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For Immediate Release – 18 October 2012

Ref. #102/12

ASX Ltd
Companies Announcement Office
Electronic Lodgement System

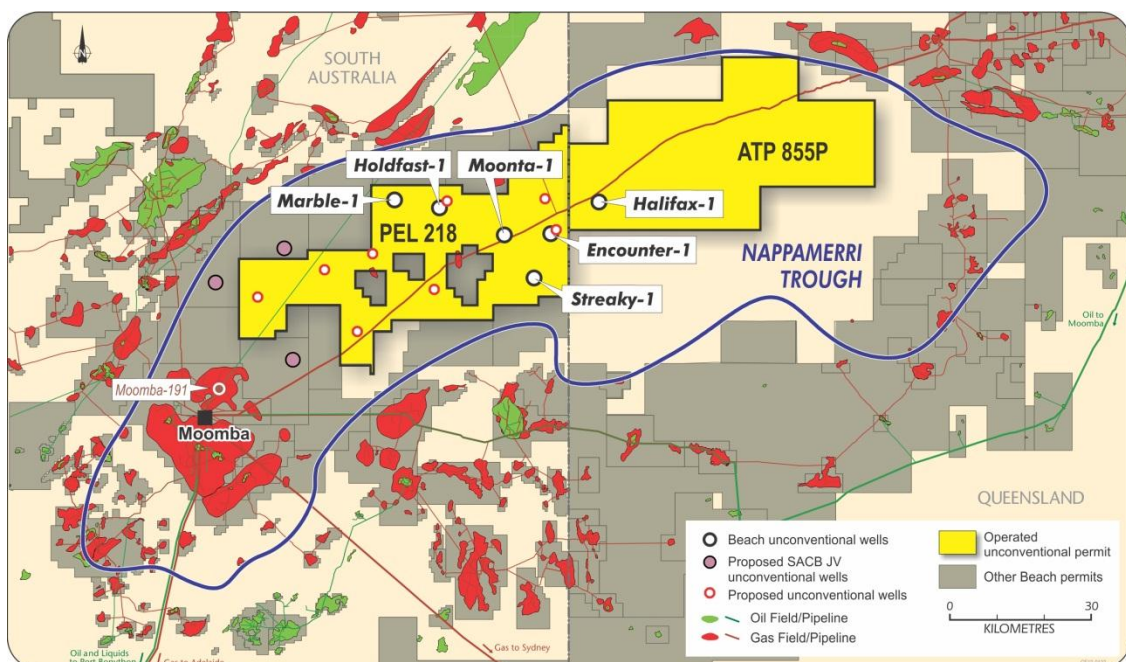
Dear Sir,

INITIAL INTERPRETATION FROM THE HALIFAX-1 UNCONVENTIONAL GAS WELL

The Halifax-1 well reached total depth at 4,267 metres and appears to be gas saturated through the Permian zone. It is the thickest REM section encountered to date in the Nappamerri Trough unconventional drilling program

Beach Energy Limited (ASX: BPT, "Beach") advises that the Halifax-1 unconventional gas well (Beach 60% and operator, Icon Energy Ltd 40%) reached total depth of 4,267 metres on Tuesday, 16 October 2012. Beach is encouraged by preliminary interpretation of log data, which indicates the Permian target zone is likely to be gas saturated from the Toolachee Formation through the Patchawarra Formation. Further interpretation will be required following processing in order to confirm this initial analysis.

Halifax-1 has the thickest Roseneath Shale, Epsilon Formation and Murteree Shale (REM) section, at approximately 460 metres, when compared with other Nappamerri Trough wells drilled to date. The Patchawarra Formation is greater than 490 metres thick.



In addition to the primary Permian targets in the well, earlier drill stem testing of a conventional gas bearing sand in the Triassic interval, immediately above the Toolachee Formation, flowed gas at approximately 200,000 scfd.

Following casing and suspension of the well, the Ensign 916 rig will be mobilised to the Boston-1 unconventional well location in PEL 218 (Beach 100%), approximately 30 kilometres to the South West of Halifax-1. Boston-1 is expected to spud within two weeks of the rig's release from Halifax-1.

It is anticipated that hydraulic stimulation of the Halifax-1 well will take place in late November 2012, after which the well will be put on extended flow test for a period of several weeks. A resource estimate will be made after data from the flow test is gathered. The anticipated timing of completed log analysis and flow rate information is mid to late December 2012, with guidance on 2C contingent resource from Halifax-1, incorporating core analysis, expected to be available in Q1, 2013.

Reg Nelson, Managing Director of Beach, said: "The Halifax-1 well has delivered what appears to be another sizeable gas saturated section through the Permian zone of the Nappamerri Trough. With the hydraulic stimulation of Moonta-1 expected to commence early next week, we are now rapidly building an understanding from west to east across the Trough of the size of this potentially game changing gas resource. Each well from this point forward will push this unconventional exploration play closer to the pilot production phase, which is anticipated in 2013."

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

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