



Monthly Drilling Report

December 2012

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
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Beach Energy Ltd
ABN: 20 007 617 969
ASX Code: BPT

25 Conyngham Street
GLENSIDE SA 5065

GPO Box 175
ADELAIDE SA 5001

Tel: +61 8 8338 2833
Fax: +61 8 8338 2336

Web:
www.beachenergy.com.au
Email:
info@beachenergy.com.au

HIGHLIGHTS

- **Moonta-1 flowing back gas at a rising rate of 2.1 MMscfd**
- **Holdfast-2 horizontal well drilling ahead at 2,961 metres**
- **Halifax-1 seventh stage completed of fourteen stage fracture stimulation program**

AUSTRALIA

Operated Cooper Basin Unconventional Gas Program

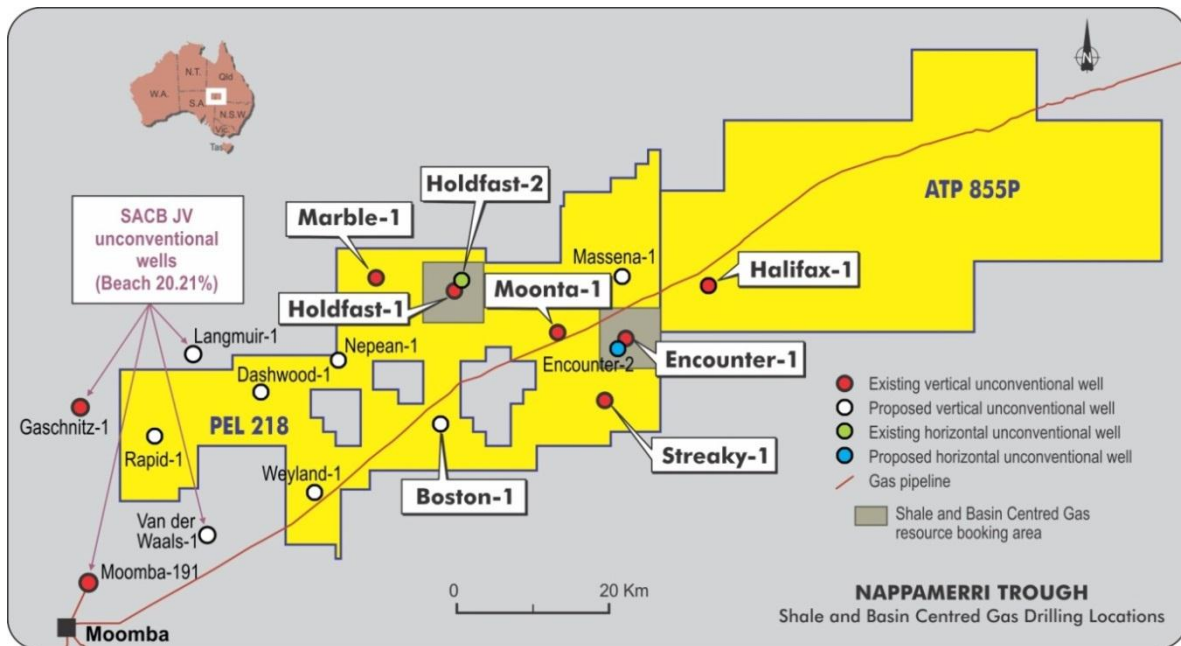
PEL 218 (Beach 100%)

Flow testing of Moonta-1 commenced on 14 December 2012. The well has flowed back stimulation fluid and gas since that date, with the gas rate currently at 2.1 MMscfd and increasing, and the fluid rate decreasing. Flows remain restricted by a surface choke which will be gradually opened during the test, with further increases in the gas rate expected. Approximately half of the fracture stimulation fluid expected to be recovered has now been extracted from the well. The well was fracture stimulated with eight stages in the Patchawarra and a single stage in the Murteree, with the remainder of the REM targets expected to be fracture stimulated and flow tested at a future date.

The first horizontal well of the unconventional gas campaign, Holdfast-2, located approximately one kilometre north-east of Holdfast-1, spudded in December 2012 and is drilling ahead at 2,961 metres toward a horizontal objective through the Murteree Shale. The well will be drilled vertically for approximately three kilometres before drilling laterally for approximately 1.6 kilometres. It is anticipated that the well will be fracture stimulated around April 2013.

The fracture stimulation of Streaky-1 was completed with eight of the stages placed in the Patchawarra Formation to assess the basin-centred gas potential in this play, and one stage placed in the Murteree Shale to further understand the shale gas play. Following coiled tubing operations and the installation of production tubing, flow testing is expected to commence in early February. Similar to Moonta-1, the shallower Permian targets are likely to be assessed in subsequent stimulation and testing activities in 2013.

