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ASX RELEASE

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Beach accelerates Cooper Basin shale gas program

Beach Energy reports that it plans to accelerate its shale gas exploration drilling program in the Cooper Basin, northeast South Australia.

The Holdfast-1 well, which is expected to spud in July in the PEL 218 tenement, will now, be immediately followed by a second well, to be located approximately 20 km to the south-east within the same tenement. These wells will be the first wells drilled in eastern Australia with shale gas as their sole objective.

Beach Energy's General Manager-Exploration & Development, Mr Neil Gibbins, said "The Holdfast wells will be located in the central Nappamerri Trough, which is one of the very few areas in Australia where thick, overpressured, organically rich shales are present at a depth which could make them economically attractive for the production of shale gas."

Beach Energy's Chief Executive Officer, Mr Hector Gordon, said "We are moving forward rapidly to develop a shale gas project in the Cooper Basin. The addition of a second well to our first drilling program is designed to accelerate the timetable for booking our first shale gas resources and first gas production. Subject to the results of the first two Holdfast wells, we aim to be producing gas from our first pilot project in 2011. The experience in the USA has been that the cost to produce shale gas can vary widely between differing geological environments and that 'sweet spots', such as the one we are targeting in the central Nappamerri Trough, could provide large volumes of relatively low cost gas which is very competitive with other gas sources."

Success in Beach's first shale gas drilling campaign could lead to the establishment of a regionally significant gas resource with long-term potential to access multiple domestic and export markets.

Participants in Holdfast-1 and PEL 218 (Permian Joint Venture) are:

Beach Energy Limited (Operator)	90%
Adelaide Energy Limited	10%

Yours faithfully,

Hector Gordon
Chief Executive Officer

For more information contact:

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