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## HIGHLIGHTS

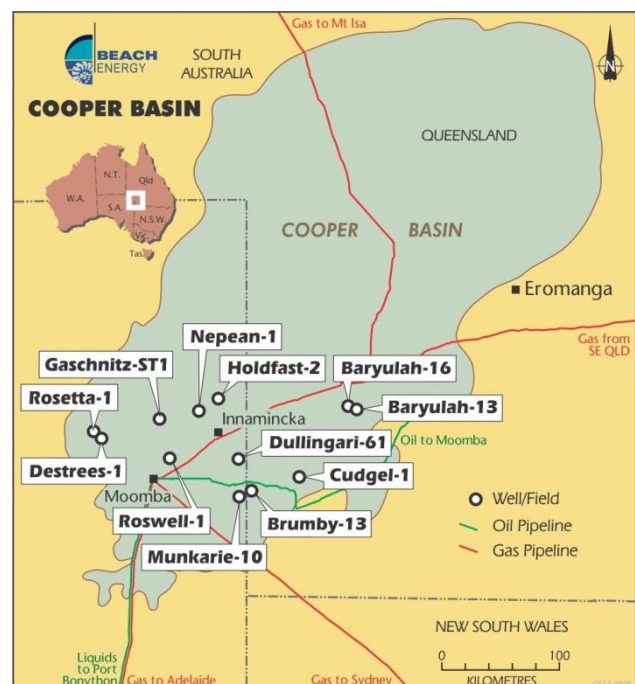
- **Moonta-1 gas flow proves concept of basin centred gas play**
- **Holdfast-2 drilling horizontally in Murteree Shale section**
- **Halifax-1 flowback expected imminently**

## AUSTRALIA

### Operated Cooper Basin Unconventional Gas Program

#### PEL 218 (Beach 100%)

The flow testing of Moonta-1 (Patchawarra Formation) continued throughout January, with the well now producing at 1.2 MMscf/d. Gas flow from Moonta-1 represents proof of concept for the deep tight basin centred gas play that is thought to extend across the entire PEL 218 area and is the first step in assessing its commercial potential. Beach committed to an eight well vertical exploration program in early 2012 after the Holdfast-1 and Encounter-1 results proved the existence of shale gas in the same area. The aim of the eight well program is to confirm the lateral extent of the shale play, address the deeper potential of a basin centred gas play, and ascertain which areas in the permit might be high-graded for early pilot



production wells. Moonta-1 is the first well to demonstrate recoverable gas through the full Patchawarra section with gas flow from intervals up to half a kilometre deeper than previous exploration wells on the structural highs. Beach's program is a stepwise fracture stimulation progression such that it incorporates previous results to build a thorough understanding of individual geological units, prospective areas and optimal fracture stimulation design.

The shallower Permian targets within Moonta-1 (the Toolachee, Daralingie, Roseneath and Epsilon Formations) are yet to be fracture stimulated and will be assessed in stimulation and testing activities later in 2013.

Drilling commenced at Nepean-1, the fifth well in the current eight-well vertical exploration program in PEL 218. The well is drilling ahead at 2,855 metres in the upper part of the Permian section after intermediate casing was set in the Nappamerri Formation.

In addition to the vertical exploration program, Beach is undertaking a two well horizontal program in the thick Murteree shale. The first horizontal well of the unconventional gas campaign, Holdfast-2, is drilling ahead in the horizontal section in the Murteree Shale. Approximately 400 metres of Murteree section has been drilled of a planned horizontal length of 1.6 kilometres. It is anticipated that the well will be fracture stimulated in April 2013.

The post-fracture stimulation clean out of Streaky-1 has been suspended pending the arrival of specialised equipment required to retrieve implements stuck in the hole. Following the resumption of coiled tubing milling operations, anticipated in mid-March, the production tubing will be installed with flow testing expected in early April.

#### ATP 855P (Beach 60%)

Fracture stimulation was completed at Halifax-1 with 14 stages successfully placed across the Permian targets; the Patchawarra Formation, Murteree Shale, Epsilon Formation, Roseneath Shale, Daralingie Formation and Toolachee Formation. The well was cleaned out with coiled tubing milling operations, and will have the completion string installed shortly. It is anticipated that flowback operations will commence in the coming days.

#### **Operated Cooper-Eromanga Gas – Patchawarra Trough**

Two gas exploration wells, Rosetta-1 and Destrees-1, were drilled in PEL 106B (Beach 50%). The wells are located approximately six kilometres north and three kilometres east, respectively from Brownlow-1. Gas shows were encountered in each well, however reservoir quality associated with the shows was poor. With other good-quality sands water-saturated at these locations, the joint venture elected to plug and abandon both wells. The fourth and final well in the approved PEL 106B program, Euler-1, is scheduled to be drilled in June.

