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ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

BEACH SECURES RIGS FOR UNCONVENTIONAL SHALE GAS PLAY IN THE COOPER BASIN

Beach advises it has secured two rigs, Ensign#65 and Ensign#16, for its unconventional shale gas appraisal program in the Cooper Basin for 2012. This program will consist of both horizontal and vertical wells across the Beach permits

Beach Energy Ltd (ASX: BPT, "Beach") advises it has secured two Ensign Australia Pty Ltd ("Ensign") rigs, Ensign#65 and Ensign#16, to drill both horizontal and vertical wells targeting its unconventional gas play in the Nappamerri Trough of the Cooper Basin. From recent drilling results, it is clear that the target zone in PEL 218 (Beach 90%) goes beyond shale and incorporates other lithologies that are also gas saturated. Beach believes, that in addition to the substantial shale gas potential, it is now dealing with an unconventional basin centred gas play.

The 2012 program for these rigs will focus on pilot horizontal production wells in both ATP 855P (Beach 40%) and PEL 218, as well as a series of vertical delineation wells in PEL 218. The program is designed to test the significant potential of the basin centred play in what is now considered a thick, continuous, multi lithology gas accumulation across the PEL 218 permit and potentially ATP 855P.

Details of the rigs and the two separate programs are as follows:

Ensign#65 (ADR1500):

- New build 1,500 horsepower rig out of Canada and the US which is expected to arrive around April 2012;
- Encompasses the latest proven technology being used for drilling horizontal wells in the Haynesville shale province in the US;
- Will be built to meet Australian standards and conditions and has the capability to drill 1,500 metre laterals from a depth of 4,000 metres; and



An ADR1500 rig drilling shale gas in the US

- Will drill the first horizontal well in ATP 855P to target shale and other lithology target zones. Upon completion of this well, the rig will commence the horizontal pilot well program in PEL218, with two pilot horizontal wells planned adjacent to Holdfast-1 and Encounter-1.

Ensign#16:

- 1,200 horsepower rig used to drill Holdfast-1 and Encounter-1, which is currently in the Officer Basin and expected to be available around January 2012;
- Will drill a series of vertical wells in PEL 218 to continue the evaluation of the continuous basin centred gas play in the permit; and
- Has the capability of drilling to 4,270 metres, with the vertical program set to increase the size of the resource in PEL 218 beyond the initial booking of 2 trillion cubic feet. This booking relates to a restricted area of 100km² around each of Holdfast-1 and Encounter-1.



The Ensign#16 rig drilling Encounter-1

Beach Managing Director Reg Nelson said, “Beach has started to unlock a significant basin centred unconventional gas play in the Cooper Basin. These two rigs will take us a step closer to understanding the extent of the gas resource that resides within our permits. The horizontal pilot wells to be drilled by Ensign#65 will be production style wells designed to flow gas at commercial rates. Should these wells be successful we will seek to commence a pilot development program as soon as possible.”

PEL 218 (Permian JV): Beach (90% and Operator), Adelaide Energy Ltd (10%)

ATP 855P: Beach (40% and Operator), Icon Energy Ltd (40%) and Adelaide Energy Ltd (20%)

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

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