

# ASX Release

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

Dear Sir,

#### HOLDFAST-2 UNCONVENTIONAL HORIZONTAL WELL SPUDDED

Beach advises that the Ensign 965 rig spudded the Holdfast-2 horizontal well on 10 December 2012, one week after finishing work at the Marble-1 site. Other activities within the PEL 218 unconventional exploration program in the Nappamerri Trough include:

- Moonta-1 vertical well expected to commence flow back imminently
- Marble-1 reached total depth with thickest Patchawarra Formation in the program to date
- Streaky-1 two remaining stimulation stages, flow back anticipated late next week`
- Boston-1 coring program completed with elevated gas readings observed

Beach Energy Ltd (ASX: BPT, "Beach") advises the following in relation to its Cooper Basin Nappamerri Trough unconventional gas exploration program, targeting the Permian section of PEL 218 (Beach 100%).

#### Holdfast-2 horizontal well

The Ensign 965 rig was released from the Marble-1 vertical well on Monday, 3 December 2012, and spudded the Holdfast-2 horizontal well on Monday 10 December 2012. The well is currently setting surface casing at 930 metres.

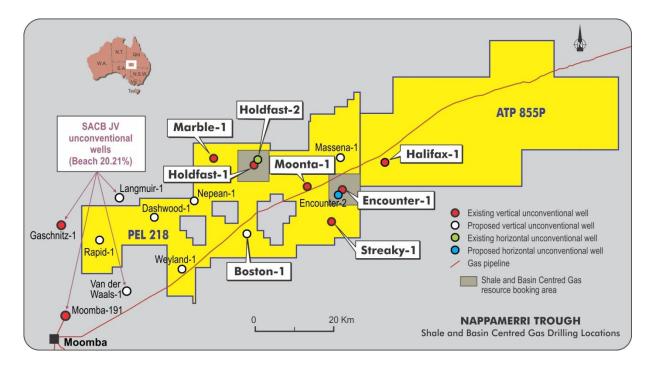
The Holdfast-2 well will be drilled horizontally through the Murteree Shale and is located approximately one kilometre north-east of Holdfast-1. The well is being drilled vertically for approximately three kilometres and, early in the new year, will commence drilling laterally for approximately 1.6 kilometres. It is anticipated that the well will take two and a half months to drill, after which it will be fracture stimulated around April 2013. The fracture stimulation of Holdfast-2 is planned to be 15 stages, with pumping rates of 80 barrels per minute targeted for each stage.



Upon completion of the Holdfast-2 horizontal well, the Ensign 965 rig will move to Encounter-2, the second horizontal well in the program.

#### Moonta-1 vertical well

Flow back of Moonta-1 has been delayed due to minor mechanical issues which are now believed to be resolved, with commencement of flowback expected within days. The well reached total depth at 3,810 metres after which a ten stage fracture stimulation program was completed, with nine stages in the deeper Patchawarra Formation and one in the shallower Murteree Shale. A separator is in place and expected to measure a gas flow rate by early next week. Flow testing is planned to continue for at least one month, after which the well will be shut-in to allow for the monitoring of pressure build up and stimulation of the shallower zones at a later date.



#### Streaky-1 vertical well

The Streaky-1 well is currently undergoing a nine stage fracture stimulation program, with eight stages targeting the deeper Patchawarra Formation and one stage in the shallower Murteree Shale.

Seven of the nine fracture stimulation stages have been pumped, with the remaining stages expected to be completed within days. Isolation plugs and sand will be cleaned from the wellbore early next week and a workover rig will be deployed to install production tubing. The flow test is expected to commence prior to Christmas and continue throughout the first quarter of 2013.

# Marble-1 vertical well

The Marble-1 well was the first well drilled by the Ensign 965 rig and reached total depth at 3,962 The well has the thickest Patchawarra Formation of any of the wells drilled in the unconventional exploration program to date, at approximately 575 metres thick. Marble-1 will be fracture stimulated as part of the next batch process that is planned to commence in March 2013.

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### **Boston-1 vertical well**

The Boston-1 well is currently being drilled by the Ensign 916 rig, with coring now completed in the REM section and the Patchawarra Formation. Beach is undertaking a combination of shale and tight gas core analysis, an approach consistent with the thorough and methodical evaluation of the program to date. We are encouraged by the gas shows experienced while drilling the target section of the well, with further testing required to gauge the levels of gas within the core.

It is expected that the Boston-1 well will reach total depth within a week, after which the Ensign 916 rig will be relocated to the Nepean-1 location where it will drill the next vertical exploration well in the program.

Reg Nelson, Managing Director, said: "Our unconventional program has reached a heightened level of activity, with the spudding of Holdfast-2, the first horizontal unconventional well in the Cooper Basin, a milestone of which we are very proud. The speed with which this program is unfolding is giving us confidence that we will be in a position to commence an uncoventional pilot production program by the second half of 2013. We have been saying for some time now that the Eastern Australian gas market will see unprecedented levels of demand from 2015 onward. We are currently doing everything necessary to give Beach the best chance to supply into this market with both conventional and unconventional Cooper Basin gas."

Yours sincerely,

Reg Nelson

Managing Director, FAusIMM

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