



ASX Release

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

COOPER BASIN NTNG AND SACB JV UNCONVENTIONAL EXPLORATION UPDATE

Beach Energy Ltd (ASX: BPT, "Beach") advises the following in relation to the unconventional exploration program in the Nappamerri Trough Natural Gas ("NTNG") project in PEL 218 (Beach 70% and operator, Chevron Exploration Australia 1 Pty Ltd ("Chevron") 30%) and ATP 855 (Beach 46.9% and operator, Chevron 18% and Icon Energy Ltd 35.1%), and the South Australian Cooper Basin Joint Venture ("SACB JV") (Beach 20.21%, Santos Ltd 66.6% and operator, Origin Energy Ltd 13.19%).

NAPPAMERRI TROUGH NATURAL GAS

PEL 218

The Joint Venture has received an offer of Petroleum Retention Licences over the entirety of PEL 218 which will secure tenure over this strategically positioned resource, initially for up to 15 years. The offer, from the South Australian Government, is in recognition of the Joint Venture proving the continuous nature of the basin centred and shale gas plays and demonstrating the ability to flow gas from multiple sections of the Permian target zone. If the project proceeds to development and commercial production, tenure would be further extended by conversion to Production Licences.

The first two fracture stimulation stages in the lower Patchawarra Formation of the Boston-1 vertical exploration well have been performed. Mechanical issues experienced during the first two stages are being evaluated and amongst the options being assessed by the Operator for recommendation to the Joint Venture are a modified approach to stimulation for the remaining 10 stages in this well or a substitute program in Boston-2. An alternate method may involve pumping stimulation fluid down a tubing string, similar to that which has been previously undertaken with success in Holdfast-1 and Encounter-1. Such work could be completed later in the year. The Operator is recommending that the existing stages in Boston-1 be flow tested to acquire zonal contribution data in the lower part of the target section. Mechanical issues were also encountered during the first stimulation stage at Boston-3, the second horizontal exploration well in the program. Evaluation is currently underway, and subject to an appropriate re-design and Joint Venture approval, then further stimulation of this well could occur around the same time as any further stimulation on Boston-1 / Boston 2.

The Nappamerri Trough subsurface environment is challenging in terms of both temperature and pressure, with the Joint Venture applying the latest technology to advance the program. During this exploration stage some wells will be more successful than others, but all are providing valuable data as the Joint Venture moves towards the completion of this stage.

The successful introduction of a snubbing unit to the program is an example of improving operational efficiencies by having fit for purpose equipment to assist with well completions and workovers. This unit has successfully fished equipment from both the Holdfast-2 and Dashwood-1 wells.

The Holdfast-2 well has been constrained for reservoir management trials since February 27 and has flowed 0.25 MMscfd on a 20/64" choke. Evaluation of the full potential of this exploration well is continuing with the well to be shut-in to monitor the pressure build up response as part of assessing fracture stimulation effectiveness. The well will be also checked for obstructions in the horizontal section using coiled tubing and methods such as nitrogen lift may be considered to aid lifting the stimulation fluid out of the well. These results will guide the forward testing program. Dashwood-1 is expected to commence flow shortly with a stabilised rate expected in the coming weeks.

The snubbing unit has now moved to Nepean-1 where it will carry out milling operations prior to flow testing this well after which it will move to Marble-1 for similar work.

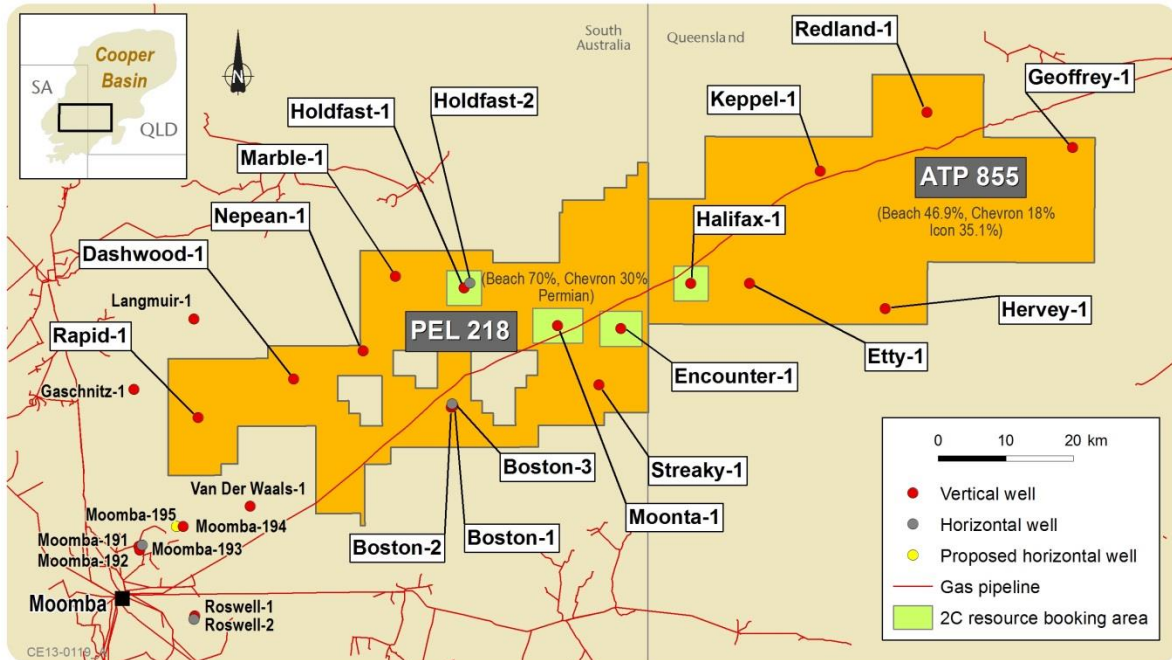
ATP 855

In ATP 855 in Queensland, ETTY-1 the sixth and final well of the current exploration program is currently drilling ahead in the Toolachee formation. The well will be cased and suspended for future fracture stimulation which will take place in a campaign with Redland-1, Geoffrey-1, and Hervey-1 commencing in mid-2014.

SACB JV UNCONVENTIONAL GAS

Since the last update, Moomba-193 ST1, part of the REM/Patchawarra program of wells, was drilled to a total depth of 3,396 metres, with a lateral in the Murteree Shale of approximately 900 metres.

In the same program, the Roswell-2 horizontal well was drilled to a total depth of 3,480 metres with a 450 metre lateral in the Roseneath Shale. A five stage fracture stimulation of this section has been completed and was monitored using a surface micro-seismic array.



Yours sincerely,

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