



## ASX Release

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### **BEACH AWARDED PACE GAS GRANT TO DRILL A CONVENTIONAL EXPLORATION WELL IN THE OTWAY BASIN**

- **Dombey-1 conventional gas exploration well targeting a 35 Bcf prospect<sup>1</sup>**
- **South Australian Government to support drill costs via \$6.89 million PACE gas grant**

Beach Energy Ltd (ASX: BPT, "Beach"), through its PEL 494 Joint Venture with Cooper Energy Ltd (ASX: COE, "Cooper") has commenced preparations for drilling a conventional onshore gas exploration well in the Penola Trough, Otway Basin in South Australia. Beach will be supported by the South Australian Government through the Plan for Accelerating Exploration ("PACE") gas grant scheme, which aims to bring new gas to market within three years.

The onshore Otway Basin in South Australia is a proven gas province close to existing infrastructure and pipeline networks. The region has produced approximately 70 Bcf of sales gas and has supported local industry. Beach has operated in the region for over 50 years and is currently active in the region with the Haselgrove-3 well. Drilling of Haselgrove-3 was completed in November. Encouraging gas shows were seen and the well is being prepared for further evaluation.

Dombey-1 will be drilled in PEL 494 (Beach 70% and operator, Cooper 30%). The well is expected to be drilled approximately 20 kilometres west of Penola and proximate to Beach's Katnook facility and pipeline network, and the SEA Gas transmission system. The well will target conventional gas and gas liquids in the Pretty Hill Formation, a proven gas producing formation. Success at Dombey-1 could lead to follow-up activity including appraisal and development drilling in the Dombey Field. Dombey-1 is expected to be drilled in FY19 and will not be fracture stimulated.

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<sup>1</sup> Best unrisks estimate of prospective resource using the probabilistic methodology; Beach assigns a ~20% probability of success. Refer competent persons statement for further disclosures. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Depending on the scope of well design and evaluation program, the \$6.89 million PACE grant is expected to cover 50% of the estimated drilling and testing costs. Under the terms of the PACE grant, if a discovery is deemed to be commercial, Beach will enter bilateral negotiations with prospective South Australian customers for supply of gas from Dombey-1 at prevailing market terms. The PACE grant remains subject to formal documentation being agreed.

Beach CEO Matt Kay said, “We are excited to continue our activity in the South East in partnership with the Penola community, the South Australian Government and in the case of this new project, Cooper Energy. The onshore Otway Basin is a highly prospective region and we have been encouraged by recent activities. We are optimistic in the potential for this new project to contribute to South Australia’s gas resources and be value accretive for Beach’s shareholders.”

Yours sincerely,



**Matt Kay**  
Chief Executive Officer



