

**For Immediate Release – 26 October 2012**

Ref. 107/12

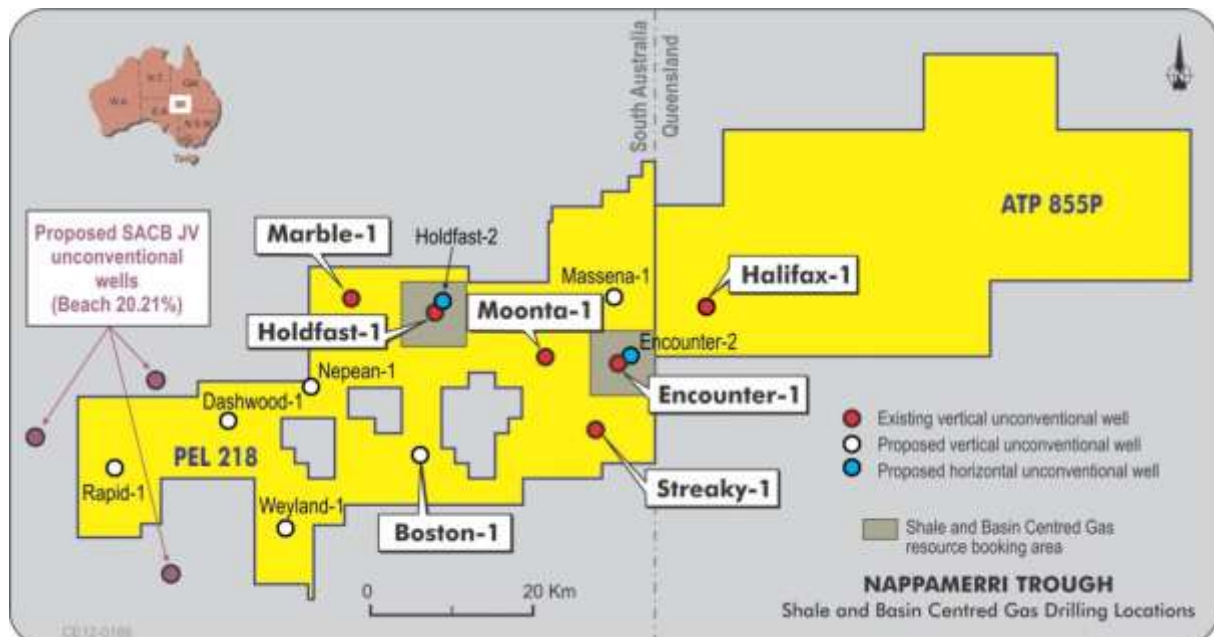
ASX Ltd  
Companies Announcement Office  
Electronic Lodgement System

Dear Sir,

### MOONTA-1 FRACTURE STIMULATION COMMENCED

The planned ten stage fracture stimulation of the PEL 218 Moonta-1 unconventional exploration well commenced Friday, 26 October 2012, focusing primarily on the Patchawarra Formation

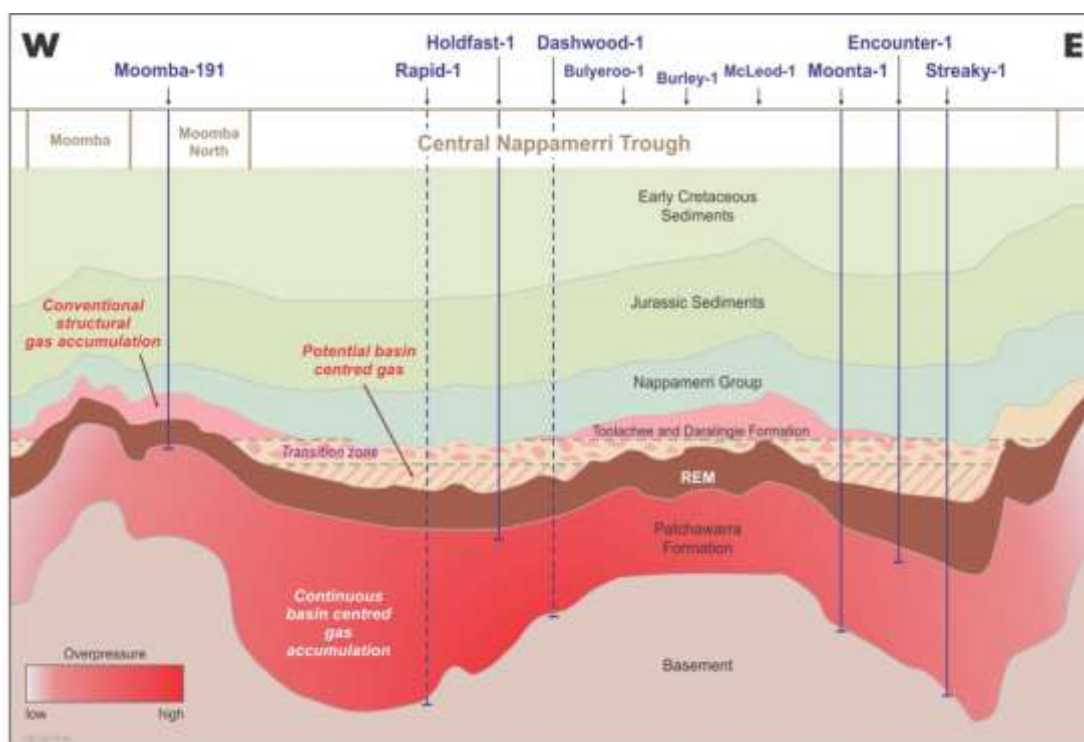
Beach Energy Limited (ASX:BPT) advises it has commenced hydraulic fracture stimulation of the Moonta-1 unconventional shale and basin centred gas exploration well, located in PEL 218 (Beach 100%) in the Nappamerri Trough in the Cooper Basin. The Moonta-1 well was drilled in April 2012 to a depth of 3,810 metres, with logs indicating the well has in excess of 1,000 metres of gas saturated Permian target zone, from the Toolachee Formation to the base of the Patchawarra Formation.



