



**BEACH  
ENERGY**

# Quarterly Report

Period ending 30 September 2013



## HIGHLIGHTS

### Corporate

- Managing Director extends employment contract until 1 July 2015
- Commencement of farm-down process relating to Lake Tanganyika South block, Tanzania

### OPERATIONS

- Production of 2.5 MMboe, 10% up on the previous quarter, mainly due to higher Western Flank oil and condensate production
- Record total revenue of \$270 million, 35% up on the previous quarter, mainly due to continued strong A\$ Brent oil price and higher oil sales volumes
- Total sales volumes of 2.9 MMboe, 16% up on the previous quarter, mainly due to record oil sales volumes of 1.6 MMboe
- Western Flank oil production at ~10,300 bpd (net)
- Oil and gas discovery at El Salmiya-2, Egypt
- High pressure gas influx at Keppel-1 vertical well in ATP 855
- Participation in 27 wells, with a success rate of 80%

### SUBSEQUENT EVENTS

- Preparation work commenced in relation to the Nappamerri Trough Natural Gas fracture stimulation program
- Holdfast-2 horizontal well to be fracture stimulated imminently
- Increase in shareholding of Cooper Energy Ltd to 18.4%

### Financial

- Strong balance sheet, with cash reserves of \$402 million
- Secured \$320 million financing facility, negotiated and in place

### Key Statistics

	Sep 2012 Quarter	Jun 2013 Quarter	Sep 2013 Quarter	Qtr on Qtr Change
Production (kboe)	2,106.9	2,227.8	2,460.4	10%
Sales (kboe)	2,543.3	2,480.8	2,866.1	16%
Revenue (\$ million)	169.9	199.7	270.4	35%
Oil Price (\$ per bbl)	109.4	110.4	128.1	16%
Cash (\$ million)	352.1	347.6	401.8	16%

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### directors

*Independent Non-executive Chairman*

**Glenn Davis**

*Managing Director*

**Reg Nelson**

*Independent Non-executive Directors*

**John Butler**

**Franco Moretti**

**Belinda Robinson**

**Fiona Bennett**

**Doug Schwebel**

**Reg Nelson**

Managing Director

29 October 2013

Ref: #65/13

*This report contains information on Beach's Reserves and Resources which have been compiled by Mr Tony Lake, who is a full time employee of Beach, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.*

## CORPORATE

Beach was pleased to announce that Reg Nelson, Managing Director, extended his employment contract from 30 June 2014 until 1 July 2015. It is not anticipated that Mr Nelson will continue beyond this date, and as a result, the Board will in due course initiate a search for his replacement.

The farm-down process of the Lake Tanganyika South block (Beach 100%) in Tanzania has commenced. A number of interested parties have signed confidentiality agreements and will be invited to undertake due diligence on the available data.

## SUBSEQUENT EVENTS

Preparation work for the Nappamerri Trough Natural Gas (NTNG) fracture stimulation program in PEL 218 commenced. The Holdfast-2 horizontal well will be stimulated in eight stages over a 600 metre lateral. It is anticipated that post fracture stimulation and installation of production tubing, initial gas flows will be available late November.

Beach recently acquired a further 8.8% in Cooper Energy Ltd on market to take its holding to 18.4%. There is no current intention to make a takeover bid for shares in the company.

### FINANCIAL

A secured \$320 million refinancing was entered into as a replacement of the previous \$150 million multi-option facility, which was due to expire in January 2014.

The new facility consists of three tranches:

- \$150 million three year revolving loan facility;
- \$150 million five year revolving loan facility; and
- \$20 million letter of credit facility.

## PRODUCTION, SALES & REVENUE

### Production

Total net production was 2.5 MMboe, up 10% on the previous quarter. The strong result was driven by record net oil production of 1.3 MMbbl. The majority of this production was from the Western Flank, which confirmed its potential with

recently installed pipelines achieving maximum available capacity for the quarter.

### Western Flank

Western Flank net production averaged 10,300 bopd, which was 16% up on the previous quarter. An agreement with the SACB JV, to increase oil flow until the end of December through the Lycium to Moomba trunkline, was signed during the quarter. 84% of oil was transported via flowlines and 16% via trucking.

### PEL 91

(Beach 40% and operator, Drillsearch 60%)

Record oil production of 1.14 MMbbl (450 kbbl net to Beach), was 66% higher than the June quarter. The first expansion of the Bauer facility was completed in early September, with total fluid capacity increasing from ~20,000 bpd to ~33,000 bpd.

