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For Immediate Release – 21 September 2011
Ref. #106/11

ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

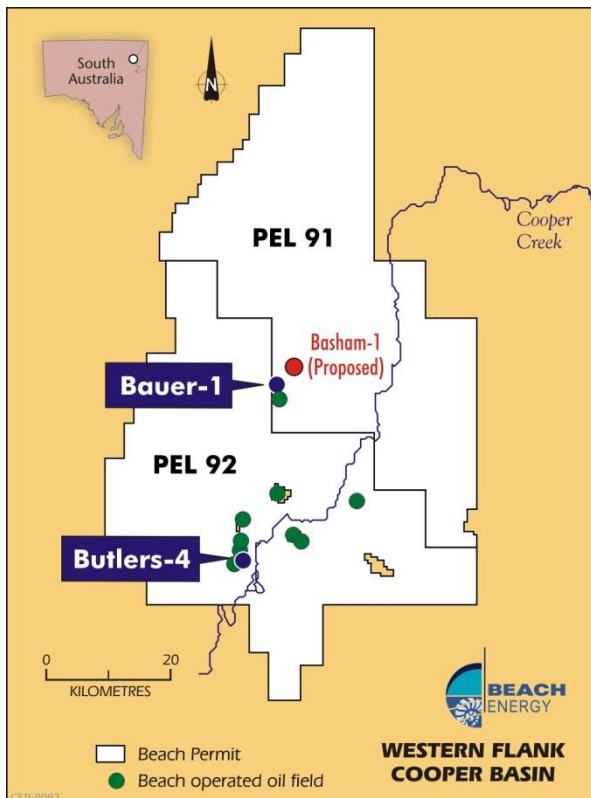
APPRAISAL AND DEVELOPMENT OF PEL 91 BAUER FIELD TO COMMENCE PEL 92 SUCCESS WITH BUTLERS-4 APPRAISAL WELL

Beach to commence a three well appraisal and development program of the PEL 91 Bauer Field, with mapping indicating the potential to increase the Bauer Field's mean recoverable reserves. Further success in PEL 92 at Butlers-4 which intersected a 7.5 metre oil column

Beach Energy Ltd (ASX: BPT, "Beach") advises that following mapping work undertaken on the Bauer Field in PEL 91 (Beach - 40% and Operator, Drillsearch Ltd - 60%), Beach anticipates the field has the potential to deliver mean recoverable reserves of around 3.5 million barrels (MMbbl) (gross), up from the initial estimate of 2.0MMbbl (gross).

The Ensign#30 rig is now moving to the Bauer Field, where a three well appraisal/development campaign will be conducted. This campaign will drill production wells that will be used to appraise the volumetric potential of the field. It is expected that the Bauer Field will be producing in the first half of 2012, subject to access. The Bauer-1 well was drilled in early August and encountered a gross oil column of fifteen metres, with thirteen metres of net pay, in the McKinlay/Namur Sandstone section of the well.

Following the Bauer Field campaign in PEL 91, drilling will commence on the Basham-1 exploration well.



In PEL 92 (Beach 75% and Operator, Cooper Energy Ltd 25%), Beach had further success with its Butlers-4 appraisal well which intersected a 7.5 metre oil column in excellent quality Namur Sandstone. It is expected that the Butlers-4 well will be on-line prior to the end of 2011, at which time

the new oil facilities at the Butlers Field should be completed. The volumetrics of the Butlers-4 result are currently being assessed, with a reserves upgrade expected.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Reg Nelson", on a light yellow rectangular background.

Reg Nelson
Managing Director, FAusIMM

For more information contact

Corporate

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