



Monthly Drilling Report

July 2017

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HIGHLIGHTS

- **Bauer-26 horizontal oil development well completed as a producer; intersected 350 metres of net oil pay in the McKinlay Member**
- **Marauder-1 Birkhead oil discovery in ex PEL 104; flow rate of 655 bopd on test**
- **New gas field discovery at Okotoko North-1 in southwest Queensland**

DEVELOPMENT – COOPER AND EROMANGA BASINS

Western Flank Oil – ex PEL 91

(Beach 100%)

Bauer-26 was drilled as a horizontal oil development well comprising a lateral section of approximately 400 metres. The well targeted the McKinlay Member, a thin sandstone overlaying the Namur Sandstone, with accumulations covering areas larger than the Namur fields. The McKinlay Member is a proven oil reservoir, however has not been subjected to focused development. The formation is considered suitable for geo-steered horizontal drilling, with potential for high daily production rates. Bauer-26, the first Western Flank horizontal well, was landed successfully within the McKinlay Member and intersected net oil pay of approximately 350 metres. The well was completed for production and is expected to be on free flow production in Q1 FY18, with artificial lift scheduled for installation in Q2 FY18. Well results and other studies currently underway will set the scope and design for development of the McKinlay reservoir in H2 FY18 and FY19.

Queensland Oil – Cooper Basin Joint Venture

(Nacowlah Joint Venture: Beach 38.5%, Santos 55.5% and operator, other partners 6.0%)

The Irtalie East-6 oil development well is located approximately 25 kilometres southwest of the Jackson oil facility. The well was drilled from the existing Irtalie East-3 pad as a standalone deviated well and targeted the Birkhead Formation. Irtalie East-6 was cased and suspended as a future producer following intersection of approximately nine metres of net oil pay in the target formation. Well results are currently under review and may support follow-on drilling from the same location to different bottom-hole locations.



(Total 66 Joint Venture: Beach 30%, Santos 70% and operator)

A three-well oil development and appraisal campaign commenced in the Zeus-Minos-Tennaperra Complex, located approximately 60 kilometres southwest of the Jackson oil facility. The campaign aims to continue development drilling on the northern flank of the Zeus Field (two wells planned) and appraise a down-dip location on the southern sector of the Tennaperra Field (one well planned). All wells are targeting the Birkhead Formation. The first development well of the campaign, Zeus-12, is being drilled as a deviated well from the existing Zeus-3 pad. Zeus-12 was drilling ahead at month-end.

EXPLORATION AND APPRAISAL – COOPER AND EROMANGA BASINS

Western Flank Oil – ex PEL 91

(Beach 100%)

A two-well oil appraisal campaign was completed in the Chiton Field, located approximately two kilometres south of the Bauer Field. The campaign was designed to appraise the extent and productivity of the McKinlay Member to the south and east of currently producing wells, where there has been limited appraisal drilling to date. The second well of the campaign, Chiton-5, was plugged and abandoned due to lack of commercial pay. Both wells were step-out prospects which helped define field boundaries. Results will assist with design of the final development plan for the Chiton Field.

Western Flank Oil – ex PEL 104 / 111

(Beach 40%, Senex 60% and operator)

The Marauder-1 oil exploration well is located approximately two kilometres north of the producing Growler and Spitfire fields. The prospect was identified from the Mollichuta 3D seismic survey and drilled to test a seismic feature mapped at the same stratigraphic level as the Growler and Spitfire fields. Marauder-1 encountered oil shows within the target Birkhead Formation, with the operator's evaluation of logs indicating 8.6 metres of net pay across a 17.5 metre gross oil bearing interval. A drill stem test over the interval from 1,744.2 to 1,764.6 metres recovered 84 barrels of approximately 48 degree API oil. Oil flowed to surface after 79 minutes and continued to flow for the full 184 minute flow period on a 32/64" choke. The flow rate was calculated to be 655 barrels of oil per day, with no indication of formation water throughout the drill stem test. Marauder-1 was cased and suspended as a future producer and will be brought online in coming months.

Queensland Gas – Cooper Basin Joint Venture

(Southwest Queensland Joint Venture: Beach 23.2%, Santos 60.06% and operator, Origin 16.74%)

A six-well near-field gas exploration campaign in southwest Queensland was completed. Okotoko North-1, the final well of the campaign, is located on the Jackson-Naccowlah gas trend, approximately 20 kilometres northeast of the Ballera gas facility. The near-field exploration well tested a four-way dip closure analogous to those in neighbouring producing fields, and targeted the Toolachee and Patchawarra formations. The well intersected approximately eight metres of net gas pay across the primary targets and was cased and suspended as a future producer. Okotoko North-1 is a new gas field discovery which presents potential for further development / appraisal wells and follow-up near-field exploration drilling within three to seven metres of the discovery.

