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HIGHLIGHTS OF THE MONTH

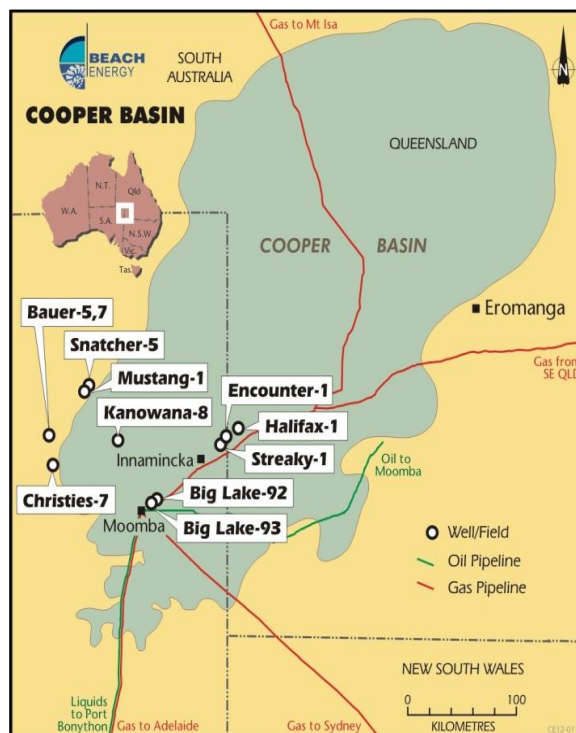
- Oil discovery at Mustang-1 flows 2484 barrels/day
- Bauer-5 extends Namur pool and discovers oil from new Birkhead pool

AUSTRALIA

Operated Cooper Basin Unconventional Gas Program

The four week flowtest on Encounter-1 (PEL 218, Beach 100%) was completed on 27th July. A maximum gas rate of 1.3mmscf/d was achieved from the Roseneath-Epsilon-Murteree (REM) section after five fracture stimulation treatments. The combined maximum rate of over 2mmscf/d from the REM and Patchawarra is equal to the result from Holdfast-1 but with 1 less fracture stimulation zone. A pressure build up is currently being recorded before the well is suspended.

Drilling of the Streaky-1 exploration well (PEL 218, Beach 100%) on the Ensign 916 rig was completed in mid-July when the well reached a total depth of 3,821 metres in the Tirrawarra Sandstone. The full Patchawarra Formation section was drilled and preliminary log interpretation indicates gas saturation in the Patchawarra Formation and REM interval. Analysis of the cores taken from the Epsilon Formation, Murteree Shale and Patchawarra Formation has commenced and results will assist in further evaluation of the shale gas and basin-centred gas plays.



Halifax-1, a vertical exploration well in ATP 855P (Beach 60%, Icon Energy 40%), was spudded on the 1st August on the Ensign 916 rig. Halifax-1 will evaluate the shale gas and basin-centred gas potential in the REM and Patchawarra Formation intervals within the Queensland portion of the Nappamerri Trough. The well is located approximately 12 kilometres northeast of Encounter-1 and has a planned total depth of 4,130 metres.

Operated Cooper-Eromanga Oil – Western Flank

The Ensign 930 rig continues an oil campaign in the Western Flank region. After drilling two successful Christies wells last month (PPL 205, Beach 75%), the rig has moved to PEL 91 (Beach 40%) to drill three Bauer appraisal wells. The first of these, the Bauer-5 step-out well, confirmed a north-easterly extension of the field by intersecting more than 6 metres of net oil pay in the Namur Sandstone, and also discovered a new oil pool in the Birkhead Formation. A drill stem test (DST) was conducted to evaluate the new reservoir interval, flowing clean oil to surface at 1,160 barrels of oil/day. The well has been cased and suspended as a future oil producer.

Bauer-7, the second of the Bauer appraisal wells, spudded in the final week of July and is currently drilling ahead toward its Namur target.

Senex Operated Cooper-Eromanga Oil – Western Flank

The Ensign 948 rig drilled a new field discovery well at Mustang-1 (Beach 40%), where a DST flowed oil to surface at a rate of 2,500 barrels of oil/day. The DST was conducted over an interval within the Birkhead Formation that had strong oil shows and which correlates well with the reservoir interval within the Snatcher-Charo Field which lies just 4 kilometres to the east. The well has been cased and suspended for future production.

