



ASX Announcement

Victorian drilling update

Reference #013/20

Date

20 April 2020

Beach Energy Limited (ASX: BPT, Beach) and its Joint Venture Partner OGOG (Otway) Pty Ltd remain committed to the development of its undeveloped Otway Basin gas reserves, as well as exploration for additional gas reserves, targeting increased gas supplies for the Victorian gas market.

Offshore Update

Beach, as operator of the Victorian Otway Basin Joint Venture, advises it has issued the Ocean Onyx rig operator Diamond Offshore Drilling Inc. ("Diamond") with a notice of termination for the Ocean Onyx rig contract.

The semi-submersible Ocean Onyx rig arrived in Victorian state waters in mid-April for commencement of the Victorian Otway Basin offshore drilling campaign. As the arrival date was later than had been agreed and specified in the rig contract, Beach exercised its right to terminate the agreement. The rig had not yet been accepted by Beach and therefore whilst some preliminary start-up costs have been incurred, the company's spend to date is not material.

Beach has a good working relationship with Diamond and its other service providers. All parties are engaging in discussions with regard to the future operations of the Ocean Onyx rig and the Victorian Otway Basin offshore drilling campaign, with a view to agreeing a new contract in due course. This process will take into consideration executing the drilling campaign during the COVID-19 epidemic and associated restrictions.

Beach's preliminary assessment is that offshore drilling is unlikely to commence until FY21, with the exact timing to be agreed as part of any new contracting process.

The cancellation of the drilling contract has no impact on Beach's FY20 production, underlying EBITDA or DD&A guidance. FY20 capital expenditure is already expected to be at the lower end of the \$875 – 950 million range, is also unchanged, though there is an increased probability of capital expenditure coming in below the bottom end of this range.

Onshore to Offshore Update

The onshore to offshore Black Watch-1 well was recently completed with drilling results in-line with pre-drill expectations. This well will increase Otway Gas Plant output when it is tied in later this quarter.

Beach is planning to spud the Enterprise onshore to offshore exploration well in the second half of calendar 2020.

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Authorisation, disclaimer and other information

Authorisation

This release has been authorised for release by Matt Kay, Managing Director and CEO of Beach Energy.

Disclaimer

This release contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

All references to dollars, cents or \$ are to Australian currency, unless otherwise stated. References to "Beach" may be references to Beach Energy Limited or its applicable subsidiaries.

References to planned activities in FY20 and beyond FY20 may be subject to finalisation of work programs, government approvals, joint venture approvals and board approvals.