## Santos Operated Cooper Basin Oil and Gas Exploration and Development

Gas development drilling continued in the Baryulah field in Queensland (Beach 23.20%), where Baryulah-16 intersected multiple gas sands within the Toolachee, Daralingie and Patchawarra Formations. Baryulah-16 was subsequently suspended due to operational issues with the rig moved to continue the drilling program. Baryulah-13 has since spudded and is currently drilling through the Patchawarra Formation primary target.

In the South Australian sector of the Cooper Basin (Beach 20.21%), the Munkarie-10 development well was cased and suspended as a future gas producer, and drilling is underway in the Dullingari-61 and Brumby-13 development wells.

The drilling of Gaschnitz-ST1 unconventional gas exploration well in PPL 101 (Beach 20.21%) continued to a total depth of 3,889 metres, with wireline evaluation currently being conducted. A second unconventional gas exploration well, Roswell-1, reached a total depth of 3,218 metres and was cased and suspended for future evaluation.

In Queensland, a six well oil drilling program in the T66 block (Beach 30%) concluded with the plugging and abandonment of the Cudgel-1 exploration well after it encountered only minor oil shows.

## INTERNATIONAL

### Kuwait Energy Operated – Abu Sennan Concession, Egypt (Beach 22%)

The Al Ahmadi-2 development well is drilling ahead at 2,467 metres in the Khoman Chalk. The well is an appraisal of the recent Al Ahmadi oil discovery, which has been on production since July 2012 within the awarded Development Lease.

The second well of the three well exploration program, the ASC-1X exploration well, is currently drilling ahead at 2,215 metres within the Apollonia Formation. The ASC-1X well will test closures mapped in the Late Cretaceous Abu Roash Formation approximately five kilometres to the southwest of the El Salmiya-1 discovery (2011) which has been producing since July 2012 within the awarded Development Lease.



**BP/GUPCO Operated – North Shadwan Concession, Egypt (Beach 20%)**

Completion operations are being finalised in the NS385-1-ST3 development well, a long-reach onshore-to-offshore well aimed at developing oil within the NS385 oil field, prior to the well being brought into production. Total depth of the well is 4,610 metres measured depth (1,858 metres true vertical depth) within the target Lower Rudeis Formation.

**Melrose Resources Operated – Mesaha Concession, Egypt (Beach 15%)**

Drilling operations on the Mesaha-1X ST1 frontier exploration well in southern Egypt were completed, with the well reaching a total depth of 2,129 metres. The well failed to encounter any hydrocarbon indicators and is being plugged and abandoned. The well has provided the first sub-surface samples of the Mesaha Graben stratigraphy which will be used to review the regional geology and the local prospectivity.

**Drilling Report – Period ending 6 February 2013**

Well	Participants	Progress & Summary	Primary Targets
<b>Destrees-1</b> PEL 106 Gas Exploration C/E Basin, SA	BPT* 50.00% DLS 50.00%	Report Time: 0600 hrs (CDT) 06/02/2013 Depth: 3006m (TD) Operation: Well is plugged and abandoned Progress: 3006m	Patchawarra Formation
<b>Rosetta-1</b> PEL 106 Gas Exploration C/E Basin, SA	BPT* 50.00% DLS 50.00%	Report Time: 0600 hrs (CDT) 06/02/2013 Depth: 2836m (TD) Operation: Well is plugged and abandoned Progress: 2836m	Patchawarra Formation
<b>Nepean-1</b> PEL 218 Shale Gas Exploration Cooper, SA	BPT 100.00%	Report Time: 0600 hrs (CDT) 6/02/2013 Depth: 2855m Operation: Drilling ahead. Progress: 2855m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation.
<b>Holdfast-2</b> PEL 218 Shale Gas Horizontal Cooper, SA	BPT 100.00%	Report Time: 0600 hrs (CDT) 6/02/2013 Depth: 3821m Operation: Pressure testing blow out preventers. Prior to drilling ahead in horizontal section. Progress: 860m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation.
<b>Dullingari 61</b> PPL 12 Gas Development C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CDT) 06/02/2013 Depth: 2747m Operation: Drilling ahead. Progress: 2747m	Toolachee Formation, Patchawarra Formation.
<b>Gaschnitz 1 ST1</b> PPL 101 Gas Development C/E Basin, SA	BPT 20.21% STO* 60.06% ORG 13.19%	Report Time: 0600 hrs (AEST) 06/02/2013 Depth: 3889m (TD) Operation: Running wireline logs. Progress: 756m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation, Daralingie Formation
<b>Roswell 1</b> PPL 9 Shale Gas Exploration C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CDT) 06/02/2013 Depth: 3218m (TD) Operation: Well is cased and suspended for future evaluation. Progress: 363m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation.