Water production has increased more slowly than originally forecast to date, however management of water production at Bauer is a key focus moving forward as the water cut continues to increase. Bauer-5 was brought online during the quarter and tested at in excess of 8,500 bopd. The

QUARTERLY PRODUCTION		Sep 2012 Quarter	Jun 2013 Quarter <sup>1</sup>	Sep 2013 Quarter <sup>2</sup>	Qtr on Qtr Change
Oil (kbbl)	Cooper and Eromanga Basins	811.9	1,101.3	1,279.1	16%
	Egypt <sup>3</sup>	32.1	39.7	18.4	(54%)
	Williston Basin <sup>4</sup>	3.3	1.6	–	(100%)
	<b>Total Oil</b>	<b>847.3</b>	<b>1,142.5</b>	<b>1,297.5</b>	<b>14%</b>
Sales Gas and Ethane (PJ)	Cooper Basin	6.1	5.2	5.5	6%
LPG (kt)	Cooper Basin	13.5	12.3	13.2	7%
Condensate (kbbl)	Cooper Basin	98.3	92.7	113.4	22%
<b>TOTAL OIL AND GAS (kboe)</b>		<b>2,106.9</b>	<b>2,227.8</b>	<b>2,460.4</b>	<b>10%</b>

<sup>1</sup> Final reconciled production figures

<sup>2</sup> Preliminary data for Santos operated areas

<sup>3</sup> Egyptian production now recognised on a net entitlement basis as opposed to an equity basis

<sup>4</sup> USA interests divested during the quarter

Bauer -9, -10, -11 and Chiton-2 wells are expected to be connected and online over the coming months.

## PEL 92

(Beach 75% and operator, Cooper Energy 25%)

Oil production of 495 kbbl (310 kbbl net) was down 23% when compared with the previous quarter. The Callawonga, Butlers and Christies facilities were recently expanded, with new wells in and around these fields now online (Christies-6, -7, Butlers-5, -6 and Callawonga -7, -8). Callawonga-8 will be re-perforated in the December quarter to maximise flow rates from the well.

The recent Windmill-1 discovery is online, connected through a temporary flowline back to the Callawonga facility. A permanent flowline is expected to be installed and operational in the March 2014 quarter.

## PEL 104/111

(Beach 40%, Senex 60% and operator)

Total production from Senex operated assets was 410 kbbl (161 kbbl net), 3% up on the previous quarter.

Workover and completion activity continued at the Growler and Mustang oil fields until the end of September, which is expected to deliver additional

production in the December quarter. This work included the Growler-7 well, which underwent a workover and the Mustang-1 well, which had an electric submersible pump installed.

The Snatcher-9 well was online for the entire quarter.

The commissioning of a flowline connecting Spitfire to Growler was completed. This has now replaced trucking operations.

## PEL 106B

(Beach 50% and operator, Drillsearch 50%)

Production of 294 kboe (147 kboe net), was 11% up on the June quarter. This increase was impacted by three days of lost production due to boiler problems and resultant downtime at Moomba.

## SACB JV and SWQ JV's

Gas production from the Delhi business (operated by Santos) was up 6% for the quarter. This increase was impacted by the suspension of the Saxon rig drilling operations between 23 June and 30 July, which resulted in only 16 new gas wells brought online as compared with 26 for the June quarter. Three new oil wells, Cook-24, -26 and -27 were also brought online during the period.

## Egypt

Gross Egyptian oil production was 200 kbbl (18 kbbl net entitlement). North Shadwan gross production from the NS377 and NS385 fields was 106 kbbl, with the residual gross production of 94 kbbl generated from the Abu Sennan concession.

## Sales

Sales volumes of 2.9 MMboe were up by 16% on the previous quarter, mainly due to:

- Oil production at record levels;
- Higher production levels of other products;
- Increased third party sales; and
- Timing of shipments.

## Revenue

Record total revenue of \$270.4 million was up 35% on the previous quarter, mainly due to:

- Increased sales volumes;
- A strong averaged realised oil price of A\$128 per bbl; and
- Higher prices for all other products.

QUARTERLY SALES		Sep 2012 Quarter	Jun 2013 Quarter	Sep 2013 Quarter <sup>1</sup>	Qtr on Qtr Change
Oil (kbbl)	Cooper and Eromanga Basins	898.8	1,369.3	1,624.2	19%
	Egypt <sup>2</sup>	29.8	37.8	18.4	(51%)
	Williston Basin	3.2	3.6	(0.1)	(103%)
	<b>Total Oil</b>	<b>931.8</b>	<b>1,410.7</b>	<b>1,642.5</b>	<b>16%</b>
<b>Sales gas and Ethane (PJ)</b>	Cooper Basin	7.9	5.3	5.6	5%
<b>LPG (kt)</b>	Cooper Basin	14.7	9.6	14.4	49%
<b>Condensate (kbbl)</b>	Cooper Basin	142.6	80.4	153.9	92%
<b>TOTAL OIL and GAS (kboe)</b>		<b>2,543.3</b>	<b>2,480.8</b>	<b>2,866.1</b>	<b>16%</b>

<sup>1</sup> Includes sales of oil & gas liquids and gas purchased from third parties for the September quarter of 376 kboe and 0.8 PJ respectively

<sup>2</sup> Egyptian sales now recognised on a net entitlement basis as opposed to an equity basis

## CAPEX

Exploration capital expenditure was 8% down on the previous quarter, mainly due to delays in the Nappamerri Trough Natural Gas (NTNG) program associated with the arrival of micro-seismic equipment.

