selected target zones fracturing in line with expectations. The program was designed to be experimental, with the objectives set out below. However, the volume of fluid and proppant injected and the extent and apparent orientation of the fracturing is considered most encouraging.

The objectives of Holdfast-1 were to identify, understand and test the:

- Key formations;
- Various approaches to initiating and propagating fracture stimulation treatments;
- Various fracture fluid and proppant schedules and the impact on successful treatment and production; and
- Fracture orientation.

The key results to date are as follows:

- The fracture stimulation of Holdfast-1 was undertaken in seven stages, targeting the main primary target zones of the Roseneath shale (two stages), the Epsilon formation (three stages) and the Murteree shale (one stage) ("REM"), as well as a deeper secondary zone, the Patchawarra formation (one stage);
- Data gathered to date indicate the shales and mixed lithology sections have fractured vertically, favouring horizontal production wells; and
- Inert non-toxic tracer chemicals were injected at each stage of the flow stimulation. These tracers, along with production logs, will help identify which zones have the strongest gas flow rates, which will assist in future production well design.

For each of the fracture stimulation stages, technical experimentation was undertaken by using different methods and combinations of: perforation techniques; proppant; and fluid viscosity. This approach is intended to identify which techniques are best suited to the pilot production program set down for 2012.

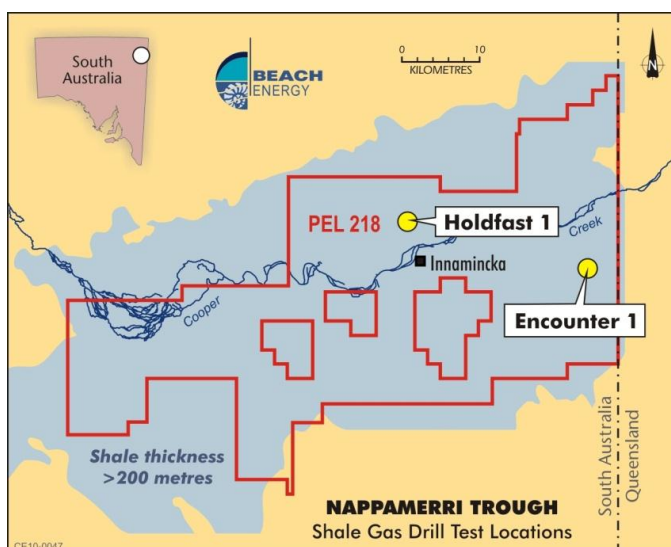
Beach Managing Director, Reg Nelson said, “The completion of the fracture stimulation of Holdfast-1 is a great achievement and overcomes one of the key risk factors associated with the shales, their ability to fracture. Now that we know this is the case, the next step is understanding the performance of the various zones, which will help us focus on the techniques that work best for the various target zones. This information will then be used in the optimisation of the design for the pilot production wells.”

Although results to date indicate vertical fractures in the target zones, and hence horizontal wells will be optimal for production, the Holdfast-1 vertical well will nevertheless be flow tested to ascertain what deliverability might be expected from a vertical completion. The clean up flow of Holdfast-1 will take place in early July and is expected to be followed soon after by initial flow results. It is anticipated that the flow test of Holdfast-1 will continue for approximately three months. Information gathered from the shale wells will likely result in a resource booking in early August.

It is anticipated that the fracture stimulation of Encounter-1 will take place in the December quarter, pending the availability of the crew and necessary equipment.

Participants in PEL 218 (Permian JV) are:

Beach (Operator)	90%
Adelaide Energy Ltd	10%



Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

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