Santos Operated Cooper Basin Oil and Gas Development

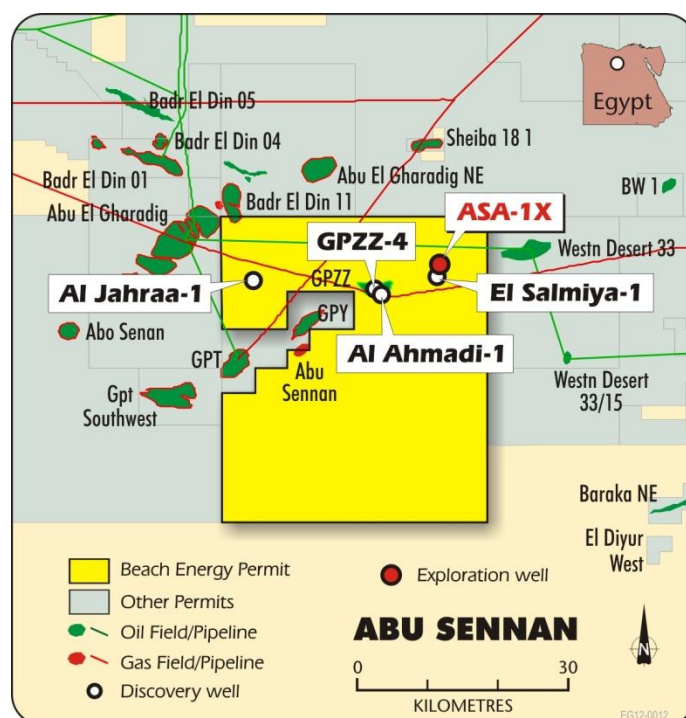
The Big Lake-92 gas development well (Beach 20.21%) was drilled, cased and suspended during the month. The Big Lake Field is one of the largest of the Cooper Basin gas fields and is located about 15 kilometres from the Moomba Plant. The rig has subsequently moved to and spudded another development well, Big Lake-93.

Also in South Australia, a second rig has commenced drilling the Kanowana-8 liquids-rich gas development well about 40 kilometres NW from Moomba.

INTERNATIONAL

Kuwait Energy Operated – Abu Sennan Concession, Egypt

A second round of drilling in Abu Sennan is expected to commence shortly with the rig on location for drilling the ASA-1X exploration well. ASA-1X is located 1.9 kilometres north of the successful El Salmiya-1 well which discovered oil and gas in several zones within the Abu Roash Formation in late 2011 / early 2012. The well is targeting hydrocarbons in the Abu Roash and other intervals.



BP/GUPCO Operated – North Shadwan Concession, Egypt

The NS385-1 well is expected to commence drilling in September 2012. This well is designed as a long-reach onshore-to-offshore well, aimed at developing oil within the NS385 oilfield.

Drilling Report – Period ending 1 August 2012

Well	Participants	Progress & Summary	Primary Targets
Christies-7 PPL 205 Oil Development C/E Basin, SA	BPT* 75.00% COE 25.00%	Report Time: 0600 hrs (EST) 01/08/2012 Depth: 1734m (TD) Operation: Well cased and suspended as a future Namur Sandstone oil producer. Progress: 0m	Namur Sandstone.
Streaky-1 PEL 218 Shale Gas Exploration Cooper, SA	BPT* 100.00%	Report Time: 0600hrs (CDT) 01/08/2012 Depth: 3821m (TD) Summary: Well is cased and suspended for further evaluation. Progress: 187m	Roseneath Shale, Epsilon Formation, Murteree Shale, Patchawarra Formation Toolachee Formation
Bauer-5 PEL 91 Oil Appraisal C/E Basin, SA	BPT* 40.00% DLS 60.00%	Report Time: 0600 hrs (CDT) 01/08/2012 Depth: 1722m (TD) Operation: Well is cased and suspended as a future Namur Sandstone and Birkhead Formation oil producer. DST-1 flowed oil at 1160 bopd from Birkhead new pool discovery. Progress: 1722m	Namur Sandstone, McKinlay Member
Bauer-7 PEL 91 Oil Development C/E Basin, SA	BPT* 40.00% DLS 60.00%	Report Time: 0600 hrs (CDT) 01/08/2012 Depth: 1414m Operation: Drilling ahead in Namur Sandstone. Progress: 1414m	Namur Sandstone, McKinlay Member, Birkhead Formation
Snatcher-6 PEL 111 Oil Development C/E Basin, SA	BPT 40.00% SXY* 60.00%	Report Time: 0600 hrs (CDT) 01/08/2012 Depth: 661m Operation: Running surface casing. Progress: 661m	Mid-Birkhead Formation.
Mustang-1 PEL 111 Oil Exploration C/E Basin, SA	BPT 40.00% SXY* 60.00%	Report Time: 0600 hrs (CST) 01/08/2012 Depth: 2123m (TD) Operation: Well is cased and suspended as a future Mid-Birkhead Formation oil producer. DST-1 flowed 2484 bopd from mid-Birkhead. Progress: 2132m	Mid-Birkhead Formation
Kanowana-8 PPL 28 Gas Development C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CDT) 01/08/2012 Depth: 831m Operation: Drilling ahead in Cadna-owie Formation. Progress: 831m	Patchawarra Formation, Tirrawarra Sandstone.
Big Lake-93 PPL 11 Gas Development C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CST) 01/08/2012 Depth: 831m Operation: Drilling ahead in production hole. Progress: 831m	Patchawarra Formation, Tirrawarra Formation, Toolachee Formation Daralingie Formation Epsilon Formation.
Big Lake-92 PPL 11 Gas Development C/E Basin, SA	BPT 20.21% STO* 66.60% ORG 13.19%	Report Time: 0600 hrs (CST) 01/08/2012 Depth: 3174m (TD) Operation: Well is cased and suspended as a future Patchawarra Formation gas producer. Progress: 2384m	Patchawarra Formation, Tirrawarra Formation, Toolachee Formation Daralingie Formation Epsilon Formation.

(*) Operator

BPT Beach Energy Ltd
ORG Origin Energy ResourcesSXY Senex Energy
STO Santos LimitedCOE Cooper Energy
DLS Drill Search

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Neil Gibbins
Chief Operating Officer

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