Development and capital expenditure was 43% up on the previous quarter, mainly due to SACB JV expenditure associated with infill drilling and infrastructure upgrades at the Moomba facility.

## DEVELOPMENT

### Cooper/Eromanga Basins

#### PEL 91

(Beach 40% and operator, Drillsearch 60%)

The Bauer-11 well was drilled to further develop the Bauer oil field and provide additional structural control in the north of the field. The well intersected a 10 metre gross column including six

metres in the highly permeable Namur Sandstone. The well was cased and suspended as a future oil producer.

To the south of Bauer, the Chiton-2 well was drilled to a total depth of 1,718 metres to appraise the Chiton field structure. The well is located 270 metres northwest and updip of Chiton-1, which produces oil from a Namur Sandstone reservoir. Chiton-2 confirmed the mapped size of the Chiton field with the intersection of a 5.5 metre gross oil column, and was cased and suspended as a future oil producer.

#### PEL 92

(Beach 75% and operator, Cooper Energy 25%)

Success at Windmill-2, the first development well in a four well program, will accelerate production of reserves in the Windmill oil field. The Windmill-2 well, located 200 metres north of Windmill-1, was drilled to a total depth of 1,743 metres to confirm the extent of the Windmill oil field. The well intersected a four metre

gross oil column in the Namur Sandstone and a two metre gross oil column in the Birkhead Formation. The well was cased and suspended as a future oil producer and is expected to be online in the December quarter. The Windmill oil field is estimated to contain around 650,000 barrels of 2P oil reserves.

Subsequent to period end, the Butlers-7 and -8 wells penetrated five metres, and six metres, respectively, of net oil pay in the Namur Sandstone. The Butlers-7 well was drilled to a total depth of 1,145 metres and the Butlers-8 well to 1,650 metres, with both cased and suspended for completion as oil producers. These wells will be linked into the existing Butlers production facility and will accelerate production from the Butlers field.

The final well of this four well program is Callawonga-9, which is expected to be drilled by the end of October. It is anticipated that all four wells will commence production over the coming months.

QUARTERLY REVENUE		Sep 2012 Quarter A\$000	Jun 2013 Quarter A\$000	Sep 2013 Quarter <sup>1</sup> A\$000	Qtr on Qtr Change
Oil	Cooper and Eromanga Basins	99,077	151,778	208,472	37%
	Egypt <sup>2</sup>	2,626	3,550	1,985	(44%)
	Williston Basin	277	393	(12)	(103%)
	<b>Total Oil</b>	<b>101,980</b>	<b>155,721</b>	<b>210,445</b>	<b>35%</b>
Gas and Gas Liquids	Cooper Basin	67,933	43,963	59,993	37%
<b>TOTAL OIL and GAS</b>		<b>169,913</b>	<b>199,684</b>	<b>270,438</b>	<b>35%</b>
<b>Average Realised Price (A\$/boe)</b>		66.8	80.5	94.4	17%
<b>Average Realised Oil Price (A\$/bbl)</b>		109.4	110.4	128.1	16%

<sup>1</sup> Includes sales of oil & gas liquids and gas purchased from third parties for the September quarter of \$47.1 million and \$4.7 million respectively

<sup>2</sup> Egyptian revenue now recognised on a net entitlement basis as opposed to an equity basis

QUARTERLY CAPITAL EXPENDITURE	Sep 2012 Quarter A\$ million	Jun 2013 Quarter A\$ million <sup>1</sup>	Sep 2013 Quarter A\$ million	Qtr on Qtr Change
Exploration and Appraisal	35.9	35.6	32.7	(8%)
Development, Plant and Equipment	55.5	41.0	58.6	43%
<b>TOTAL</b>	<b>91.4</b>	<b>76.6</b>	<b>91.3</b>	<b>19%</b>

<sup>1</sup> Adjusted to final FY13 reported results

## Santos operated

Development expenditure in the Santos gas operated areas is focused on increasing gas sales out of the Cooper Basin. This will be driven by the Cooper Gas Growth infill drilling which is aimed at converting undeveloped 2P reserves to developed 2P reserves.

### Cooper Gas Growth

(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

Cooper Gas Growth is targeting increased gas production and reduced costs from existing conventional gas fields, with the operator targeting a 30% cost reduction by 2015. This will mainly be delivered from pad drilling, with the largest pad drill project to date having commenced in the Cowralli field earlier in the year.

Within the Cowralli field, 16 wells have now been drilled as part of the well pad program, with the final well, Cowralli-21,

reaching a total depth of 3,352 metres subsequent to period end. The program comprises two pads from which two drilling rigs have sequentially drilled eight wells each.

The next phase in the program will be to fracture stimulate the wells in a cost efficient manner to best utilise the fracture stimulation equipment. This pad style approach is expected to save money through confining activities in space and time, and is planned to be one of the main drivers of future cost savings in the Cooper Basin.

The Cowralli-17 to -20 and -27 to -29 wells were all cased and suspended as future gas producing wells. Commencing in the December quarter, these wells will be fracture stimulated and brought online.

