



Monthly Drilling Report

September 2012

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HIGHLIGHTS OF THE MONTH

- **Newbuild Ensign 965 rig spuds Marble-1, becoming second rig in Nappamerri Trough unconventional gas exploration program**
- **Butlers oil field production and reserve estimates to increase**
- **Snatcher-10 confirms northern extension to Snatcher Oil Field**
- **NS 385-1 oil development well spudded in North Shadwan, Egypt**

AUSTRALIA

Operated Cooper Basin Unconventional Gas Program

Marble-1, the fifth vertical exploration well in PEL 218 (Beach 100%), was spudded on 30 September 2012 by the newbuild Ensign 965 rig. The Marble-1 vertical exploration well will continue to evaluate the shale and basin-centred gas potential in the REM and Patchawarra Formation and is located 10 kilometres west of Holdfast-1. The planned total depth of the well is 3,880 metres.



In ATP 855P (Beach 60%), the Halifax-1 vertical exploration well is currently at a depth of 4,006 metres. This well, along with the four previously drilled in PEL 218, is designed to evaluate the unconventional shale gas and basin centred gas potential in the REM and Patchawarra Formation intervals in the Nappamerri Trough. A 24 metre core was cut in the Epsilon Formation and a separate 25 metre core in the mid-Patchawarra Formation, with gas shows observed from mud logs to date. The REM thickness was in line with prognosis at approximately 460 metres. Halifax-1 is located approximately 12 kilometres northeast of Encounter-1, and is expected to reach a total depth beyond its original target of 4,130 metres.

Operated Cooper-Eromanga Oil – Western Flank

The Ensign 930 rig drilled two development wells on the Butlers oil field in PEL-92 (Beach 75%). Butlers-5 and -6 intersected the target Namur Sandstone reservoir in the central part of the field and were cased as future producers, with 8 metre and 5 metre oil columns, respectively, in high quality reservoir. These well results enhanced the structural interpretation of the central portion of the Butlers field and will increase reserves and production rates from the field.

Ensign 930 has spudded the Windmill-1 well, located approximately 2.3 kilometres south-east of the Callawonga oil field, with surface casing to be run at a depth of 673 metres.

Senex Operated Cooper-Eromanga Oil – Western Flank

The Ensign 948 rig drilled two oil wells in PEL-111 (Beach 40%). The first well, Snatcher-7, was a deviated development well that intersected the Mid-Birkhead reservoir 280 metres north-west of Snatcher-1 to provide additional drainage of the reservoir. This well intersected a 13.9 metre oil column (7.5 metres of interpreted oil pay) and has been cased and suspended for future production.

The second well, Snatcher-10, was a deviated delineation well that appraised the northern extent of the Snatcher field approximately 300 metres northwest of Snatcher-3. The well intersected good oil shows in the Mid-Birkhead reservoir and wireline logs indicated 10 metres of oil pay within a gross oil column of 15 metres (true thickness). Snatcher-10 extends the area of proven oil for the Snatcher Field and will result in increased reserves, with the northern limit of the field remaining open. The well was cased and suspended for later completion. The rig is currently drilling the Snatcher-8 development well and is currently within the Cretaceous interval.

Four kilometres south west of the Snatcher oil field, initial production testing began on the Mustang-1 exploration well (Beach 40%). The test performed in line with expectations and the well has been producing at a rate of over 800 barrels of oil per day through an 18/64th inch choke with minimal pressure change. After flowing for 10 days, the well has been shut in for a pressure build-up, after which the gauges will be recovered from the well and the pressure response interpreted.

Santos Operated Cooper Basin Oil and Gas Development

The Big Lake-94 gas development well (Beach 20.21%) reached total depth and was cased and suspended during the month. The Saxon-182 rig subsequently moved to and completed drilling of the Bobs Well-3 gas development well, approximately 27 kilometres SSW from the Moomba Gas Plant. After intersecting gas in several sands within the Patchawarra Formation, the well has been cased and suspended for future production. Approximately 40 kilometres NW from Moomba, a second Saxon rig drilled Kanowana-9, with the well cased and suspended as a future liquids-rich gas production well.

In Queensland, a third Saxon rig drilled the Irtalie East-2 oil appraisal well within PL 36 (Beach 38.5%). In response to oil shows in the Hutton Sandstone, a drill stem test was conducted that recovered mostly formation water and no oil. The well was consequently plugged and abandoned, with the rig to move to the Irtalie East-3 location, about 2.2 kilometres westward of Irtalie East-2.

