



Monthly Drilling Report

December 2017

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HIGHLIGHTS

- **Western Flank gas field discovery at Largs-1 DW1.**
- **Initial phase of the operated gas exploration campaign completed with four successes from six wells.**
- **Six-well McKinlay Field oil development program completed with 100% success rate.**

DEVELOPMENT – COOPER AND EROMANGA BASINS

South Australian Oil – Cooper Basin JV

(Fixed Factor Area JV: Beach 20.21%, Santos 66.60% and operator, Origin 13.19%)

The six-well campaign to develop the McKinlay Field, located approximately 50 kilometres southeast of the Moomba processing facility, was completed successfully. The campaign comprised four horizontal wells and two vertical wells and was designed to develop the McKinlay Member reservoir which is a proven producer. The third and fourth horizontal wells, McKinlay-13 and -14, drilled lateral sections of 1,397 and 811 metres respectively with each encountering good oil and gas shows in the primary target. Both wells have been cased and suspended as future producers. The two vertical wells of the campaign, McKinlay-16 and -17 were successfully completed by the Ensign 950 shallow rig, intersecting 4.4 and 6.3 metres of net oil pay respectively. Both wells were cased and suspended as future producers.

The six development wells are expected to be brought into production by the end of FY18.

South Australian Gas – Cooper Basin JV

(Fixed Factor Area JV: Beach 20.21%, Santos 66.60% and operator, Origin 13.19%)

The gas development and appraisal campaign targeting the Patchawarra Formation in the Namur Field was completed. The Namur Field is approximately 20 kilometres southeast of the Moomba processing facility. The campaign consisted of three development wells and one appraisal well, with the first two development wells and the appraisal well drilled from a single pad.



The final pad well of the campaign, Namur-9, intersected 53 metres of net gas pay and was cased and suspended as a future producer. The rig was subsequently moved two kilometres to drill Namur-10. Namur-10 intersected 61.5 metres of net gas pay and was cased and suspended as a future producer.

EXPLORATION AND APPRAISAL – COOPER AND EROMANGA BASINS

Western Flank Gas – ex PEL 106, ex PEL 91

(Beach 100%)

Beach completed the initial phase of the FY18 operated gas exploration and appraisal campaign, which focused on the Southwest Patchawarra (SWP) and Permian Edge (PE) play fairways. The fifth well, exploration well Largs-1, located in the SWP immediately south of the Middleton gas facility, targeted stratigraphically trapped gas in the mid-to-lower intervals of the Patchawarra Formation. Largs-1 intersected reservoir sands of sub-commercial quality and was sidetracked in a north-westerly direction. The sidetrack well, Largs-1 DW1, intersected three gas pay zones totalling 12.8 metres of net pay across a 19.2 metre gross interval. Pressure data confirmed the shallowest gas sand to be a new field discovery. Further testing was not required and the well was cased and suspended as a future producer.

The initial phase of the campaign was completed with exploration well Squeaky-1. Squeaky-1 is located in ex PEL 91 in the PE play fairway approximately eight kilometres west of the Middleton gas facility and targeted a stratigraphic prospect. Despite moderate gas shows, gas pay of sub-commercial quality was interpreted and the well was plugged and abandoned.

The initial phase of Beach's FY18 operated gas drilling campaign proved successful with four exploration successes from six wells (Lowry-1, Crawford-1, Naiko-1, Largs-1 DW1), including new field discoveries at Lowry and Largs. The cased and suspended wells will be brought on line progressively in early FY19.

Beach's operated drilling program will now move northwards to the Stunsail and Kalladeina fields in ex PEL 91 where an oil appraisal and development campaign will be undertaken in Q3 FY18.

Queensland Oil – ATP 299P Tintaburra JV

(Beach 40%, Santos 60% and operator)

A four-well oil appraisal campaign commenced using the Ensign 950 shallow rig. The campaign is designed to appraise the Kooroopa, Mulberry and Takyah fields in southwest Queensland approximately 100 kilometres northeast of the Jackson facility.

The first well of the campaign, Mulberry-37, targeted the Birkhead Formation and was designed to understand the remaining potential of the Mulberry Field. The well intersected 3.7 metres of net oil pay in the primary target and was cased and suspended. The well is being assessed as a water injector to assist with future field production.