Within the Pelican field, Pelican-13 was cased and suspended as a Patchawarra Formation and Tirrawarra Sandstone gas producer.

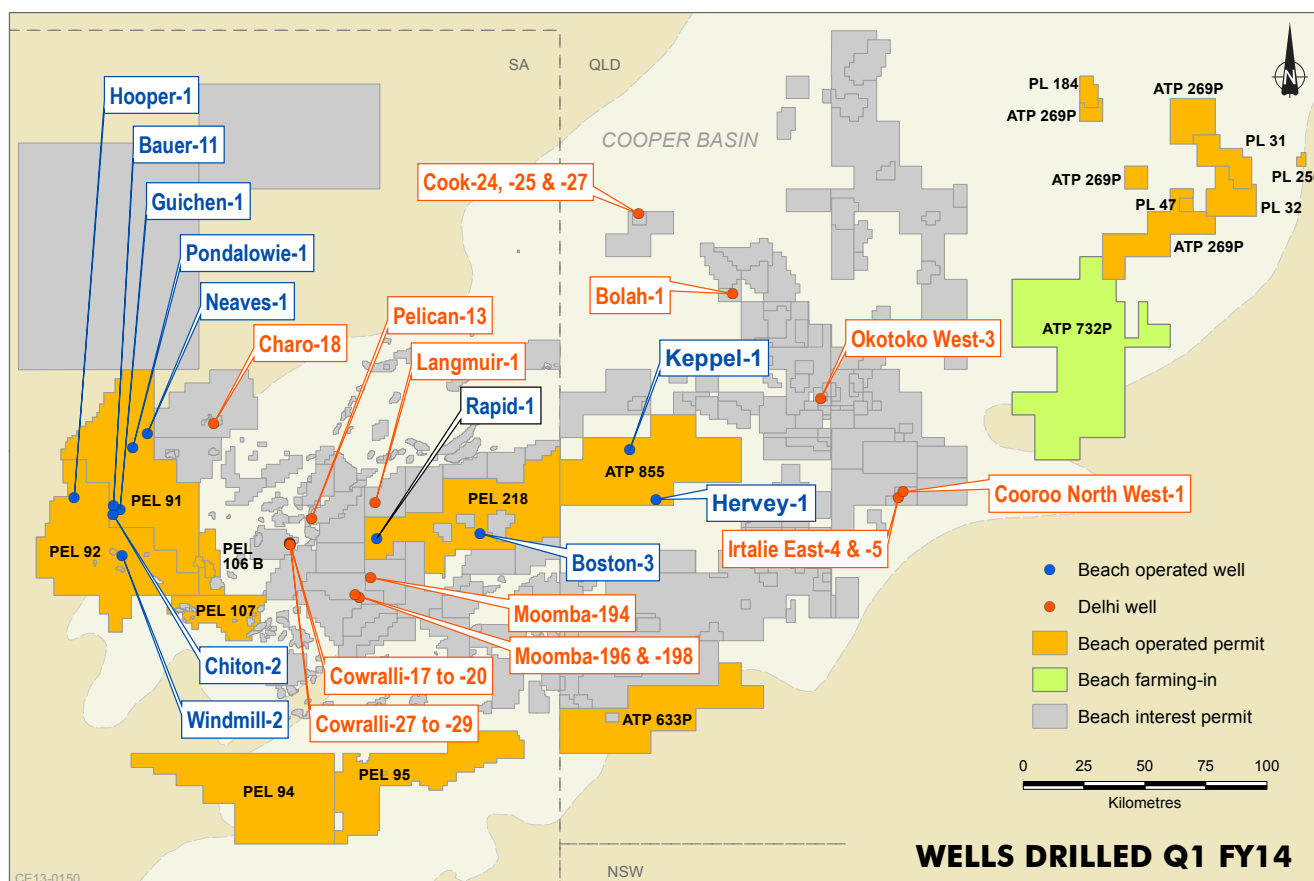
Pad drilling has also commenced in and around the Moomba field, with Moomba-198 currently drilling ahead at around 2,400 metres and Moomba-196 rigging up. This program of six wells includes a four well pad (Moomba-198, -199, -200 and -201) and two separate step-out wells (Moomba-196 and -197).

### Queensland gas

(Beach 23.2%, Santos 60.3% and operator, Origin 16.5%)

This program is drilling conventional infill wells, aimed at improving flow rates from existing fields that were developed with insufficient well density.

The Okotoko West-3 ST1 well, which targeted the Toolachee and Patchawarra Formations, was cased and suspended as a gas producer.





### SACB JV oil

(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

Drilling in the Charo field recommenced with the Charo-18 oil appraisal well, which targeted the Basal Birkhead/Hutton sandstones. This well is a twin to Charo-7, a Mid-Birkhead oil producer. Due to wellbore conditions, open hole wireline logs were not able to be run, with Charo-18 cased and suspended based on a comparison between Charo-7 wireline logs and Charo-18 Measurement While Drilling (MWD) logs.

