



ASX Release

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ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

BEACH COMMENCES PRODUCTION FROM MIDDLETON GAS PROJECT

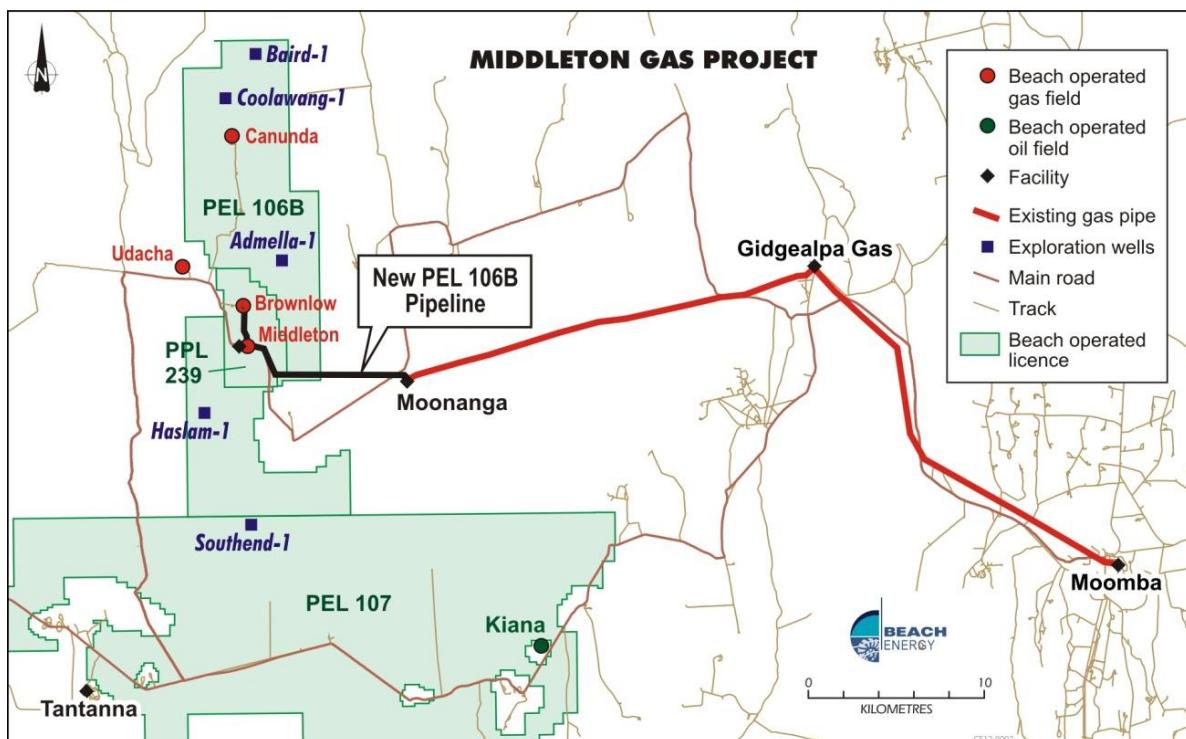
- Beach's first operated gas production
- Production expected to increase to 25 MMscf/d

Beach Energy Ltd (ASX: BPT) has produced first gas from the PEL106B Joint Venture's Middleton gas production facility. Gas is now flowing to the Moonanga Tie-In Point, at which point the Raw Gas is sold to the South Australian Cooper Basin Joint Venture (Santos 66.60%, Delhi Petroleum 20.21% and Origin Energy 13.19%) under a Gas Sale Agreement for the sale of a minimum 3 Billion Cubic Feet of Raw Gas. Initial production rate after ramp up is expected to be 25 MMscf/d comprising about 15 TJ/d sales gas, and 1250 bbls per day of LPG and condensate.

Gas is flowing via flexible pipe which reduced capital costs and accelerated pipe laying time. This has broken new ground for Australia and more applications of this type are expected to follow.

A five well gas exploration drilling campaign has commenced in the surrounding acreage with the possibility of early connection of successful gas wells. It is intended to complete successful wells with the drilling rig (Ensign 930) to allow early testing and rapid connection to this new gathering hub at Middleton.

PEL 106B and the Middleton Brownlow production licence PPL239 are operated by Beach Energy Ltd (50%) with partner Drillsearch Energy Ltd (50%).



Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

Corporate

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