



ASX Release

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

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NEW GAS FIELD DISCOVERY IN THE OTWAY BASIN, SOUTH AUSTRALIA

- **Initial testing indicates potential for commercialisation of a large gas resource.**
- **Constrained flow rate of approximately 25 MMscfd recorded on test.**
- **Estimated net gas pay of 34 metres intersected across two primary targets.**

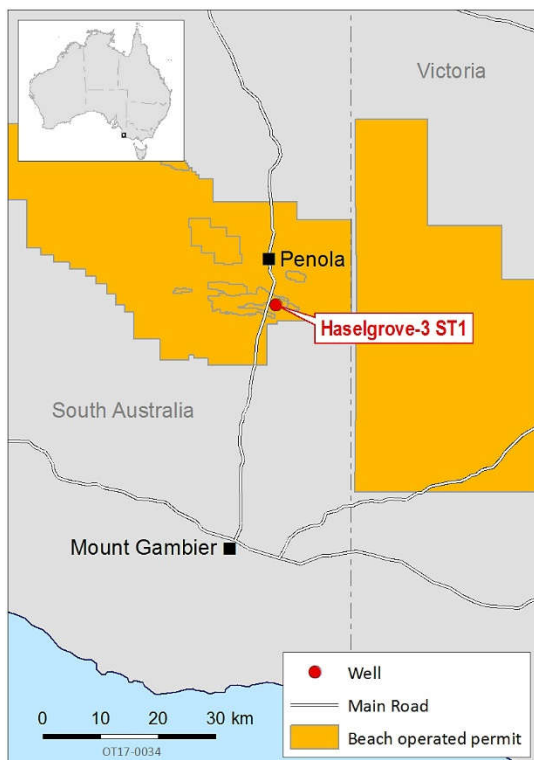
Beach Energy Ltd (ASX: BPT, "Beach") is pleased to announce a new gas field discovery at Haselgrove-3 ST1 in the onshore Otway Basin, South Australia. Flow test results from the primary target Sawpit Sandstone indicate a high deliverability reservoir and provide encouragement to move towards commercialisation of a large gas resource. Beach plans to undertake immediate follow-up testing to confirm well deliverability and assess connected volumes and gas composition.

Haselgrove-3 ST1 is located on state forestry land in PPL 62 (Beach 100%), approximately eight kilometres south of Penola. Haselgrove-3 ST1 was drilled as a deviated well to a total measured depth of 4,331 metres and targeted the Sawpit Sandstone and shallower Pretty Hill Sandstone. The well intersected an estimated gross gas column of 104 metres (total vertical thickness (TVT)) in the Sawpit Sandstone, with estimated net pay of 25.6 metres (TVT). An estimated gross gas column of 11.6 metres (TVT) was also intersected in the shallower Pretty Hill Sandstone, with estimated net pay of 8.5 metres (TVT).

Initial testing of the Sawpit Sandstone was undertaken to enable preliminary assessment of well deliverability and gas composition. A cased hole test was undertaken over the 4,023 – 4,185 metre interval and flowed gas at a rate of 25 MMscfd sustained over a 100 minute period through a 36/64" choke and at 2,700 psig well head pressure. Flow rates were constrained to 25 MMscfd due to the size of completion tubing (2 7/8"). Early indications suggest the Sawpit Sandstone could flow at rates greater than 25 MMscfd. Preliminary gas sample analysis indicates low inert content, which should minimise gas processing requirements.

The well is currently shut-in with preparations underway for commencement of an initial production test (IPT) in late January 2018. The IPT will confirm well deliverability and gas composition, and will assist field development planning. Results will be integrated with other subsurface data to enable estimation of the size of the gas resource.

Beach's CEO, Matt Kay, said "We are very encouraged by these results, and to witness in the early stage of testing such strong well deliverability from an onshore gas field is particularly pleasing. We look forward to continuing our operations in the Otway Basin and are appreciative of ongoing support provided by the local community. We would also like to thank the South Australian Government for their contribution of the \$6 million PACE gas grant, which was a crucial element in Beach's decision to drill this well."



Yours sincerely,



Matt Kay
Chief Executive Officer

For more information please contact the following on +61 8 8338 2833

Corporate

Matt Kay

Chief Executive Officer

Jeff Schrull

Group Executive Exploration and Development

Investor Relations

Derek Piper

Investor Relations Manager

Mark Hollis

Investor Relations Advisor

Media

Rob Malinauskas

Group Manager - Corporate Affairs