### Queensland oil

In the Cook field (Beach 20%, Santos 55% and operator, Origin 25%), the Cook-24 and -27 wells were cased and suspended as future Hutton oil producers, while Cook-25 was plugged and abandoned.

Drilling in the Irtalie field (Beach 38.5%, Santos 55.5%, Bridgeport (Eromanga) Pty Ltd (Bridgeport) 2.0%, Australian Gasfields Ltd 2.0%, Bounty Oil and Gas N.L. (Bounty) 2.0%) continued with the Irtalie East-4 and -5 wells, both of which

were cased and suspended as future Basal Birkhead/Hutton oil producers.

Activity in the Cooroo area recommenced with the drilling of Cooroo North West on a separate culmination. The well was cased and suspended as a future Westbourne and Basal Birkhead/Hutton oil producer.

### Senex operated

(Beach 40%, Senex 60% and operator)

A further two appraisal wells, Spitfire-3 and Spitfire-4, are planned for drilling to test the limits of the Spitfire oil field. During the quarter, a further study of the Mollichuta 3D seismic data demonstrated a consistent thickness and porosity of the Birkhead Formation in the Spitfire area.

Subject to joint venture approval, further appraisal and development drilling is planned to test the limits of the Snatcher oil field.

Also subject to joint venture approval, two step out appraisal and development wells are planned to test the known limits of the Growler oil field.

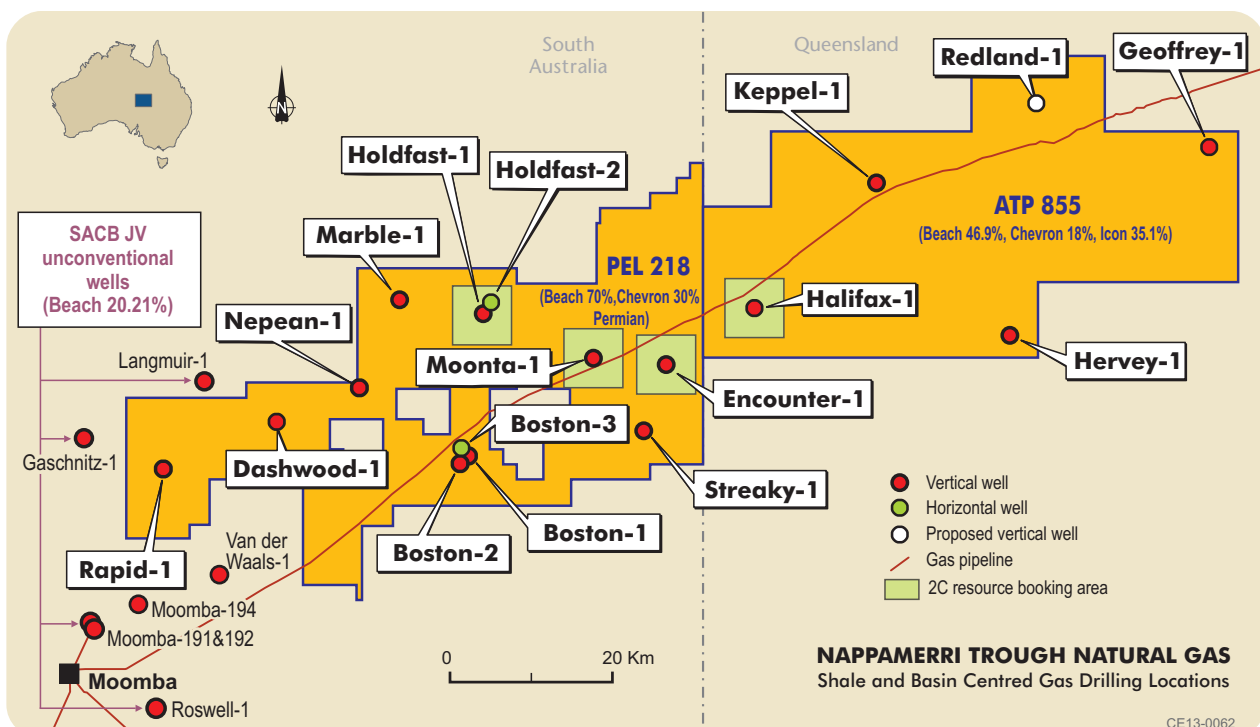
## EXPLORATION

### PEL 91

(Beach 40% and operator, Drillsearch 60%)

A three well campaign to test the Birkhead Formation stratigraphic play, based on results from the Aquilus 3D seismic survey, was completed. The program intersected reservoir within the wells, which confirmed the prediction of sandstone intervals within the Birkhead Formation using the latest 3D seismic analysis techniques. Future work will focus on trap definition and migration pathway analysis.

The first well of the campaign, Guichen-1, was plugged and abandoned after intersecting a thick sequence of sandstone interbedded with siltstone within the target Birkhead Formation. No hydrocarbon shows were detected. The second well, Pondalowie-1, was drilled to a total depth of 2,007 metres and intersected an 18 metre thick excellent quality sand within the Birkhead Formation. Wireline logging indicated the sand was water bearing which resulted in the well being plugged and abandoned.



