

Beach And Icon Forge Ahead With Vertical Drilling Plan

Beach Energy Limited and Icon Energy Limited announced in July that they had agreed to leverage off Beach's PEL 218 success to date by initiating the unconventional exploration program in the ATP 855P permit with a vertical exploration well, some three months ahead of a previously suggested schedule.

This builds on Beach's excellent results over the past 12 months from its Cooper Basin Nappamerri Trough unconventional exploration program in PEL 218.

"The collaborative approach taken by Beach and Icon will help to confirm what we strongly believe, that the unconventional shale and basin centred gas play, taking shape in the Permian section of PEL 218, continues on the Queensland side in ATP 855P," said Reg Nelson, Beach's Managing Director.

Over the last year, the results from PEL 218 have been impressive. There has been flowing gas from two vertical delineation wells – Holdfast-1 and Encounter-1, with Holdfast-1's gas rate of up to 2 MM scfd and Encounter-1 at a combined rate of over 2 MM scfd. According to the company, both wells have so far only accessed the top 50 m of the 500–600 m Patchawarra Formation.

In addition, over 1000 m of gas saturation through the whole of the Permian section has been identified at Moonta-1, drilling to the base of the Patchawarra Formation. As such, Beach is in a position as an operator to bring the experience gained during this successful period to ATP 855P, with Beach recommending and Icon agreeing, that the latest information lends itself to a staged exploration and appraisal approach, beginning with a vertical well.

The rig will be used to identify the best targets for a future horizontal well

"To date we have not publicised any gas in place estimates for ATP 855P," said Nelson. "However, should the Halifax-1 vertical well prove successful, there is little reason why the 300 Tcf plus of gas in place estimated for PEL 218 cannot be replicated in ATP 855P"

Drilling via a vertical exploration well, which at the time of press was expected to begin

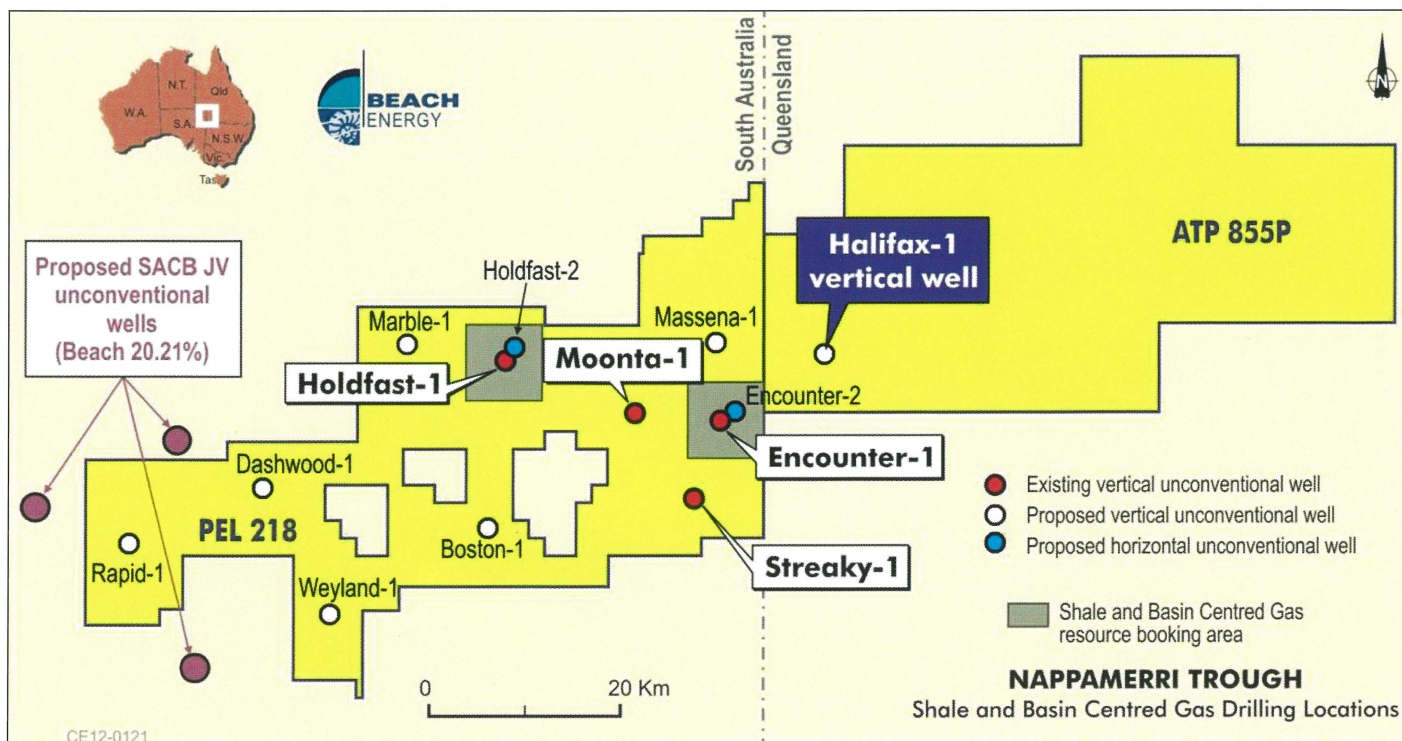
in late July 2012, was previously planned as a horizontal well to be drilled in late September 2012. The Ensign 916 rig, currently contracted to Beach and working in PEL 218, will be moved to the Halifax location after the completion of the Streaky-1 well, which has reached total depth at 3821 m depth, and is preparing to run casing as *PESA News Resources* went to press.

The rig will be used to identify the best targets for a future horizontal well, and will be located 12 km to the east of Encounter-1.

"The Halifax-1 vertical exploration will be fracture stimulated and flow tested through multiple zones, with a material contingent resource expected to be booked," the company announced.

The financial terms of the farm-in will be the equivalent of those agreed previously with Beach to retain its 40% assignment (to give Beach 60% of ATP 855P) after funding the \$16 MM relating to Halifax-1, or until the cost of completion less a \$1.75 MM contribution from Icon.

"We're looking forward to the commencement of the ATP 855P unconventional program, as it will build on the extensive work undertaken by Beach to date in developing the most exciting play in Australian today," said Nelson. ■



Beach Energy and Icon Energy are joining forces to start unconventional shale and basin centred gas exploration program in ATP 855P in late July.