South Australia Gas – Cooper Basin Joint Venture

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

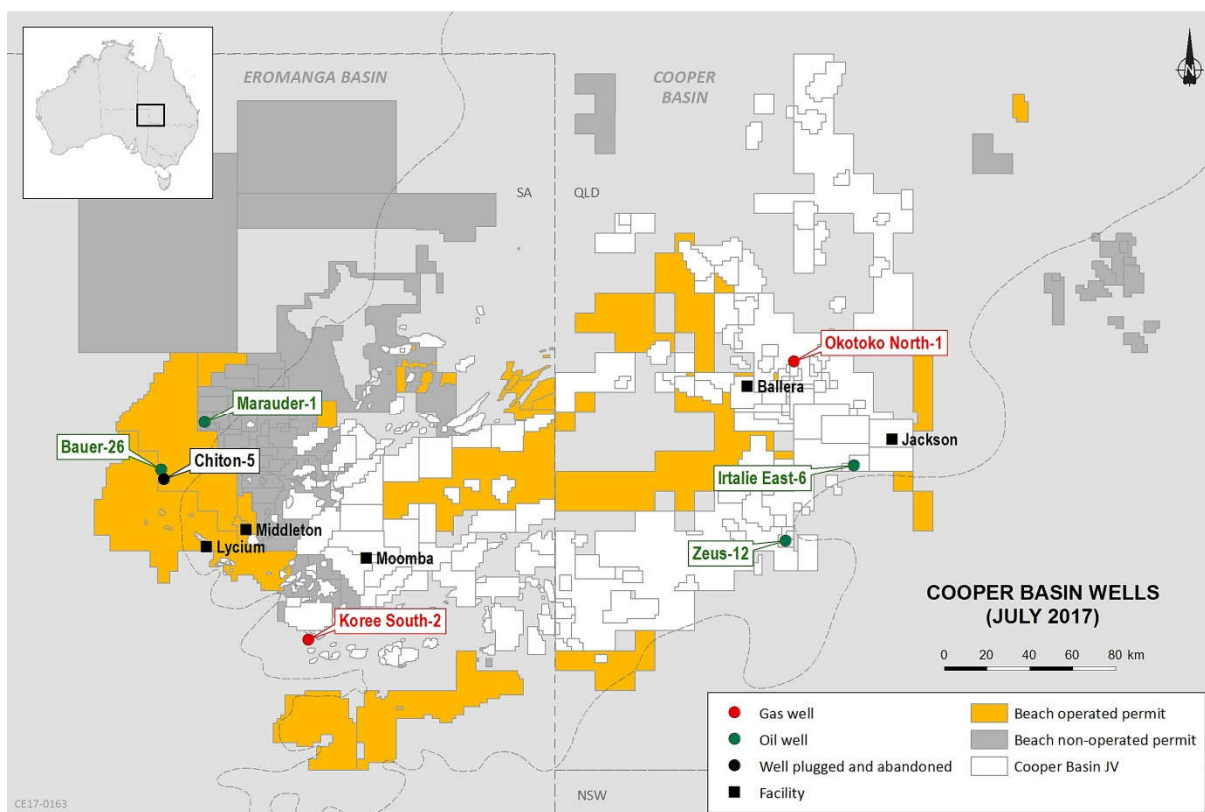
Koree South-2 was drilled as a standalone gas appraisal well, located approximately 50 kilometres southwest of the Moomba gas facility. The well was drilled to appraise potentially liquids-rich sands in the upper Patchawarra Formation, and to accelerate production from sands in the lower Patchawarra Formation, from which gas is currently produced at Koree South-1. Koree South-2 was cased and suspended as a future gas producer. Beach interpreted net gas pay of approximately eight metres in the upper Patchawarra sands and approximately two metres of net gas pay in the lower Patchawarra sands.

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

Well	Participants	Progress and Summary	Primary Targets
Cooper Basin Operated			
Bauer-26	BPT* 100.00%	Drilling this month: 2,266 metres	McKinlay Member
PPL 253 Oil development C/E Basin, SA		Current depth: 2,266 metres (total depth) Status: Completion installed and ready for production commissioning as a McKinlay Member oil producer	
Chiton-5	BPT* 100.00%	Drilling this month: 1,727 metres	McKinlay Member
PRL 153 Oil appraisal C/E Basin, SA		Current depth: 1,727 metres (total depth) Status: Plugged and abandoned	
Cooper Basin Non-operated			
Irtalie East-6	BPT 38.50% STO* 55.50% AGF 2.00% BE 2.00% BOG 2.00%	Drilling this month: 2,070 metres	Birkhead Formation
PL 36		Current depth: 2,070 metres (total depth)	
Oil development		Status: Cased and suspended as a future Birkhead Formation oil	
C/E Basin, QLD		producer	
Zeus-12	BPT 30.00% STO* 70.00%	Drilling this month: 1,479 metres	Birkhead Formation
PL 301		Current depth: 1,479 metres	
Oil development	Status: Drilling ahead		
C/E Basin, QLD			
Marauder-1	BPT 40.00% SXY* 60.00%	Drilling this month: 2,130 metres	Birkhead Formation
PRL 135		Current depth: 2,130 metres (total depth)	
Oil exploration	Status: Cased and suspended as a future Birkhead Formation oil		
C/E Basin, SA	producer		
Okotoko North-1	BPT 23.20% STO* 60.06% ORG 16.74%	Drilling this month: 2,421 metres	Toolachee Formation
ATP 1189		Current depth: 2,421 metres (total depth)	
Gas exploration		Status: Cased and suspended as a future Permian gas producer	
C/E Basin, QLD			
Koree South-2	BPT 20.21% STO* 66.60% ORG 13.19%	Drilling this month: 2,343 metres	Patchawarra Formation
PPL 145		Current depth: 2,343 metres (total depth)	
Gas appraisal		Status: Cased and suspended as a future Permian gas producer	
C/E Basin, SA			

(*) Operator

AGF Australian Gasfields Ltd BE Bridgeport Energy Ltd BOG Bounty Oil & Gas NL
 BPT Beach Energy Ltd ORG Origin Energy Ltd STO Santos Ltd
 SXY Senex Energy Ltd




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