The final well of the campaign, Neaves-1, was drilled to total depth of 2,067 metres and intersected several thick Birkhead sands, validating the seismic model. It also failed to intersect hydrocarbons and was plugged and abandoned.

## PEL 92

*(Beach 75% and operator, Cooper Energy 25%)*

The FY14 exploration program of five wells commenced with the drilling of the Hooper 1 well, which was located approximately eight kilometres west of the Rincon oil field. The well was targeting oil within the Namur Sandstone on the western edge of the permit and was plugged and abandoned after failing to intersect hydrocarbons. Oil shows in wells located in the vicinity of Hooper-1 provide encouragement in relation to the potential of the area. It is expected that the exploration program will recommence early in 2014, following the interpretation of two new 3D seismic surveys (Irus and Caseolus) undertaken in the east of the permit.

## Nappamerri Trough Natural Gas

Stage 1 of the Nappamerri Trough Natural Gas (NTNG) exploration and appraisal program continued. Subsequent to period end, preparation work for the fracture stimulation program at the Holdfast-2 horizontal well commenced. Holdfast-2 will be fracture stimulated in eight stages over a 600 metre lateral in the Murteree Shale. Micro-seismic monitoring will be undertaken in the Holdfast-1 vertical well to better understand the propagation of the fractures created from Holdfast-2.

## PEL 218

*(Beach 70% and operator, Chevron 30%)*

The Boston-3 horizontal well, the second horizontal well to be drilled as part of the NTNG exploration play, commenced drilling toward its targeted lateral zone,

the Murteree Shale. Boston-3 reached a depth of 896 metres at the end of the reporting period and is currently drilling ahead at approximately 3,000 metres. Intermediate casing was set at 2,935 metres, after which the well will be drilled toward the lateral target zone. The lateral is expected to be 600 metres in length and drilled at a depth of 3,158 metres, with total depth expected to be reached late November. Pending joint venture approval, it is expected that Boston-3 will be fracture stimulated early in the March 2014 quarter.

Rapid-1, the tenth vertical exploration well in PEL 218, reached total depth of 4,208 metres in the Patchawarra Formation. Rapid-1 was cased and suspended for future evaluation.

## ATP 855

*(Beach 46.9% and operator, Chevron 18%, Icon 35.1%)*

The Hervey-1 and Keppel-1 vertical wells were the focus of activities. The Hervey-1 vertical exploration well, located 30 kilometres east of Halifax-1, was cased and suspended after intersecting more than 800 metres of Patchawarra Formation and reaching total depth of 4,266 metres.

The Keppel-1 well was drilled to approximately 3,900 metres before drilling was safely suspended after an influx of gas from the Epsilon Formation. The gas influx was from unstimulated rock. A plug was set at the base of the intermediate casing with the rig released to drill the Boston-3 horizontal well in PEL 218.

The Halifax-1 well was shut-in for acquisition of pressure build-up data. Initial flow rates of 4.5 MMscfd and total gas flow of ~240 MMscf were generated over a six month period.

## Non-operated exploration

### SACB JV gas

*(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)*

### Basin Centred Gas

The Basin Centred Gas appraisal program is focusing on gas through the entire Permian section, from the Toolachee down to the Patchawarra Formation. Three vertical wells have been drilled to date, those being Gaschnitz-1, Van der Waals-1 and Langmuir-1.

The Langmuir-1 well was cased and suspended after reaching total depth of 3,825 metres in the Merrimelia Formation. The gas deliverability of the Permian section will be assessed as part of the future evaluation of the well. It is anticipated that fracture stimulation of Langmuir-1 and Van der Waals-1 will take place in the December quarter.

The Gaschnitz-1 vertical was fracture stimulated over seven zones and produced at an initial rate of ~1 MMscfd.

## REM

The REM appraisal is focusing specifically on the Roseneath Shale, Epsilon Formation and Murteree Shale. Three projects have been initiated, namely Aurora, Roswell and Fortuna.

The Aurora project includes Moomba-191, which is currently producing at a rate of ~2 MMscfd from the Murteree Shale. Moomba-192 was drilled as a vertical micro-seismic well to observe the fracture stimulation of Moomba-193. Moomba-193 is a horizontal well that was recently spudded, and will be drilled laterally through the Murteree Shale.

The Roswell project is comprised of the Roswell-1 vertical well and the Roswell-2 horizontal well. Roswell-1 was fracture stimulated, with current flow rates being

monitored. This well will be used for micro-seismic purposes when fracture stimulation of Roswell-2 is undertaken. At the time of reporting, the Roswell-2 horizontal well, which is targeting the Roseneath Shale, was drilling ahead at approximately 2,000 metres.

The Fortuna project is similar to both the Aurora and Roswell projects, with the horizontal well, Moomba-195H, expected to address the Murteree Shale in the March 2014 quarter. The Moomba-194 vertical well was drilled to a total depth of 3,368 metres and cased and suspended for further evaluation as a gas producing well. It is anticipated that fracture stimulation of multiple targets in Moomba-194 will take place in the December quarter, after which the wellbore will be used for micro-seismic observation of the Moomba-195H well.

