



ASX Release

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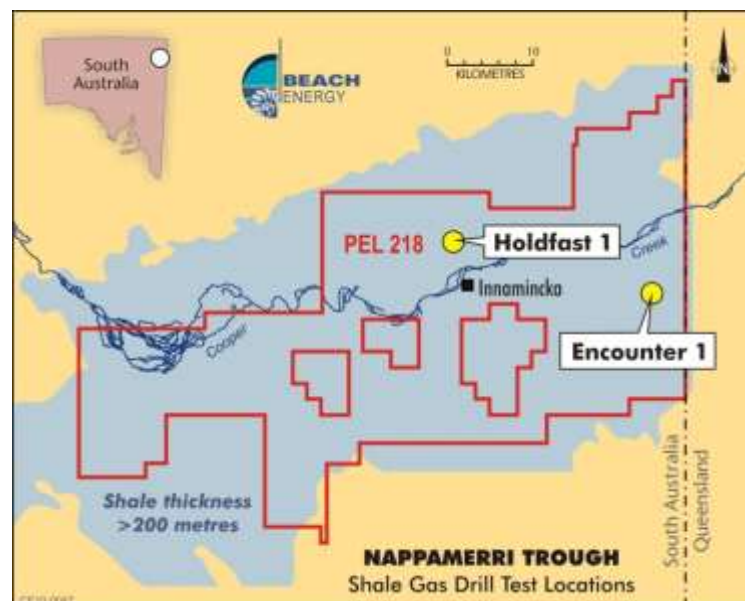
Dear Sir,

BEACH COMPLETES HOLDFAST-1 SHALE GAS DRILLING WITH 353 METRES OF SHALE TARGET ZONE INTERSECTED

Beach has completed drilling the Holdfast-1 well and is encouraged by the target zone intersection which is 353 metres. Commencing mid May, both Encounter-1 and Holdfast-1 will be fracture stimulated and flow tested.

Beach Energy Limited (ASX: BPT, "Beach") has successfully completed drilling and evaluation of the Holdfast-1 shale gas well, with production casing to follow. This well is the second of Beach's two well shale evaluation program targeting the Roseneath-Epsilon-Murteree (REM) shale sequence in PEL 218 in the Cooper Basin.

Extensive coring was undertaken at Holdfast-1 with over 350 metres of the target shale sequence and adjacent strata recovered. Analysis of the Holdfast-1 core will commence immediately. A thorough evaluation is currently being undertaken on core from the Encounter-1 well, which intersected a thicker sequence of shale than initially prognosed.



The thickness of the REM target section at Holdfast-1 is in line with pre-drill estimates and confirms that the REM sequence thickens off structure. The REM section as well as the tight sands of the Daralingie and Patchawarra (outside structural closure) are interpreted to be gas saturated. At Encounter-1, the sandstones of the Toolachee formation (also outside structural closure) have been interpreted as gas saturated and as a result will also be evaluated at Holdfast-1. These tight sands outside of structural closure potentially add to the resource in PEL 218.

In mid May, Encounter-1 and Holdfast-1 are scheduled to be fracture stimulated with up to eight fracing intervals planned. These wells will then be flow tested, the information from which, along with the analysis of the core from both wells, will likely result in a resource addition for both wells in Q3 2010.



Roseneath core sample



Core sample from Encounter-1 showing rubber end cap bulging due to gas escaping from the shale within the core tube

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

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

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