<b>Roswell 1</b>	BPT	20.21%	Report Time:	0600 hrs (CDT) 06/02/2013	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation.
PPL 9	STO*	66.60%	Depth:	3218m (TD)	
Shale Gas Exploration C/E Basin, SA	ORG	13.19%	Operation:	Well is cased and suspended for future evaluation.	
			Progress:	363m	
<b>Munkarie 10</b>	BPT	20.21%	Report Time:	0600 hrs (CDT) 06/02/2013	Patchawarra Formation, Epsilon Formation,
Toolachee Blk PPL 23	STO*	66.60%	Depth:	2386m (TD)	
Gas Development C/E Basin, SA	ORG	13.19%	Operation:	Well is cased and suspended as a future Permian gas producer.	
			Progress:	2386m	
<b>Cudgel 1</b>	BPT	30.00%	Report Time:	0600 hrs (AEST) 06/02/2013	Murta Formation, McKinlay Member, Toolachee Formation, Epsilon Formation.
ATP 259P	STO*	70.00%	Depth:	1809m (TD)	
Oil Exploration C/E Basin, QLD			Operation:	Well is plugged and abandoned.	
			Progress:	1346m	
<b>Brumby 13</b>	BPT	23.20%	Report Time:	0600 hrs (CDT) 06/02/2013	Patchawarra Formation
PL 37	STO*	60.06%	Depth:	762m	
Gas Development C/E Basin, QLD	ORG	16.74%	Operation:	Drilling ahead.	
			Progress:	762m	
<b>Baryulah-13</b>	BPT	23.20%	Report Time:	0600 hrs (AEST) 06/02/2013	Toolachee Formation, Patchawarra Formation.
PL 131	STO*	60.06%	Depth:	2624m	
Gas Development C/E Basin, QLD	ORG	16.74%	Operation:	Drilling ahead.	
			Progress:	2624m	
<b>Baryulah-16</b>	BPT	23.20%	Report Time:	0600 hrs (AEST) 06/02/2013	Toolachee Formation, Patchawarra Formation.
PL 131	STO*	60.06%	Depth:	2629m (TD)	
Gas Development C/E Basin, QLD	ORG	16.74%	Operation:	Well is temporarily suspended.	
			Progress:	1105m	
<b>Al Ahmadi-2X</b>	BPT	22.00%	Report Time:	0600 hrs (local)	Abu R'sh C, E, G Bahariya
Abu Sennan	KEE*	50.00%	Depth:	2467m	
Oil Development Egypt	DOV	28.00%	Operation:	Running wireline logs.	
			Progress:	58m	
<b>ASC-1X</b>	BPT	22.00%	Report Time:	0600 hrs (local) 05/02/2013	Abu R'sh C, E, G Bahariya
Abu Sennan	KEE*	50.00%	Depth:	2215m	
Oil Exploration Egypt, Western Desert	DOV	28.00%	Operation:	Drilling ahead 12 1/4inch hole.	
			Progress:	2215m	
<b>NS 385-1 ST3</b>	BPT	20.00%	Report Time:	0600 hrs (local) 05/02/2013	Rudeis Sandstone.
North Shadwan	BP*	50.00%	Depth:	4610m (TD)	
Oil Development Egypt	TOE	30.00%	Operation:	Running in hole with ESP assembly.	
			Progress:	4610m	
<b>Mesaha-1X ST1</b>	BPT	15.00%	Report Time:	0600 hrs (local) 05/02/2013	Devonian Sands, Silurian Sands.
Mesaha Concession	MRS*	40.00%	Depth:	2129m (TD)	
Oil Exploration Upper Egypt	KEE	15.00%	Operation:	Running abandonment program.	
	HLPD	30.00%	Progress:	601m	

(\* ) Operator

BPT Beach Energy Ltd

ORG Origin Energy Resources

ENI Eni Australia

KEC Kuwait Energy

TOE Tri Ocean Energy

SXY Senex Energy

STO Santos Limited

BP British Petroleum Egypt

IOR Inland Oil

HLPD Hellenic Petroleum

COE Cooper Energy

DLS Drill Search

DOV Dover Investments

MRS Melrose Resources



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