



Media Announcement

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CANADIAN ENERGY GROUP BACKS BEACH'S SHALE GAS FORAY IN COOPER BASIN

The Cooper Basin's potential to support a new Australian shale gas industry has attracted Canadian energy group, ATCO Limited (ATCO).

Beach Petroleum Ltd (Beach) today signed a Memorandum of Understanding (MOU) with the Toronto-listed downstream energy, infrastructure and services company to investigate opportunities for the development and commercialisation of Beach's unconventional Cooper Basin gas and petroleum liquids resources.

The MOU was signed at a ceremony in Adelaide this morning (Tuesday 8 December 2009) with the Minister for Mineral Resources Development, the Honourable Paul Holloway, MLC presiding.

ATCO Limited was represented by ATCO Power Australia managing director Geoff Walsh.

ATCO already has a presence in Australia's energy sector through the Osborne Cogeneration Plant in South Australia, the Bulwer Island Cogeneration Plant in Queensland and the construction of a power station at Karratha in Western Australia's Pilbara.

Beach and ATCO will focus on the gas gathering, processing, transportation and distribution requirements of the unconventional gas development program. The parties may also consider the feasibility of using commercialised discoveries of unconventional gas - natural gas that is trapped or bound in rock formations other than conventional reservoirs - to fuel a gas-fired power plant.

Aside from Beach's unconventional acreage, the ATCO MOU also covers other conventional but undeveloped contingent Cooper Basin gas resources owned by Beach - one of the province's largest hydrocarbon tenement holders and operator of numerous fields.

Beach's Managing Director, Reg Nelson said the ATCO alliance provided further endorsement of the Cooper Basin's untapped and long-term potential.

"These initiatives, if brought to commercial fruition, will deliver a whole new energy mantle to the Cooper – extending the region's natural gas and liquid fuels production for many decades to come," Mr Nelson said.

"That is important as the Cooper Basin's future will increasingly lie in evolving a much wider portfolio of energy services that will tap high value markets from a variety of primary fuel sources through to processing and delivery infrastructure options.

"Growing domestic energy demand paralleled by public pressure for lower carbon emissions, will help accelerate the development of the Cooper Basin's wider energy options, particularly the huge unconventional gas potential that will be addressed under today's MOU with ATCO."

Mr Nelson said, "The future for natural gas is very strong and we should be embracing these new opportunities as unconventional gas now underpins America's domestic gas supply market, accounting for more than 40% of that nation's gas consumption."

Beach has built a dominant shale gas acreage position within the Nappamerri Trough in the Cooper Basin through its acquisition of interests in PEL 218 (BPT: 90% Permian Strata, 23.33% Post-Permian Strata) and ATP 855 (BPT: up to a 40% working interest).

The Nappamerri Trough straddles the South Australian-Queensland border and lies at the heart of the Cooper Basin. It is considered to be the 'source kitchen' for the oil and gas fields on the margins of the trough.

Initial work by Beach in this area suggests the potential for a world-class shale gas resource on its Cooper Basin holdings in the order of many tens of trillions of cubic feet (TCF)

Mr Nelson said Beach was looking to replicate in the Cooper Basin, the now very advanced engineering techniques used successfully in the United States' shale gas sector, particularly horizontal drilling and hydraulic fracturing.

ATCO company background

ATCO is listed on the Toronto Stock Exchange ("TSX"). The group operates a downstream energy, infrastructure and services business. Its business units include Utilities (pipelines, natural gas and electricity transmission and distribution) and Energy (power generation and midstream services). ATCO employs over 7,700 people and has total assets of around CA\$9 billion.

ATCO is focused principally in North America, but is seeking to increase its presence in Australia.

The company's name is synonymous with the 'ATCO hut' – a portable modular building unit which it designs, manufactures and distributes around the world, including from its base in Brisbane.

Beach's campaign to develop new energy options for the Cooper continues to evolve. The company has recently included alliances with US-based synthetic fuels technology company, Rentech, Inc. and shale gas junior, Sundance Energy.

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