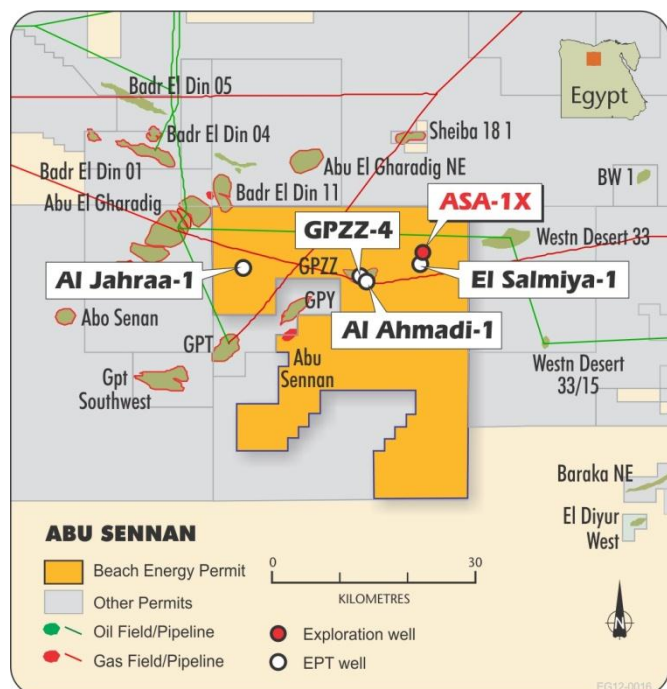
INTERNATIONAL

Kuwait Energy Operated – Abu Sennan Concession, Egypt

The second round of exploration drilling in Abu Sennan commenced in early August with the spudding of the ASA-1X exploration well. ASA-1X is located 1.9 kilometres north of the El Salmiya-1 well which discovered oil and gas in several zones within the Abu Roash Formation in late 2011 / early 2012. The ASA-1X well is targeting hydrocarbons in the Abu Roash and other intervals, and is the first of a three well exploration drilling campaign in the Concession. The well is at 2,733 metres, having sidetracked around an obstruction at the base of the Khoman Formation.

BP/GUPCO Operated – North Shadwan Concession, Egypt

The NS385-1 development well spudded on 21 September 2012. This well is designed as a long-reach onshore-to-offshore well, aimed at developing oil within the NS385 oilfield. The well is at 1,073 metres measured depth (853 metres true vertical depth) in the post-Zeit Formation.



Drilling Report – Period ending 3 October 2012

Well	Participants	Progress & Summary	Primary Targets
Windmill-1 PEL 92 Oil Exploration C/E Basin, SA	BPT* 75.00% COE 25.00%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 673m Operation: Drilling ahead. Progress: 673m	Namur Sandstone.
Butlers-6 PEL 92 Oil Development C/E Basin, SA	BPT* 75.00% COE 25.00%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 1363m (TD) Operation: Well is cased and suspended as a future Namur Sandstone oil producer. Progress: 1363m	Namur Sandstone, Birkhead Formation.
Butlers-5 PEL 92 Oil Development C/E Basin, SA	BPT* 25.00% COE 75.00%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 1360m (TD) Operation: Well is cased and suspended as a future Namur Sandstone oil producer. Progress: 1250m	Namur Sandstone.
Halifax-1 ATP-855P Shale Gas Exploration Cooper, SA	BPT* 60.00% ICN 40.00%	Report Time: 0600hrs (CST) 03/10/2012 Depth: 4006m Operation: Repairing rig engine. Progress: 1126m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation.
Marble-1 PEL 218 Shale Gas Exploration Cooper, SA	BPT 100.00%	Report Time: 0600 hrs (CST) 3/10/2012 Depth: 260m Operation: Drilling ahead in surface hole. Progress: 260m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation, Toolachee Formation.
Snatcher-8 PEL 111 Oil Development C/E Basin, SA	BPT 40.00% SXY* 60.00%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 774m Operation: Drilling ahead. Progress: 774m	Mid-Birkhead Formation.
Snatcher-10 PEL 111 Oil Appraisal C/E Basin, SA	BPT 40.00% SXY* 60.00%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 1905m (TD) Operation: Well is cased and suspended as a future Birkhead Formation oil producer. Progress: 1905m	Mid-Birkhead Formation.
Snatcher-7 PEL 111 Oil Development C/E Basin, SA	BPT 40.00% SXY* 60.00%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 1890m (TD) Operation: Well is cased and suspended as a future Birkhead Formation oil producer. Progress: 220m	Mid-Birkhead Formation.
Bobs Well-3 PPL 89 Gas Development C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 2972m (TD) Operation: Well is cased and suspended as a future Patchawarra Formation gas producer. Progress: 2972m	Patchawarra Formation.
Big Lake-94 PPL 11 Gas Development C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 3007m (TD) Operation: Well is cased and suspended as a future Patchawarra Formation gas producer. Progress: 0m	Patchawarra Formation, Tirrawarra Formation, Toolachee Formation Daralingie Formation Epsilon Formation.
Kanowana-9 PPL 28 Gas C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CST) 03/10/2012 Depth: 3024m (TD) Operation: Well is cased and suspended as a future Patchawarra Formation liquids - rich gas producer. Progress: 120m	Patchawarra Formation, Tirrawarra Sandstone.
Irtalie East-2 PL 36 (Cooroo Block) Oil Appraisal C/E Basin, QLD	BPT 38.50% STO* 55.50% DLS 2.00% IOR 2.00% EWS 2.00%	Report Time: 0600 hrs (AEDT) 03/10/2012 Depth: 1915m (TD) Operation: Well is plugged and abandoned. DST-2 recovered 27bbbls formation water. Progress: 1915m	Hutton Sandstone.
ASA-1X Abu Sennan Oil Exploration Egypt	BPT 22.00% KEC* 50.00% DOV 28.00%	Report Time: 0600 hrs (local) 02/10/2012 Depth: 2781m Operation: Drilling ahead in Khoman Formation. Progress: 775m	Abu R'sh C, E, G Bahariya
NS 385-1 North Shadwan Oil Development Egypt	BPT 20.00% BP* 50.00% TOE 30.00%	Report Time: 0600 hrs (local) 02/10/2012 Depth: 1091m Operation: Wiper trip prior to drilling ahead. Progress: 1091m	Rudeis Sandstone

(*) Operator
 BPT Beach Energy Ltd
 COE Cooper Energy
 ORG Origin Energy Resources
 DLS Drill Search
 ENI Eni Australia
 AEL Apache Energy
 KEC Kuwait Energy
 EWC Energy World Corp
 TOE Tri Ocean Energy
 BP British Petroleum Egypt
 IOR Inland Oil
 INC Icon Energy

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Neil Gibbins
Chief Operating Officer

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