### Queensland gas

*(Beach 23.2%, Santos 60.06% and operator, Origin Energy Resources Ltd 16.5%, Australia Pacific LNG (APL) 0.24%)*

The Bolah-1 well reached a depth of 945 metres at the end of the quarter, targeting gas in the Toolachee Formation. Subsequent to period end, the well reached a total depth of 2,863 metres and was cased and suspended as a future Toolachee Formation gas producer.

## OTHER EXPLORATION/DEVELOPMENT

### Australia

#### Otway Basin

*(Beach various equities)*

Two public meetings were held in Penola and Robe to provide local communities with information on upcoming operating plans, which included discussion around the first two unconventional exploration wells expected to spud in December. Also discussed was the revision of the existing Environmental Impact Report (EIR) and the Statement of Environmental Objectives (SEO) for drilling operations.

Questions raised at the public meetings have been addressed during the development of the EIR and SEO. These reports were submitted for assessment by the regulator. Further consultation will be undertaken if work progresses beyond exploration drilling.

## INTERNATIONAL

### Egypt

#### Abu Sennan Concession

*(Beach 22%, Kuwait Energy 50% and operator, Dover 28%)*

A drill stem test of the Kharita Formation was successfully completed in the El Salmiya-2 ST1 well, with the operator reporting flows of 3,530 barrels per day and 4.7 MMscfd of gas on test.

This is the first time oil has been encountered in the Kharita Formation within the concession. The sandstone appears to be of excellent quality with a measured depth of 56 metres of net pay and a net to gross of around 80% within the oil column.

The operator estimated gross 2P reserves of 18.5 MMbbl of oil and 142 Bcf of gas in the Kharita Formation only. Three other pay zones were encountered, with the expectation that these formations will be developed in due course. An extended production test confirmed the operator's initial reserve assessment, with the well currently producing at a gross rate of ~1,000 bopd.

The operator has advised that the El Salmiya-3 development well, the third well in the El Salmiya reservoir, is expected to be drilled in the December quarter. This would be part of the El Salmiya field development, which could see two rigs further expanding this play in 2014.

Elsewhere in the permit, ASB-1X was at 4,212 metres at the end of the reporting period. The well is testing a prospect that has Late Cretaceous and Jurassic exploration targets.

### North Shadwan Concession

*(Beach 20%, BP 50% and operator, Tri-Ocean 30%)*

The NS 394-4 exploration well was plugged and abandoned after failing to encounter hydrocarbons.

### Tanzania

#### Lake Tanganyika South

*(Beach 100%)*

The farm-out process commenced late in the quarter, with a number of parties expressing interest and signing confidentiality agreements. 18 prospects and leads were identified from the high quality 2D seismic acquired earlier in the year. The area is considered highly prospective with each of these targets having prospective resources in the 100-300 MMbbl range.

Metocean studies, to assist in the design of drilling solutions, are ongoing with data being collected and assessed.

### Romania

#### Est Cobalcescu concession

*(Beach 30%, Melrose Resources Romania 40% and operator, Petromar Resources 30%)*

The O1RX Cobalcescu South Exploration well in Block EX-28 Est Cobalcescu, offshore Romania is being drilled to test the hydrocarbon potential of Pontian (upper Miocene) aged sands at various levels. It is targeting gas with an unrisks





mean prospective resource of over 400 Bcf. The well is drilling ahead at ~2,500 metres and is expected to reach total depth in the December quarter.

## New Zealand

### PEP 52717

(Beach 50%, NZOG 50% and operator)

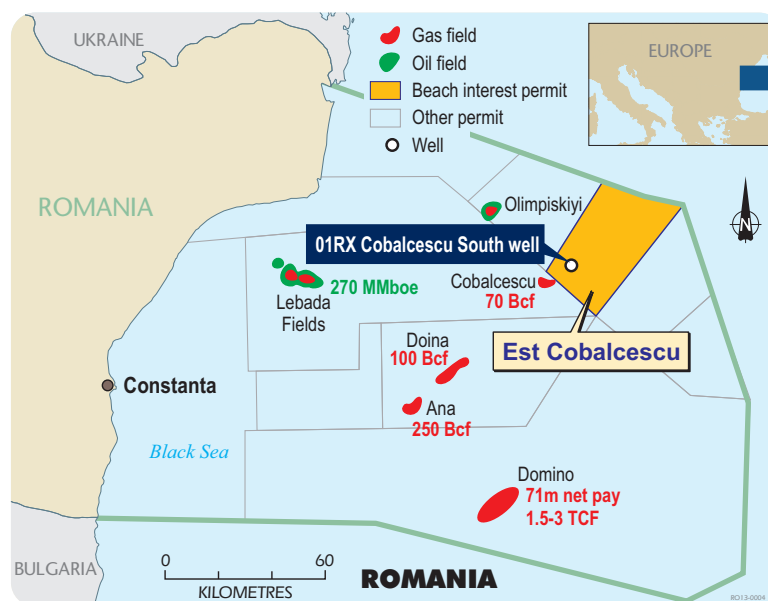
Located in the Canterbury Basin, approximately 40 kilometres off the east coast of the south island, PEP 52717 is a lightly explored permit with only one well drilled during the 1980's, which encountered gas and high liquids.

