



Monthly Drilling Report

March 2017

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HIGHLIGHTS

- **FY17 operated gas exploration campaign completed; three discoveries from four wells, with preliminary estimates of 2P reserve additions of 3.4 MMboe**
- **Gas discovery at Mokami-1; flowed on test at 8.6 MMscfd with 93 bbl condensate per MMscf**
- **Pennington-5 oil development well cased and suspended as a future producer; ~4 metres of net oil pay**

AUSTRALIA – COOPER AND EROMANGA BASINS

EXPLORATION AND APPRAISAL

Western Flank Gas – ex PEL 106; ex PEL 91 (Beach 100%)

Beach completed its operated four-well Permian gas exploration and appraisal campaign, which concluded with a discovery at Mokami-1 in ex PEL 91. The well tested a western extension of the Southwest Patchawarra gas fairway and targeted liquids-rich sand packages in the Patchawarra Formation. Mokami-1 intersected 10.1 metres of net pay across a 19.2 metre gross section and was cased and suspended as a future producer. Drill stem tests were encouraging, with a flow rate from one test of 8.6 MMscfd and liquids content of 93 bbl/MMscf.

The exploration campaign proved successful, with three liquids-rich gas discoveries from four wells and validation of refined mapping techniques. The Canunda-3 and Crockery-1 discoveries reinforce potential for additional stratigraphically trapped gas discoveries in the Southwest Patchawarra play fairway, and the step-out Mokami-1 discovery is encouraging for future drilling in the frontier Permian Edge play fairway. Planning of an expanded FY18 operated gas drilling program is underway, with more than twice the number of gas wells drilled in FY17 currently anticipated.

Preliminary results from the FY17 gas discoveries are summarised below.

| | Note | Canunda-3 | Crockery-1 | Mokami-1 |
|---|------|----------------|-------------|--------------|
| Net gas pay | | 2.8 metres | 7.2 metres | 10.1 metres |
| Gross section | | 6.1 metres | 19.0 metres | 19.2 metres |
| Preliminary estimate of 2P reserve addition | 1 | 1.0 MMboe | 0.9 MMboe | 1.5 MMboe |
| Peak single interval flow rate | 2 | 1.9 MMscfd | – | 8.6 MMscfd |
| Estimated initial production rate | 3 | >3 MMscfd | 3–8 MMscfd | 8-12 MMscfd |
| Liquids content of raw gas | | >150 bbl/MMscf | TBC | 93 bbl/MMscf |
| Expected connection date | 4 | Q1 FY18 | Q1 FY18 | Q2 FY18 |

1. Preliminary estimates of 2P reserve additions are based on testing undertaken to date. Final estimates of 2P reserves may differ from preliminary estimates. Reserve estimates are probabilistic. FY17 2P reserves will be booked as at 30 June 2017 and announced in August 2017 following the annual reserve review process and external audit.

2. **Canunda-3:** First drill stem test (“DST”) over 2,673 – 2,678 metre interval, 16/64” choke, flowing at 1,302 psig, 3 hour test; second DST over 2,533 – 2,547 metre interval, 16/64” choke, flowing at 730 psig, 2 hour test; **Crockery-1:** DST failed due to tool blockage; 40 Mscf entered drill in 8 minutes prior to blockage; **Mokami-1:** First DST over 2,426 – 2,433 metre interval, 32/64” choke, flowing at 1,593 psig, 1.5 hour test; second DST over 2,459 – 2,464 metre interval, 16/64” choke, flowing at 62 psig, 2 hour test. Third interval not tested.

3. Total estimated well production rate including estimated production from untested intervals.

4. Estimated connection dates subject to change and receipt of various long-lead items.

Installation and commissioning of compression at Middleton was completed during March 2017 and final acceptance testing and full production volumes are expected to be achieved in early Q4 FY17. Currently producing wells and tie-in of the existing well inventory (Middleton East-1, Coolawang-1) will allow maximum daily raw gas production of 25 MMscf to be achieved and sustained (broadly equivalent to 1.3 MMboe of annual sales gas and liquids production). Production at maximum capacity of 25 MMscfd will allow a portion of Beach’s operated gas volumes to be sold under short term contracts or into the spot market.

