



Monthly Drilling Report

May 2017

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HIGHLIGHTS

- **McKinlay Member success from first two oil wells of five-well Callawonga campaign**
- **Record drill time of 5.1 days for Callawonga-14**
- **Cooper Basin JV gas development success from directional drilling initiative**

AUSTRALIA – COOPER AND EROMANGA BASINS

DEVELOPMENT

Western Flank Oil – ex PEL 92

(Beach 75% and operator, Cooper Energy 25%)

A five-well development and appraisal campaign commenced in the Callawonga Field. The campaign is seeking to develop new oil reserves in the McKinlay Member and appraise the extent and productivity of this reservoir. Past drilling has proved oil within the McKinlay Member, however there has been minimal production to date. The first two wells of the campaign, Callawonga-14 and Callawonga-18, both intersected the McKinlay Member approximately two metres high to prognosis, extending the reservoir's western and eastern limits. Callawonga-14 intersected one metre of net oil pay and Callawonga-18 intersected two metres of net oil pay. These results were in-line with expectations and both wells were cased and suspended as future producers. The third well of the campaign, Callawonga-15, spudded immediately prior to month-end.

Continued efficiency improvements were evident with Callawonga-14 drilled in 5.1 days (from spud to rig release), a record time for a Beach operated well. Efficiency gains and faster drill times support plans for expanded future drilling campaigns.

South Australian Gas – Cooper Basin JV

(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

A two-well directional drilling development campaign utilising a workover rig commenced in the Dullingari and Dullingari North fields, located approximately 65 kilometres east of the Moomba processing facility. The primary objective is the Patchawarra Formation, with the Toolachee and Epsilon formations providing secondary targets.



The first well of the campaign, Dullingari-43 DW1, was side-tracked from the currently non-producing Dullingari-43 well. Dullingari-43 DW1 intersected approximately 25 metres of net gas pay across a 286 metre gross section in the Patchawarra Formation, and approximately 12 metres of net gas pay across the secondary targets. These results were in-line with pre-drill estimates and the well was cased and suspended as a future producer. Success using this side-track drilling technique may allow additional development opportunities to be pursued across the Cooper Basin.

EXPLORATION AND APPRAISAL

Western Flank Oil – PEL 630

(Beach operator and farming into 50% interest with Bridgeport)

A two-well oil exploration campaign was completed in the western block of the PEL 630 permit, located approximately 60 kilometres northeast of the Bauer Field. The wells were located outboard of existing oil discoveries to test a possible northern extension of the Namur and Birkhead play fairways. The second well of the campaign, Harvey’s Return-1, was drilled to test the mapped crest of an anticlinal structure within the Namur Sandstone. No oil shows were detected and the well was plugged and abandoned. Results from the campaign have helped refine the northern extent of the oil play fairways. Gas prospects in the eastern block of PEL 630 are currently being assessed and may be included in the FY18 gas exploration program.

Queensland Gas – Cooper Basin JV

(Beach 23.2%, Santos 60.06% and operator, Origin 16.74%)

Lepard-3 was drilled as a standalone appraisal well on the western flank of the Lepard Field. The well targeted the Toolachee and Patchawarra formations as primary objectives, and the Epsilon Formation as a secondary objective. The well was cased and suspended as a future gas producer with preliminary assessment of results indicating a low-side outcome.

