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## MULTI-STAGE FRACTURING NOW PLANNED FOR ENCOUNTER-1 GAS SATURATED SHALE INTERVAL

Beach advises the following in relation to the Encounter-1 Shale Gas exploration well:

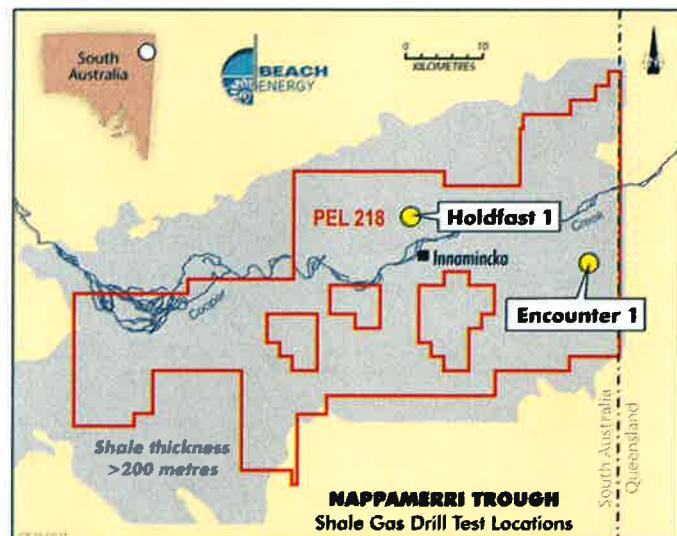
- The well is cased and suspended for future fracture stimulation;
- Target shales interpreted to be fully gas saturated; and
- Roseneath-Epsilon-Murteree target section nearly 400m, considerably thicker than prognosed.

Drilling and formation evaluation operations have been completed at Encounter-1, the first of a two well shale gas exploration program. The well has been cased and suspended for future fracture stimulation.

Encounter-1 was drilled outside of structural closure and penetrated 393 metres of the target Roseneath-Epsilon-Murteree (REM) shale formations, which was significantly thicker than prognosed. Good gas shows were encountered throughout this section and initial log interpretation suggests continuous gas saturation with no evidence of water through and into the underlying Patchawarra Formation. This is a best case scenario for fracture stimulation as the thicker interval and absence of water reduce the risk of fracturing into zones that may produce formation brines.

A total of 5 cores were taken and analysis of these for gas content and mechanical properties has commenced. The results of these analyses will be used to estimate gas in place volumes and optimise design of the fracture stimulation program. Significantly, after being placed in canisters for transport, the shale cores were observed to be actively evolving gas.

Upon release from Encounter-1, the Ensign#16 rig will move to the Holdfast-1 location to drill the second well in the program. It is expected that fracture stimulation of the two wells will commence in April.



Due to the increased thickness of the target section in Encounter-1, an 8 stage fracture stimulation program is now planned along the lines of the multi-stage fracturing techniques used in the prolific shale gas developments of the United States.

PEL 218: Beach 90% (Operator), Adelaide Energy 10%

### For more information contact

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