With expected reserve additions from recent discoveries, Beach is planning to maintain maximum daily raw gas production beyond FY18 (excluding maintenance downtime and Moomba operator shut-in requests). Furthermore, due to an expanded gas exploration drilling program currently planned for FY18, and assuming continued success, expansion of capacity to 40-50 MMscfd is currently being evaluated.



Western Flank Oil – PEL 182

(Beach 43%, Senex Energy 57% and operator)

A three-well oil exploration campaign progressed in the under-explored and prospective PEL 182 permit area, located approximately 25 kilometres northeast of producing fields in ex PEL 104 and ex PEL 111. Prospects were identified from the 2014 Jasmine 3D seismic survey and are testing the extent of hydrocarbon migration to the north of the Western Flank. The wells are targeting structural and stratigraphic plays in the Namur Sandstone (primary objective) and Birkhead and Murta formations (secondary objectives).

Hoplite-1, the second well of the campaign, intersected a 17 metre gross section with oil shows in the upper Birkhead Formation. A drill stem test confirmed the presence of oil but indicated a sub-commercial flow rate. The well was then side-tracked to target interpreted better reservoir development in the middle Birkhead Formation. Further oil shows were intersected, however the well was plugged and abandoned due to insufficient pay. The recovery of oil from the Birkhead Formation is encouraging for the northern extension of the Western Flank play fairway. Location of the final well of the campaign will be confirmed once results from Hoplite-1 and Sparta-1 have been reviewed.

DEVELOPMENT

Western Flank Oil – ex PEL 91

(Beach 100%)

A two-well oil development campaign commenced in the Pennington Field, located approximately 10 kilometres east of the Bauer Field. Reservoir simulation modelling identified potential for improved field commerciality through in-fill drilling to accelerate production. The wells are targeting the Namur Sandstone as a primary objective and the McKinlay Member and Mid Namur Sandstone as secondary objectives. Pennington-5 spudded on 26 March 2017 and reached total depth of 1,806 metres by month-end. The well intersected net oil pay of 2.2 metres in the Namur Sandstone and 1.8 metres in the McKinlay Member, and also encountered oil shows in the Birkhead Formation. Pennington-5 will be cased and suspended as a future producer. Pennington-6, the second well of the campaign, spudded subsequent to month-end.

South Australian Gas – SACB JV

(Fixed Factor Area Joint Venture: Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

A two-well in-fill gas development campaign was completed in the Toolachee Field, located approximately 70 kilometres southeast of the Moomba processing facility. Toolachee-53 and Toolachee-54 targeted sands in the Patchawarra Formation and were drilled to accelerate production of existing reserves. Under balanced drilling techniques were applied, which help optimise production from low pressure reservoirs. The campaign was successful with results in-line with pre-drill estimates. Both wells have been completed for production and are expected online in Q4 FY17.

Monthly Drilling Report – Period ended 06:00, 1 April 2017

| Well | Participants | Progress and Summary | Primary Targets |
|--|---|---|-----------------------|
| Cooper Basin Operated | | | |
| Mokami-1 PRL 151 (ex PEL 91) Gas exploration C/E Basin, SA | BPT* 100.00% | Drilling this month: 1,745 metres Current depth: 2,655 metres (total depth) Status: Cased and suspended as a future Permian gas producer | Patchawarra Formation |
| Pennington-5 PPL 261 (ex PEL 91) Oil development C/E Basin, SA | BPT* 100.00% | Drilling this month: 1,806 metres Current depth: 1,806 metres (total depth) Status: Cased and suspended as a future Jurassic oil producer | Namur Sandstone |
| Cooper Basin Non-operated | | | |
| Hoplite-1 DW1 PEL 182 Oil exploration C/E Basin, SA | BPT 43.00% SXY* 57.00% | Drilling this month: 1,970 metres Current depth: 1,970 metres (total depth) Status: Plugged and abandoned | Birkhead Formation |
| Toolachee-53 PPL 14 Gas development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 1,374 metres Current depth: 2,147 metres (total depth) Status: Cased and suspended as a future Permian gas producer | Patchawarra Formation |
| Toolachee-54 PPL 14 Gas development C/E Basin, SA | BPT 20.21% STO* 66.60% ORG 13.19% | Drilling this month: 2,259 metres Current depth: 2,259 metres (total depth) Status: Cased and suspended as a future Permian gas producer | Patchawarra Formation |