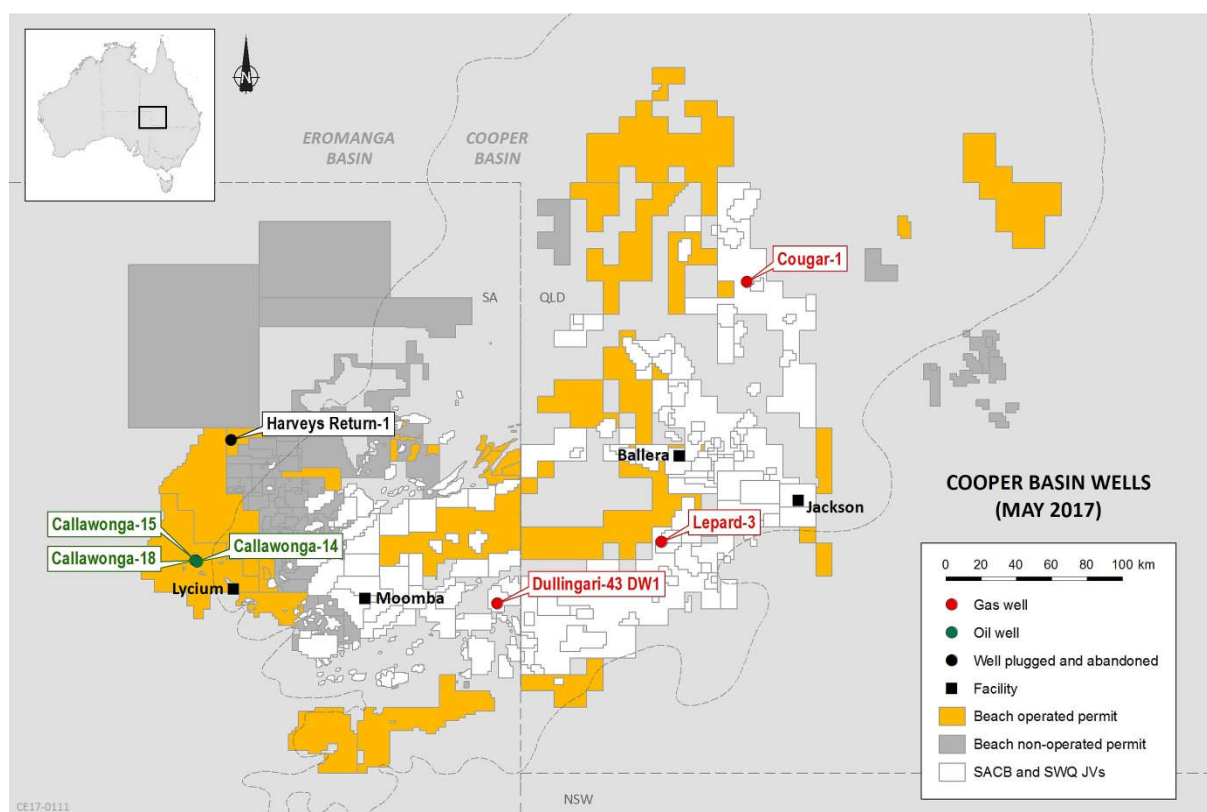
A six-well near-field gas exploration and appraisal campaign progressed in southwest Queensland. Cougar-1, the fourth well of the campaign, is located on the southeast flank of the Windorah Trough and follows successful exploration and infrastructure installations in the region in 2016. The well is targeting the Toolachee Formation as a primary objective and the Patchawarra Formation and Nappamerri Group as secondary objectives. At month-end, Cougar-1 was drilling ahead.

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

Well	Participants	Progress and Status	Primary Targets
Cooper Basin operated			
Callawonga-14	BPT* 75.00%	Drilling this month: 1,429 metres	McKinlay Member
PPL 220	COE 25.00%	Current depth: 1,429 metres (total depth)	
Oil development C/E Basin, SA		Status: Cased and suspended as a future McKinlay Member oil producer	
Callawonga-18	BPT* 75.00%	Drilling this month: 1,582 metres	McKinlay Member
PPL 220	COE 25.00%	Current depth: 1,582 metres (total depth)	
Oil development C/E Basin, SA		Status: Cased and suspended as a future McKinlay Member oil producer	
Callawonga-15	BPT* 75.00%	Drilling this month: 262 metres	McKinlay Member
PPL 220	COE 25.00%	Current depth: 262 metres	
Oil development C/E Basin, SA		Status: Drilling ahead	

Harvey's Return-1	BPT* 50.00%	Drilling this month: 2,174 metres	Namur Sandstone
PEL 630	BEL 50.00%	Current depth: 2,174 metres (total depth)	
Oil exploration C/E Basin, SA		Status: Plugged and abandoned	
Cooper Basin non-operated			
Dullingari-43 DW1	BPT 20.21%	Drilling this month: 2,853 metres	Patchawarra Formation
PPL 12	STO* 66.60%	Current depth: 2,853 metres (total depth)	
Gas development C/E Basin, SA	ORG 13.19%	Status: Cased and suspended as a future Permian gas producer	
Lepard-3	BPT 23.20%	Drilling this month: 2,847 metres	Toolachee Formation Patchawarra Formation
PL 254	STO* 60.06%	Current depth: 2,847 metres (total depth)	
Gas appraisal C/E Basin, QLD	ORG 16.74%	Status: Cased and suspended as a future Permian gas producer	
Cougar-1	BPT 23.20%	Drilling this month: 2,756 metres	Toolachee Formation
ATP 1189	STO* 60.06%	Current depth: 2,756 metres	
Gas exploration C/E Basin, QLD	ORG 16.74%	Status: Drilling ahead	

(*) Operator
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