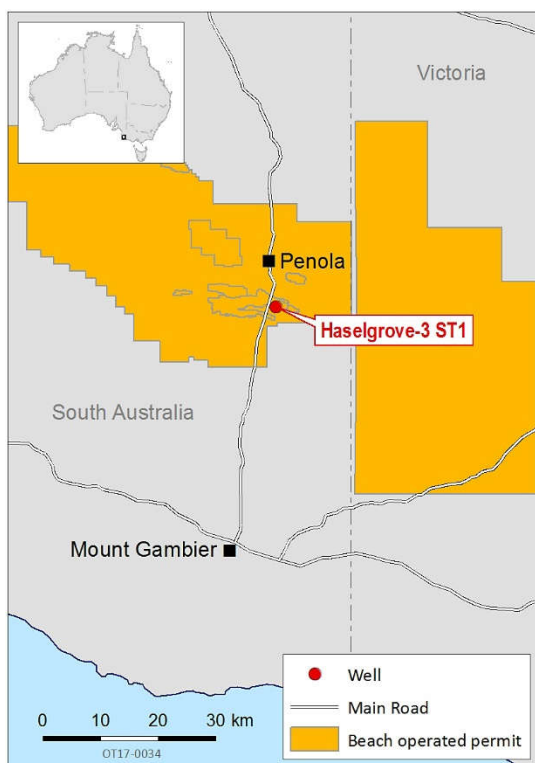
The second well of the campaign, Takyah-3, targeted the Birkhead Formation as a primary objective and the Murta Formation as a secondary objective. The well intersected 4.1 metres of net oil pay in the Murta Formation and has been cased and suspended as a future producer.

EXPLORATION AND APPRAISAL – OTWAY BASIN

South Australian Gas – PPL 62

(Beach 100%)

Haselgrove-3 ST1, located in the onshore Otway Basin, is targeting conventional gas and gas liquids in the Pretty Hill and Sawpit sandstones. Encouraging gas shows were seen in both target zones and the well is being prepared for flow testing of the Sawpit Sandstone, the lower of the two zones.



Monthly Drilling Report – Period ended 06:00, 1 January 2018

| Well | Participants | Progress and Summary | Primary Targets |
|---|---|--|---|
| Cooper Basin Operated | | | |
| Largs-1 DW1 PPL 239 Gas exploration C/E Basin, SA | BPT* 100.00% | Drilling this month: 44 metres Current depth: 2,928 metres (total depth) Status: Cased and suspended as a future Permian gas producer | Patchawarra Formation |
| Squeaky-1 PRL 151 Gas exploration C/E Basin, SA | BPT* 100.00% | Drilling this month: 2,624 metres Current depth: 2,624 metres (total depth) Status: Plugged and abandoned | Patchawarra Formation |
| Otway Basin Operated | | | |
| Haselgrove-3 ST1 PPL 62 Gas exploration Otway Basin, SA | BPT* 100.00% | Drilling this month: 0 metres Current depth: 4,331 metres (total depth) Status: Cased for further evaluation | Sawpit Sandstone Lower Pretty Hill Sandstone |
| Cooper Basin Non-operated | | | |
| McKinlay-13 PPL 234 Oil development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 2,897 metres Current depth: 2,897 metres Status: Drilling ahead | McKinlay Member |
| McKinlay-14 PPL 234 Oil development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 2,644 metres Current depth: 2,644 metres (total depth) Status: Cased and suspended as a future McKinlay Member oil producer | McKinlay Member |
| McKinlay-16 PPL 234 Oil development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 1,311 metres Current depth: 1,311 metres (total depth) Status: Cased and suspended as a future McKinlay Member oil producer | McKinlay Member |
| McKinlay-17 PPL 234 Oil development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 1,290 metres Current depth: 1,290 metres (total depth) Status: Cased and suspended as a future McKinlay Member oil producer | McKinlay Member |
| Namur-9 PPL 16 Gas development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 1,800 metres Current depth: 2,542 metres (total depth) Status: Cased and suspended as a future Permian gas producer | Patchawarra Formation |
| Namur-10 PPL 16 Gas development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 2,464 metres Current depth: 2,464 metres (total depth) Status: Cased and suspended as a future Permian gas producer | Patchawarra Formation |
| Mulberry-37 PL 295 Oil appraisal C/E Basin, QLD | BPT 40.00% STO* 60.00% | Drilling this month: 1,352 metres Current depth: 1,352 metres (total depth) Status: Cased and suspended for future evaluation | Birkhead Formation |
| Takyah-3 PL 170 Oil appraisal C/E Basin, QLD | BPT 40.00% STO* 60.00% | Drilling this month: 1,276 metres Current depth: 1,276 metres (total depth) Status: Preparing to run wireline logs | Birkhead Formation |