Boston-1, the sixth vertical exploration well in the PEL 218 unconventional exploration program, reached a total depth of 3,755 metres. Excellent gas shows were observed at Boston-1, especially in the Epsilon and Patchawarra Formations. Wireline logging has recently been completed and the data is currently being assessed. A total of 110 metres of core was cut in the Daralingie, Roseneath and Patchawarra Formations, with early indications from desorption of these cores indicating that the shales have a high gas content. The well has been cased and suspended for fracture stimulation in a campaign scheduled for March/April 2013. The Ensign 916 rig will now move to the Nepean-1 vertical well location.



ATP 855P (Beach 60%)

The stimulation equipment is currently at Halifax-1 in Queensland, with seven of a revised fourteen stage program pumped. Stimulation in this well is addressing all Permian targets; the Patchawarra Formation, Murteree Shale, Epsilon Formation, Roseneath Shale, Daralingie Formation and Toolachee Formation. The remaining seven stages are expected to be placed by mid-January, with production testing anticipated to commence by early February.

Operated Cooper-Eromanga Gas – Patchawarra Trough

The first well of a four well gas exploration campaign in PEL 106B (Beach 50%) was drilled during December 2012. Coorabie-1, located eight kilometres north of Brownlow-1 and 1.8 kilometres SSE of Canunda-1, was drilled to 2,891 metres after which a drill stem test was conducted over an 11 metre interval containing the sand which had the best interpreted chance of producing commercial gas. The test failed to flow gas to surface. The joint venture subsequently elected to case and suspend the well to allow for technical studies to assess the potential for unconventional gas in the well. Any further evaluation program would be conditional upon these studies.

Santos Operated Cooper Basin Oil and Gas Exploration and Development

Baryulah-15 (Beach 23.2%) was cased and suspended for future production after intersecting gas in several sands within the Toolachee, Daralingie and Patchawarra Formations. The Baryulah field is one of the largest of the SW Queensland gas fields, located approximately 165 kilometres east from the Moomba gas plant. Baryulah-16 was subsequently drilled to a total depth of 2,629 metres and wireline logging is currently underway to evaluate the well.

The drilling of Gaschnitz-ST1 unconventional gas exploration well in PPL-101 (Beach 20.21%) continued toward a planned total depth of approximately 4,000 metres. A second unconventional gas well, Roswell-1, spudded just north of the Moomba field to test the gas potential of deep coals within the Patchawarra Formation and the REM interval.

In Queensland, oil drilling continued in the T66 block (Beach 30%). Zeus-7, the last of four approved wells to appraise and develop the Zeus oil field, was cased and suspended as a future Birkhead/Hutton oil producer. The rig has since moved about 60 kilometres westward to drill two exploration wells, the first of which, Paspas-1, was plugged and abandoned after testing oil shows in the Murta Formation but recovering only water. The second well, Cudgel-1, is drilling ahead.

INTERNATIONAL

Kuwait Energy Operated – Abu Sennan Concession, Egypt (Beach 22%)

Preparations for the drilling of two wells within the concession are currently underway, with rigging up of the Al Ahmadi-2 well 95% complete. This well will appraise the recent Al Ahmadi discovery, which has been on production since July 2012 within the awarded Development Lease.

The second well of the three well exploration program, the ASB-1X exploration well, is also rigging up. The ASB-1X well will test closures mapped in the Late Cretaceous Abu Roash Formation and will be deepened to test the potential of the Jurassic Khatatba Formation.

BP/GUPCO Operated – North Shadwan Concession, Egypt (Beach 20%)

The NS385-1-ST3 development well, a long-reach onshore-to-offshore well, aimed at developing oil within the NS385 oil field, is now drilling ahead at 4,448 metres measured depth (1,772 metres true vertical depth) within the Lower Rudeis Formation.

Melrose Resources Operated – Mesaha Concession, Egypt (Beach 15%)

The Mesaha-1 exploration well is the first well to be drilled in the Mesaha Graben, and is designed to test the stratigraphic section on the flank of a large structure identified from recent 2D seismic data. The Mesaha Graben is approximately two thirds the size of the Gulf of Suez and is substantially contained within the concession, first granted in 2007. The Mesaha-1-ST1 well is currently opening out the 12 ¼" pilot hole (current depth 1,528 metres) to 17 ½" (current depth 884 metres).



