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ASX Release

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ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

BEACH SUCCESSFULLY FLOWS GAS FROM ITS COOPER BASIN HOLDFAST-1 SHALE WELL

Initial gas flow rates from Beach's Holdfast-1 shale gas well of up to 2MMscf/d have exceeded expectations

Beach Energy Ltd (ASX: BPT, "Beach") advises the Holdfast-1 shale well in the Cooper Basin is currently flowing gas and some steam during ongoing clean up. The Holdfast-1 well is located within the PEL 218 tenement (Beach 90%), which covers an area of 1,600km^2 in the centre of the Nappamerri Trough of the Cooper Basin.

Clean up activities commenced on 1 July 2011, resulting in the well producing hot water, steam and gas. On Friday evening, 8 July 2011, the well flow was diverted through separation equipment, allowing the gas flow rate to be measured. Holdfast-1 has been averaging 1.8 million standard cubic feet per day ("MMscf/d") and has reached around 2MMscf/d, through a 32/64 choke. For the Holdfast-1 well to be deemed a success it would have required only a measurable gas flow, due to the well being vertical in nature and designed primarily for data gathering purposes. As a result of the existing gas flow rates, Holdfast-1 has exceeded expectations and is considered a strong result for a vertical data gathering well.

The flows, from the primary target zones of the Roseneath Shale, Epsilon Formation and the Murteree Shale, are being recovered from depths of between 3,100 to 3,500 metres. Assessment of all aspects of the performance of the well, including analysis of the gas composition, will take place over the coming months. However, the composition of the gas is expected to be in line with that produced historically in the Cooper Basin region.

Gas flare at Holdfast-1

The fracture stimulation of Holdfast-1 was undertaken in seven stages, with data gathered to date indicating the intervals

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have fractured vertically, favouring horizontal production wells.

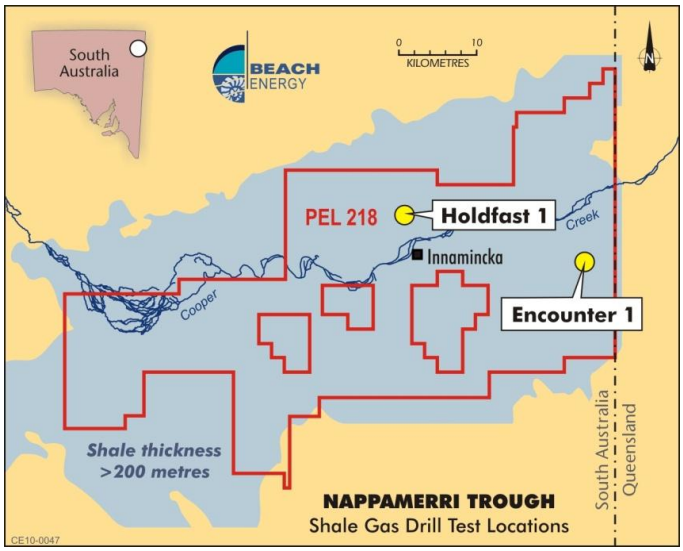
The main differences between the Holdfast-1 vertical well and an indicative horizontal production well can be derived by reference to drilling techniques within the prolific Haynesville shale basin in the USA, as detailed in the following table:

	Holdfast-1	Haynesville production well
Well design	Vertical	Horizontal
Well Length in Target zone	350 metres	1.6km
Stimulation stages	Seven	Fourteen

As a result of the initial flow rates generated by Holdfast-1, as well as analysis of the core samples taken from the shale wells, a material resource booking for the shale program to date will now be made in late July/early August.

It is anticipated that the flow stimulation of Encounter-1 will take place in the December quarter, pending the availability of the crew and necessary equipment. During this process, the knowledge gained from the Holdfast-1 well stimulation will be applied to Encounter-1, with the aim of further refining the process.

The results from Holdfast-1 and Encounter-1 will be of great value in designing the horizontal pilot wells, to be drilled at each location, in the production testing program set down for the first half of 2012.



Participants in PEL 218 (Permian JV) are:

Beach (Operator)	90%
Adelaide Energy Ltd	10%

Yours sincerely,

Reg Nelson
Managing Director, FAusIMM

For more information contact

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