



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

MEDIA RELEASE

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HIGH IMPACT WESTERN FLANK DRILLING PROGRAM UNDERWAY

Beach Energy Limited (Beach) has commenced a major oil drilling program of up to 26 wells on the Western flank of the Cooper basin, with immediate success. The program has the potential to boost the company's reserves by as much as six million barrels of oil (MMbbl) which equates to approximately 9 per cent of reserves at 30 June 2010.

Beach operated program

The Beach operated 16 well development and exploration program will use two drilling rigs, the second of which will be mobilised mid March. It is expected that this program, which includes five exploration wells in PEL 91 (Beach 40%), seven exploration wells in PEL 92 (Beach 75%) and four development wells in the Parsons and Butlers oil fields (PEL 92), will potentially add four MMbbl to Beach's 66 million barrels of oil equivalent reserves base as at 30 June 2010.

The exploration prospects to be tested by Beach range in size from approximately 0.5 to 5.5million barrels of recoverable oil (gross).

The first well of the program, Parsons-3, a development well in the Parsons oil field, successfully encountered a nine metre oil column in the Namur sandstone. Production is likely to commence approximately one month after the completion of drilling. It will be followed by the Parsons-4 well. The Ensign#30 rig is on site and rigging up and the well is expected to spud by the end of the week.

The two new wells at Parsons will accelerate production of the remaining reserves in the Parson's field and increase PEL 92 production from current levels of 4,700 barrels per day to approximately 6,000 barrels per day. These two development wells will translate directly into increased operating cash flow and, coupled with recent production performance, will result in a material increase to the remaining reserves for the field in the order of 0.5 to 1.0 MMbbl. Production levels for the Western Flank have been maintained in recent times, despite continued flooding of the Cooper Creek, due to oil being transported by flowline to Moomba.



Senex operated program

A further program of 10 wells will be operated by joint venture partner Senex Energy Limited (Senex) in PEL 104 and PRL15, which adjoin the Beach operated permits.

On 21 February 2011, Senex announced that it had upgraded 2P reserves in the Growler and Snatcher oil fields by 194% to 7.9 MMbbl (gross). Senex has identified 25 highly prospective exploration targets covered by 3D seismic data, six of which will be tested in its upcoming drilling program, which will also include four development wells in the Growler field.

Program logistics

The start of the Western Flank drilling program was delayed by record floods in central Australia, however the construction of the Kudnarri Bridge over the swollen Cooper Creek is giving Beach access to all its exploration targets.

In addition to the bridge, the development of the Gunyah remote logistics base on high ground will ensure that drilling operations will proceed unimpeded should any further flood pulses occur.

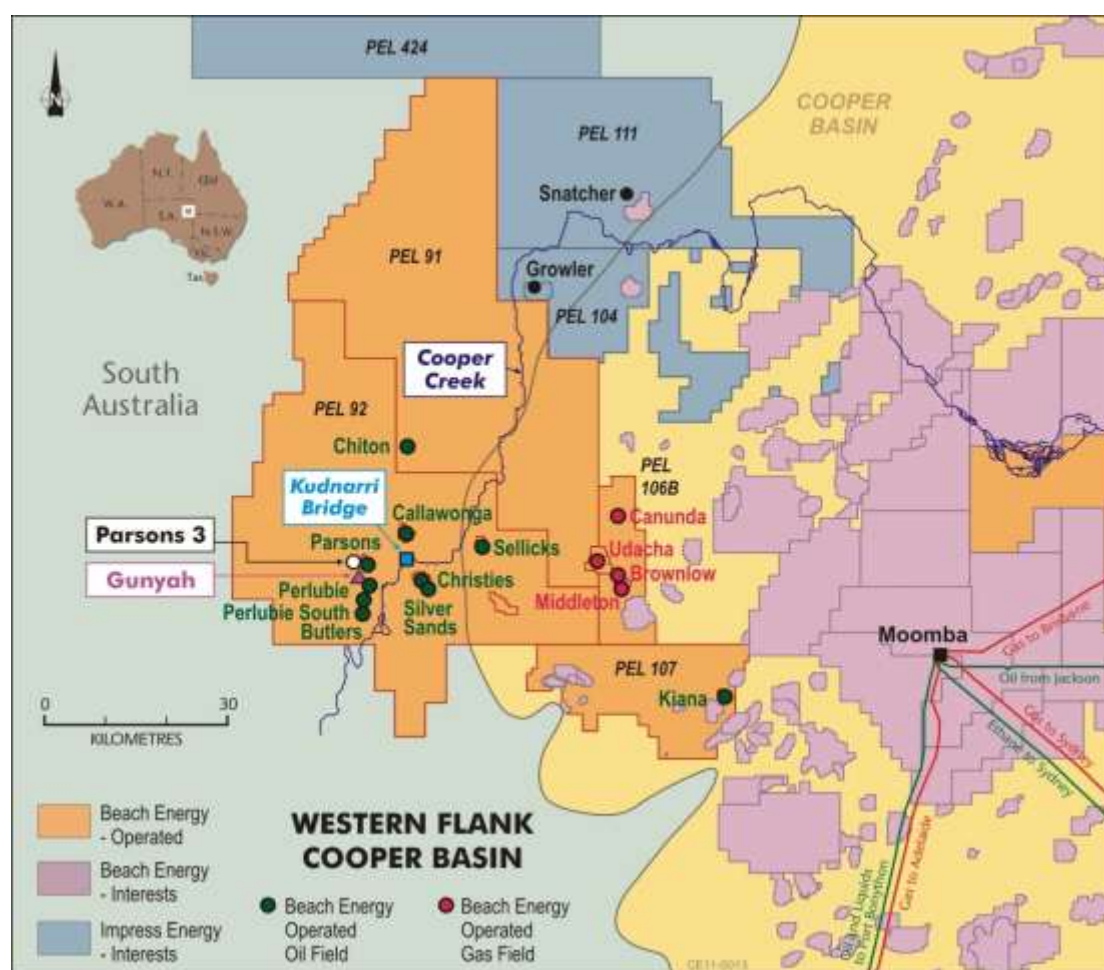
Program impact

The Western Flank oil drilling program is expected to have a rapid and significant impact on Beach's reserves and revenue. The existing infrastructure in the Western Flank area, such as oil pipeline collection systems, allows for the rapid development of new discoveries.

The Western Flank region is a core focus for Beach which has increased exposure to the area through its recent acquisition of Impress Energy Limited.

Competent Persons Statement

This release contains information on Beach's Reserves which have been compiled by Mr Neil Gibbins, 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.



For more information contact

Corporate

Reg Nelson	Beach Energy Ltd	08 8338 2833
Neil Gibbins	Beach Energy Ltd	08 8338 2833

Investor Relations

Chris Jamieson	Beach Energy Ltd	08 8338 2833
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Media

Ian Howarth	Collins Street Media	0407 822 319
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