The fracture stimulation of Moonta-1 will be conducted over nine stages of the Patchawarra Formation and one stage of the Murteree Shale, covering depths of ~3,300 metres to ~3,800 metres. It is expected that each stage will take one to two days to complete, with the gas from all stages to be co-

mingled. Moonta-1 will be flow tested for a period of several weeks, after which the well will be plugged for the possible fracture stimulation of the remaining REM intervals above the Patchawarra Formation.

The fracture stimulation approach to Moonta-1 will differ from Encounter-1 and Holdfast-1 in that it will primarily focus on the Patchawarra Formation. Moonta-1 was the first well to be drilled through the Patchawarra Formation, with Encounter-1 and Holdfast-1 only penetrating the first 50 metres of the Patchawarra. In addition, the well construction and surface infrastructure have been upgraded to target pumping rates of ~80 barrels per minute of stimulation fluid, approximately double that used in the previous wells. This has the potential to increase fracture complexity and may also result in increased flow rates.



Following fracture stimulation of Moonta-1, the stimulation equipment will move to the Streaky-1 well, also in PEL 218, with the plan to then move to Halifax-1 in ATP 855P (Beach 60% and operator, Icon Energy Limited 40%).

Beach currently has two rigs operating on its unconventional exploration program. Ensign 965 is currently drilling at Marble-1, with the well at a depth of 2,503 metres. After completing Marble-1, Ensign 965 will move to the Holdfast-2 location, where it will drill the first horizontal well of this unconventional program. It is anticipated that this will take place around mid-December 2012.

The second rig, Ensign 916, is being mobilised to the Boston-1 well site, where it will drill the seventh vertical well in Beach's unconventional exploration program to date. Boston-1 is expected to spud in early November 2012.

Reg Nelson, Managing Director of Beach, said: "The fracture stimulation of the Moonta-1 unconventional well is the first of ten wells planned for stimulation this financial year. Combined with the drilling of up to three horizontal and seven vertical wells, it is very clear that Beach is moving



forward with great momentum toward the commercialisation of this potentially ground breaking shale and basin centred gas project.

The latest technology and increased horsepower will be applied to all our wells moving forward and we are expecting a material upgrade to our 2C contingent resource base as a result of the work we will be undertaking in the unconventional program this financial year.

It is also appropriate at this stage to acknowledge the contribution of those contractors involved in the project, in particular Ensign International and Halliburton, for the provision of leading edge technology and their expertise. The support of the Government Authority (DMITRE), local landholders and Native Title claimants, the Yandruwandha/Yawarrawarrka people, is greatly appreciated by the Company and has allowed this project to proceed as planned.”

Yours sincerely,

A handwritten signature in black ink, appearing to read "Reg Nelson", on a light yellow background.

**Reg Nelson**

Managing Director, FAusIMM

### For more information contact

#### Corporate

Reg Nelson	Beach Energy Ltd	08 8338 2833
------------	------------------	--------------

#### Investor Relations

Chris Jamieson	Beach Energy Ltd	08 8338 2833
----------------	------------------	--------------