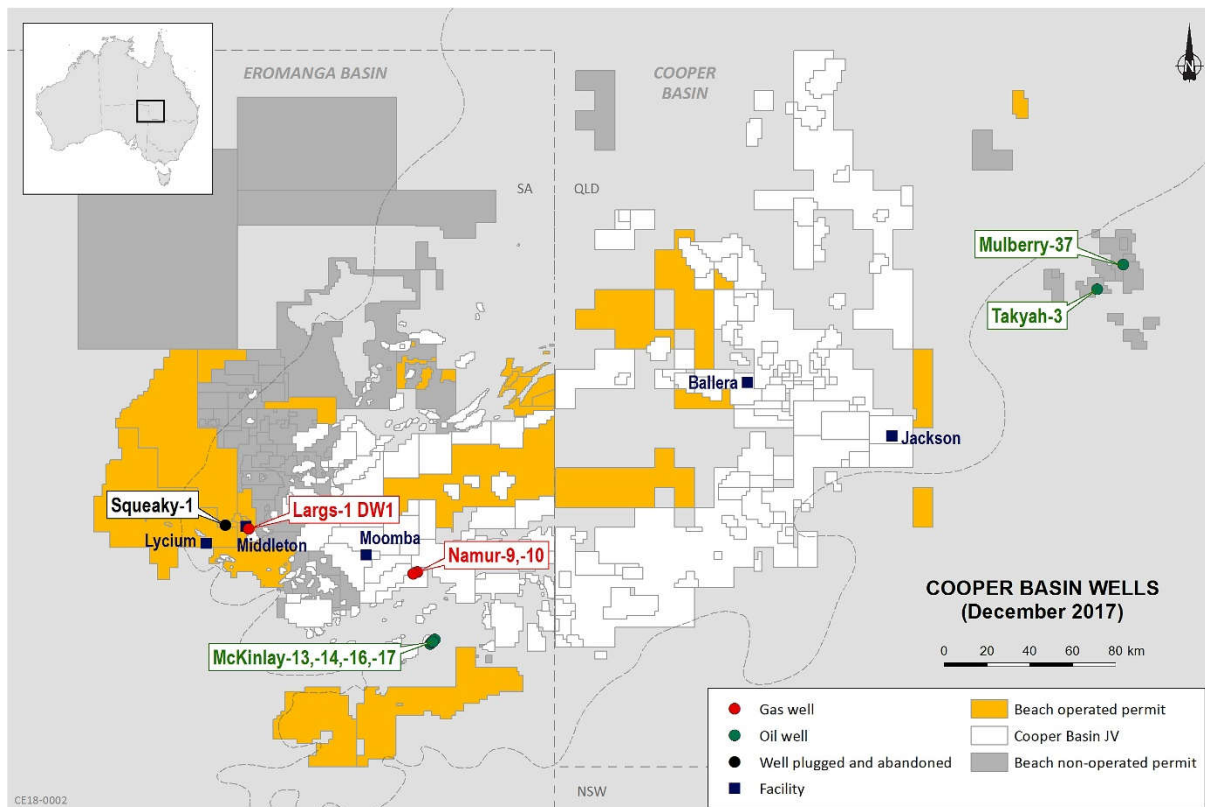
(*) Operator

BPT Beach Energy Ltd

ORG Origin Energy Ltd

STO Santos Ltd

Cooper and Eromanga Basins



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