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**For Immediate Release – 25 May 2012**  
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ASX Ltd  
 Companies Announcement Office  
 Electronic Lodgement System

Dear Sir,

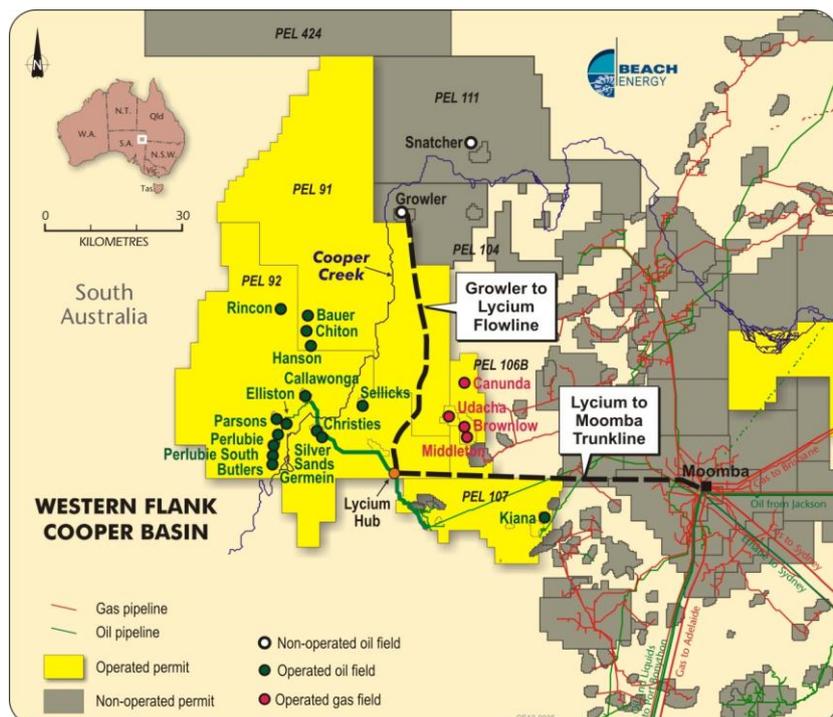
## BEACH PROGRESSING TIE-IN OF NEW OPERATED OIL TRUNKLINE TO MOOMBA, TANTANNA PIPELINE TO BE SHUT DOWN

Beach has been informed by Santos, the operator of the Tantanna to Moomba oil pipeline, that Santos plans to permanently shut down the Tantanna to Gidgealpa oil pipeline on 1 June 2012. The new Lycium Hub to Moomba trunkline, which will replace the Tantanna pipeline and have an increased capacity of 15,000 bopd, is expected to be operational in Q4 2012

Beach Energy Limited (ASX: BPT, “Beach”) has been informed by Santos Limited (ASX: STO, “Santos”) that the Tantanna pipeline will be permanently shut down on Friday, 1 June 2012. Santos, as operator of the pipeline between the Tantanna facility and the Gidgealpa facility, advised that the closure of the pipeline was due to integrity concerns.

Work in relation to the construction and tie-in of the new 15,000 barrels of oil per day (“bopd”) trunkline (Beach 60% and operator, Senex 40%), between the Lycium Hub and Moomba, is well advanced. This trunkline will replace the Tantanna pipeline and is expected to be operational in Q4 2012.

The closure of the Tantanna pipeline will not have a material impact on PRL 15 (Beach 40%, Senex 60% and operator) and PEL 91 (Beach 40% and operator, Drillsearch 60%), due to the crude oil from these areas being transported to Moomba via haulage trucks. PRL 15 is producing approximately



4,800 bopd (1,900 bopd net), with production recently commencing from the Bauer Field in PEL 91 at 800 bopd (320 bopd net). Bauer production is expected to increase to 2,000 bopd (800 bopd net) following the full commissioning of the Bauer facility.

The PEL 92 (Beach 75% and operator, Cooper Energy 25%) pipeline, that transports oil to the Tantanna facility, remains fully operational with current capacity of approximately 6,000 bopd (4,500 bopd net). It is anticipated that the maximum trucking rate of crude oil from PEL 92 will initially be around 2,200 bopd (1,700 bopd net). To minimise the impact of the Tantanna pipeline closure, Beach is sourcing more haulage trucks (expected to be available early Q3 2012) and moving to 24 hour operations to increase rates.

Production is expected to initially decline to approximately 4,000 bopd (net), from current Western Flank production of approximately 7,000 bopd (net). Beach anticipates this reduction will result in total FY12 production of around 7.4 million barrels of oil equivalent (MMboe), down from 7.5 MMboe. Upon completion of the new trunkline into the Moomba facility, Beach anticipates a material increase in production to 10,000 bopd (net) during 2013.

Yours sincerely,

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

**Reg Nelson**  
Managing Director, FAusIMM

### For more information contact

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#### Investor Relations

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