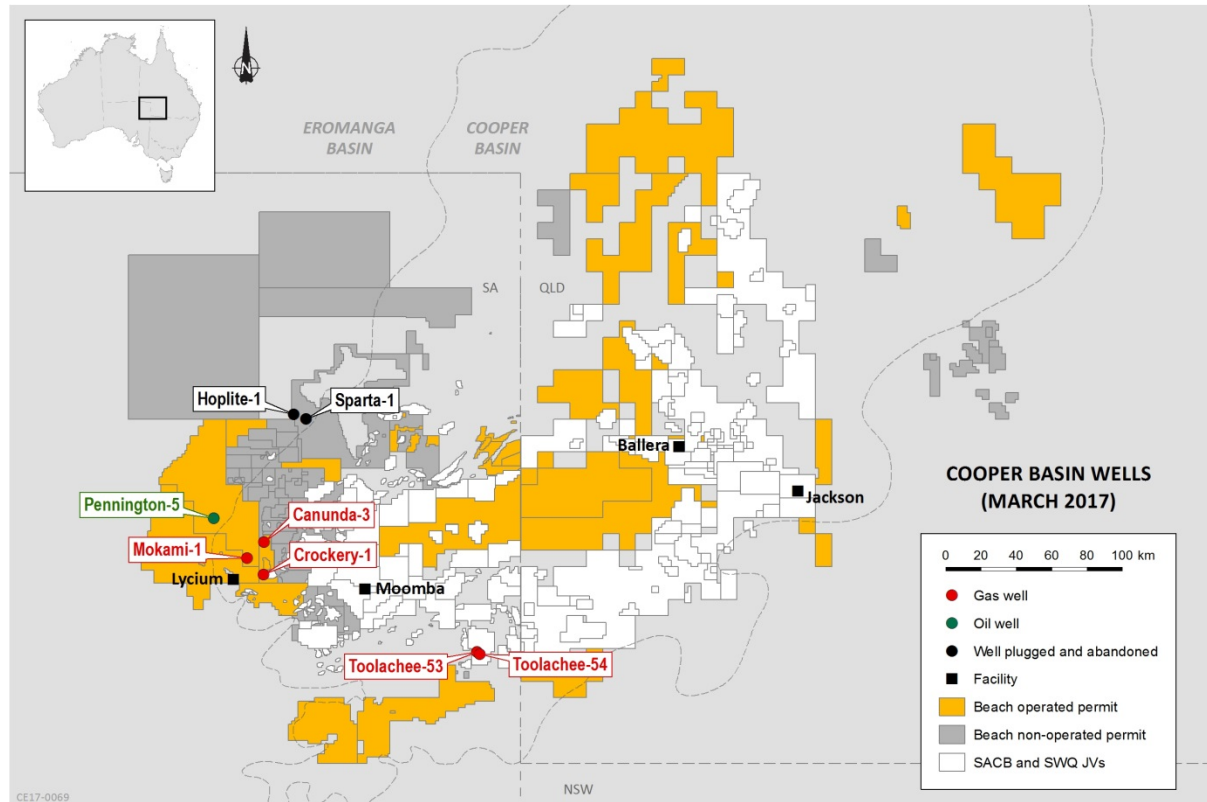
(*) Operator

BPT Beach Energy Ltd

ORG Origin Energy Ltd

STO Santos Ltd

SXY Senex Energy Ltd



A handwritten signature in blue ink, appearing to read "Jeff Schrull".

Jeff Schrull

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Competent Persons Statement

The estimates of reserves and resources in this announcement are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Manager Cooper Gas). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from The University of Adelaide and is a member of the Society of Petroleum Engineers. The estimates of reserves and resources in this announcement have been issued with the prior written consent of Mr Lake in the form and context in which they appear.