



## ASX Release

Beach Energy Ltd  
ABN: 20 007 617 969  
ASX Code: BPT

25 Conyngham Street  
GLENSIDE SA 5065

GPO Box 175  
ADELAIDE SA 5001

Tel: +61 8 8338 2833  
Fax: +61 8 8338 2336

Web:  
[www.beachenergy.com.au](http://www.beachenergy.com.au)  
Email:  
[info@beachenergy.com.au](mailto:info@beachenergy.com.au)

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ASX Ltd/SGX Singapore Exchange Ltd  
Companies Announcement Office  
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Dear Sir

### **PENNINGTON FIELD RESERVES ESTIMATION**

**2P gross oil reserves for the Pennington field have increased from 1.7 MMbbls to 2.7 MMbbls following the successful drilling of Pennington-2 and Pennington North-1.**

Beach Energy Ltd (ASX: BPT, "Beach") advised on 7 May 2014 that the Pennington-2 appraisal well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) was cased and suspended as a future McKinlay/Namur oil producer. Pennington-2 was drilled approximately 250 metres south west of the Pennington-1 oil discovery, and intersected 10 metres of net oil pay within the target McKinlay and Namur reservoirs. The Mid-Namur reservoir, which hosts a separate oil pool, was also intersected 2.7 metres above the field oil water contact.

The next well drilled in the campaign was the Pennington North-1 exploration well, located approximately 600 metres north of Pennington-1. This well was designed to test a sub culmination of the greater Pennington structure. The primary target Namur reservoir was intersected five metres low to prognosis, with both the McKinlay and Namur target reservoirs water bearing, based on wireline logs. Strong oil shows were encountered over the Birkhead Formation and tested by an open hole drill stem test ("DST"). The test recovered 22 barrels of oil and approximately 10 barrels of water, mud and filtrate over a four hour flow period. The estimated rate from the DST was 125 barrels of oil per day. Based on the results of this test, Pennington North-1 was cased and suspended as a future Birkhead oil producer.

Reserves for the Pennington field were updated with preliminary mapping that included results from Pennington-2 and Pennington North-1. This update resulted in a 2P gross reserves addition of one million barrels of oil ("MMbbls").

### **Conceptual development plan**

New requirements under Chapter 5 of the ASX Listing Rules require that oil and gas companies reporting on hydrocarbon accumulations must detail the conceptual development plan for the discovery.

#### McKinlay-Namur analysis

Commercial productivity of the McKinlay and Namur reservoirs is proven in offset fields within PEL 91. The Pennington field is analogous to the commercial offset fields including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay-Namur reservoirs at Pennington. Beach has carried out a preliminary economic evaluation

of the project using costs based on analogous projects and internal company oil price assumptions to confirm its commercial viability.

Beach believes that the Pennington field can be developed with a tie-back of producing wells via a common flow line to the Bauer production facility. Pending joint venture approval, and dependant on results from further appraisal drilling, it is anticipated that the development of Pennington will:

- Cost approximately \$6 million; and
- Take place in the June quarter 2015.

Using a proposed tie-back development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay, Namur and Mid-Namur reservoirs as follows:

|    |            |
|----|------------|
| 1P | 1.5 MMbbls |
| 2P | 2.7 MMbbls |
| 3P | 5.3 MMbbls |

These figures are as at 27 May 2014 and based on SPE-PRMS definitions and guidelines. Beach has a 40% share of the above estimates.

Preliminary petroleum reserves were estimated for each target reservoir formation using probabilistic methods, based on the analogous Bauer field where eleven wells are commercially producing oil. The areal configuration of the Pennington McKinlay and Namur structure is based on interpretation and mapping of the Aquillus and Caseolus 3D seismic volumes, with the oil column heights defined from the wireline log analysis. The range of input petrophysical parameters was derived following comparison of the Pennington well data to analogous reservoir data at Bauer. Based on this analysis, we have determined that the reservoir is discovered and commercially producible.

#### Birkhead analysis

In addition to the McKinlay-Namur and Mid-Namur oil pools, Beach considers that, based on the recovery of oil from the DST at Pennington North-1, a Birkhead oil discovery was made. Extended production testing of the Birkhead reservoir at Pennington North-1 may be undertaken to understand the extent of the oil accumulation. The nature and timing of Birkhead production from the Pennington field is dependent on final field development planning and joint venture approvals.