Reprocessing of 1,250 kilometres of vintage 2D seismic data was completed during the quarter, with planning underway for a 700 km<sup>2</sup> 3D seismic survey in 2014 over the Barque and Tartan Wedge features. These features have multi-Tcf potential, with Anadarko currently mobilising a semi-submersible rig to drill a prospect in early 2014 not far from the southern boundary of the permit.

### PEP 52181

(Beach 25%, NZOG 35% and operator, TAG Oil 40%)

Located in the Taranaki Basin, west of the north island and in close proximity to the Kupe offshore gas field and the Kauri and Rimu onshore oil fields, PEP 52181 has oil, gas and liquids potential in the Kaheru prospect. Kaheru is covered by 3D seismic and is in shallow water (approximately 25 metres depth). It is expected that the Kaheru prospect will be drilled when a jack-up rig is available, possibly early 2015.



## WELL RESULTS

Beach participated in 27 oil and gas wells for the quarter (two of which are still drilling ahead), 80% of which were successful.

Area	Category	Wells	Success	Success Rate	Successful Well Name
Cooper Basin	Exploration – gas	1	1	100%	Bolah-1
	Unconventional exploration – gas	3	3	100%	Moomba-194, Rapid-1, Langmuir-1
	Exploration – oil	5	1	20%	Cooroo North West-1
	Development/ Appraisal – oil	8	7	88%	Bauer-11, Charo-18, Cook-27, Irtalie East-4 and -5, Windmill-2, Chiton-2,
	Development – gas	8	8	100%	Cowralli-17 to -20, -28 and -29 Okotoko West-3 ST1, Pelican-13
<b>Total</b>		<b>25</b>	<b>20</b>	<b>80%</b>	

## FINANCIAL INFORMATION

### Cash and equity

The balance sheet remained strong with cash reserves of \$402 million at quarter end, a secured undrawn \$300 million loan facility and a \$20 million letter of credit facility. Cash increased by \$54 million during the quarter, mainly due to proceeds received from asset sales and cash flow from oil operations.

### Oil Hedging

The following hedges were entered into during the quarter:

- A\$65/bbl Brent crude oil put (floor) from Jan 2014 – Dec 2014 for 45,000 bbl/month
- A\$65/bbl Brent crude oil put (floor) from Apr 2014 – Mar 2015 for 45,000 bbl/month

CAPITAL STRUCTURE	Jun 2013 Quarter	Sep 2013 Quarter	Qtr on Qtr Change
Fully paid ordinary shares	1,268,647,188	1,277,533,962	1%
Unlisted employee options	7,108,977	7,108,977	0%
Unlisted employee rights	11,767,747	11,303,261	(4%)

	OIL HEDGED AT			
Period	Brent floors			Total Hedged Volumes (bbl)
	Floor A\$55/bbl	Floor A\$60/bbl	Floor A\$65/bbl	
Remaining FY14	450,000	450,000	810,000	1,710,000
FY15			810,000	810,000
Total	450,000	450,000	1,620,000	2,520,000

## GLOSSARY

\$	Australian dollars	GJ	Gigajoule
1P	Proved	kbbl	thousand barrels of oil
2P	Proved and probable	kboe	thousand barrels of oil equivalent
ATP	Authority to prospect	kt	thousand tonne
bbl	barrels	Kuwait Energy	Kuwait Energy Egypt Ltd
bcf	billion cubic feet	LNG	Liquefied natural gas
Beach or Company	Beach Energy Limited	LPG	Liquefied petroleum gas
boe	barrels of oil equivalent - the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy. (For example, 1 BCF of gas equals approximately 0.18 million boe, the exact conversion being dependent on the gas composition)	MMbbl	Million barrels of oil
bopd	barrels of oil per day	MMboe	Million barrels of oil equivalent
BP	BP Exploration (Delta) Limited	MMscfd	Million standard cubic feet of gas per day
capex	Capital expenditure	NZOG	New Zealand Oil and Gas Ltd
Cooper Energy	Cooper Energy Ltd	PEL	Petroleum exploration license
Dover	Dover Investments Ltd	Petroceltic	Petroceltic International plc
Drillsearch	Drillsearch Energy Ltd	Petromar	Petromar Resources SA
DST	Drill stem test	PJ	Petajoule
EGPC	Egyptian General Petroleum Corporation	REM	Roseneath Shale, Epsilon Formation, Murteree Shale
EPT	Extended production test	SACB JV	South Australian Cooper Basin Joint Venture
FY	Financial year	SWQ JVs	South West Queensland Joint Ventures
		Tcf	Trillion cubic feet of gas
		TJ	Terajoule
		Tri-Ocean	Tri-Ocean Energy Company
		YTD	Year to date