Drilling Report – Period ending 3 January 2013



Neil Gibbins
Chief Operating Officer

For more information contact Corporate

Reg Nelson	Beach Energy Limited	+61 8 8338 2833
Neil Gibbins	Beach Energy Limited	+61 8 8338 2833

Investor Relations

Chris Jamieson	Beach Energy Limited	+61 8 8338 2833
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Drilling Report - Period ending Thursday 3rd January 2013

Well	Participants	Progress & Summary		Primary Targets
Coorabie-1 PEL 106 B Gas Exploration C/E Basin, SA	BPT* 50.00% DLS 50.00%	Report Time: 0600 hrs (CDT) 03/01/2013 Depth: 2891m (TD) Operation: Well is cased and suspended for further evaluation Progress: 2891m		Patchawarra Formation
Boston-1 PEL 218 Shale Gas Exploration Cooper, SA	BPT* 100.00%	Report Time: 0600 hrs (CDT) 03/01/2013 Depth: 3755m (TD) Operation: Well is cased and suspended for future fracture stimulation Progress: 546m		Roseneath Shale Epsilon Formation Murteree Shale Patchawarra Formation Toolachee Formation
Holdfast-2 PEL 218 Shale Gas Horizontal Cooper, SA	BPT* 100.00%	Report Time: 0600 hrs (CDT) 03/01/2013 Depth: 2961m Operation: Drilling ahead Progress: 2961m		Murteree Shale
Paspa-1 PL 301 Oil Exploration C/E Basin, QLD	BPT 30.00% STO* 70.00%	Report Time: 0600 hrs (AEST) 03/01/2013 Depth: 2010m (TD) Operation: Well is plugged and abandoned Progress: 2010m		Murta Formation Toolachee Formation
Cudgel-1 T66 Block, ATP 259P Oil Exploration C/E Basin, Qld	BPT 30.00% STO* 70.00%	Report Time: 0600 hrs (CDT) 03/01/2013 Depth: 463m Operation: Preparing to drill out of surface casing Progress: 463m		Murta Member McKinley Member Toolachee Formation Epsilon Formation
Zeus-7 PL 301 Oil Appraisal C/E Basin, QLD	BPT 30.00% STO* 70.00%	Report Time: 0600 hrs (AEST) 03/01/2013 Depth: 1787m (TD) Operation: Well is cased and suspended as a future Birkhead Formation oil producer. Progress: 176m		Birkhead Formation Hutton Sandstone
Roswell-1 PPL 9 Gas Exploration C/E Basin, SA	BPT 20.21% STO* 60.06% ORG 13.19%	Report Time: 0600 hrs (CDT) 03/01/2013 Depth: 2855m Operation: Running in hole to drill ahead in Patchawarra Fm Progress: 2855m		Patchawarra Formation Roseneath Shale Epsilon Formation Murteree Shale Toolachee Formation
Baryulah-16 PL 131 Gas Development C/E Basin, QLD	BPT 23.20% STO* 60.06% ORG 16.74%	Report Time: 0600 hrs (AEST) 03/01/2013 Depth: 2629m (TD) Operation: Wireline logging Progress: 2629m		Toolachee Formation Patchawarra Formation
Baryulah-15 PL 131 Gas Development C/E Basin, QLD	BPT 23.20% STO* 60.06% ORG 16.74%	Report Time: 0600 hrs (AEST) 03/01/2013 Depth: 2653m (TD) Operation: Well is cased and suspended as a future Toolachee, Patchawarra Formations gas producer. Progress: 1129m		Toolachee Formation Patchawarra Formation
Gaschnitz-1 ST1 PPL 101 Gas Appraisal C/E Basin, SA	BPT 30.00% STO* 70.00%	Report Time: 0600 hrs (CDT) 03/01/2013 Depth: 3133m Operation: Drilling ahead in Epsilon Formation Progress: 660m		Roseneath Shale Epsilon Formation Murteree Shale Patchawarra Formation Toolachee Formation
ASA-1 ST2 Abu Sennan Oil Exploration Egypt	BPT 22.00% KEC* 50.00% DOV 28.00%	Report Time: 0600 hrs (local) 02/01/2013 Depth: 3576m (TD) Operation: Well is cased and suspended Progress: 795m		Abu R'sh C, E, G Bahariya
NS 385-1 ST1 North Shadwan Oil Development Egypt	BPT 20.00% BP* 50.00% TOE 30.00%	Report Time: 0600 hrs (local) 02/01/2013 Depth: 4561m Operation: Preparing to drill ahead in 8 1/2 " production hole Progress: 2080m		Rudeis Sandstone

Mesaha-1X ST1	BPT	15.00%	Report Time:	0600 hrs (local) 02/01/2013	Devonian Sands
Mesaha Concession	MRS*	40.00%	Depth:	1528m	Silurian Sands
Oil Exploration	KEE	15.00%	Operation:	Opening pilot hole to 17 1/2" hole	
Upper Egypt	HLPD	30.00%	Progress:	1290m	

(*) Operator

BPT Beach Energy Ltd

ORG Origin Energy Resources

KEC Kuwait Energy

TOE Tri Ocean Energy

HLPD Hellenic Petroleum

SXY Senex Energy

STO Santos Limited

BP British Petroleum Egypt

MRS Melrose Resources

COE Cooper Energy

DLS Drill Search

DOV Dover Investments

ICN Icon Energy