Mapping of 3D seismic data is ongoing within PEL 91 with an emphasis on evaluating the stratigraphically trapped oil potential of the Birkhead Formation. The encouraging results for this play concept across the Western Flank indicate the potential for further Birkhead prospects to be delineated in the region. Further mapping and appraisal drilling of the Pennington field will be undertaken to better define the extent of the Birkhead oil discovery at Pennington North-1.

The results of Stunsail-1, Pennington-2, Bauer-12, Bauer-13, and Chiton-3 are all expected to be reflected in Beach's 30 June 2014 reserves update.

Yours sincerely,



**Reg Nelson**  
Managing Director, FAusIMM

**For more information contact:****Corporate**

Reg Nelson

Beach Energy Ltd

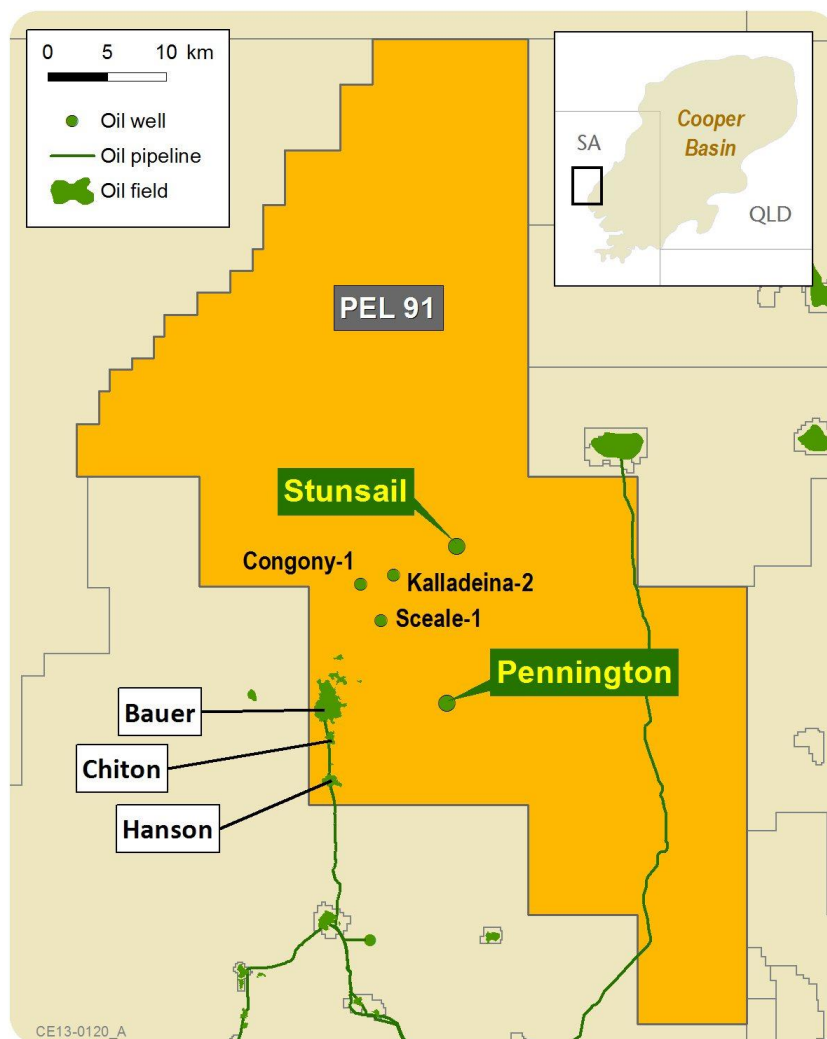
08 8338 2833

**Investor Relations**

Chris Jamieson

Beach Energy Ltd

08 8338 2833

**Qualified Petroleum Reserves and Resource Evaluator Requirements**

The reserves and resources information in this ASX release is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). 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 (SPE). The reserves and resources information in this ASX release was issued with the prior written consent of Mr Lake in the form and context in which it appears.