

10 August 2012

## **Bauer-6 development well spuds as Western Flank Oil Fairway development program expands**

- **Oil development well spuds at Bauer-6**
- **Well will also appraise Birkhead Formation encountered at Bauer-5**
- **Development program extended to include a fourth well, Bauer-8**

**Drillsearch Energy Limited (ASX: DLS)** is pleased to announce the spudding of Bauer-6 at 21:30hrs on Thursday, 9 August 2012. Bauer-6 is the third well to be drilled in the Western Flank Oil Fairway development program in the South Australian Cooper Basin.

Bauer-6 is being drilled as an oil production well in the western portion of the Bauer Oil Field and is located 240 metres to the west-northwest of the Bauer-4 well. The primary objective of Bauer-6 is the development of the McKinlay and Namur pay zones of the Bauer Oil Field. The well is also being drilled to test the extension of the Field's north-west boundary and will be drilled as a vertical well.

Following the success of the new Birkhead Formation oil discovery at Bauer-5, the PEL 91 Joint Venture (Drillsearch 60% and Beach Energy 40% and Operator) has decided to extend the Bauer-6 well into the Birkhead Formation to further appraise the distribution of the Birkhead Formation on the Bauer Field.

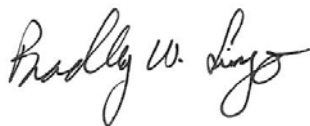
### **Western Flank Oil Fairway Development Program Expands**

As a result of the success seen at the Bauer Oil Field particularly at Bauer-5, the PEL 91 Joint Venture has agreed to extend the Western Flank Oil Fairway development program to include a fourth development well, Bauer-8.

The Bauer-8 well is designed to test the extension of the Bauer Field to the north-east and is located 500m to the north-east of Bauer-5. Bauer-8 will be drilled after the completion of the Bauer-6 development well.

Drillsearch Managing Director, Brad Lingo said, "We are pleased to see the continued development of the Bauer Oil Field which has been very successful for the PEL 91 Joint Venture. This success has resulted in the expansion of the Field in a north-easterly direction to include a new development well, the fourth in the Western Flank Oil Fairway development program."

Yours faithfully

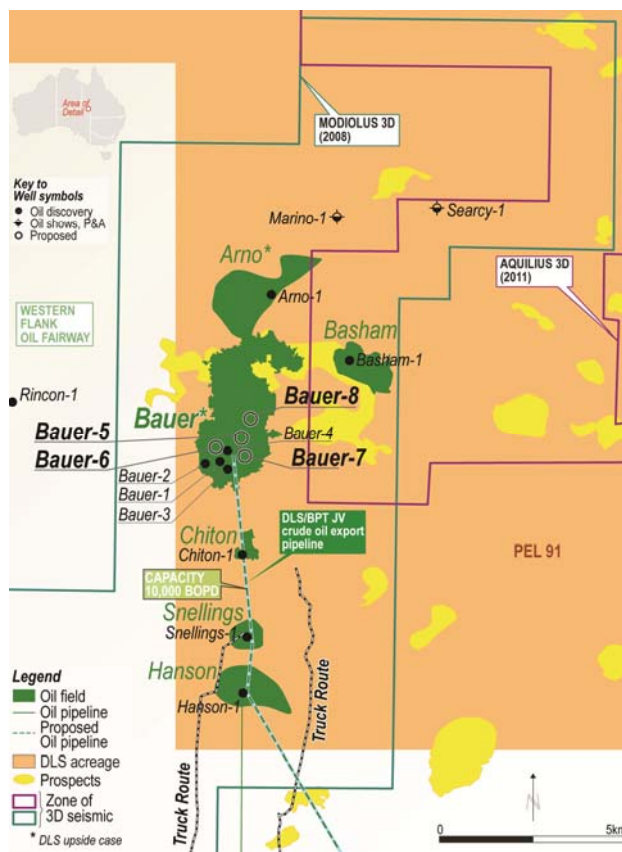


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### PEL 91 Western Flank Oil Fairway – Bauer Oil Field Development



**About Drillsearch Energy Limited** (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper-Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production.

#### Competent Person Statement

Information on the Reserves and Resources in this release has been compiled by Mr. David Evans, Chief Technical Officer of Drillsearch who has given his consent as of the date of this release to the inclusion of this statement and the information in the form and the context in which they appear in this release.