

Beach shares flare up on Vic gas discovery

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Beach Energy's exploration well Enterprise 1, and inset, chief executive Matt Kay.

BEACH Energy has discovered new gas in the Victorian Otway Basin at its joint venture exploration well, Enterprise 1.

While the results are subject to further analysis, Beach Energy issued a preliminary net gas pay estimate of 115m.

Beach Energy is a 60 per cent owner and operator of the site with O.G. Energy.

The well was spud from an onshore location, 3.5km from Port Campbell and 8km from Otway Gas Plant.

"The well intersected 146m of gas column in the Upper Waarre Formation, including 115m of net gas pay with no gas-water contact identified," Beach Energy told investors.

A well test will confirm productivity and provide data for the proposed pipeline to the Otway Gas Plant.

Detailed engineering work and the regulatory approvals process for the pipeline are already under way.

"To have our first exploration well in the Victorian Otway program deliver a successful result is an excellent outcome for the business," Beach Energy managing director and chief executive Matt Kay said. "This success enhances our plans to develop more supplies for the east coast gas market.

"The Enterprise result also de-risks other nearby prospects, warranting their evaluation as potential future drilling candidates."

A volumetric estimate for the Enterprise discovery is expected to be completed before the release of the company's FY21 half-year results in February next year.

Beach Energy's share price soared 13 per cent in afternoon trading to \$1.42 as stock analysts and investors responded positively.

RBC Capital Markets oil and gas analyst Gordon Ramsay described it as "an excellent result".

"That (result) implies the Enterprise gas field is likely bigger than initially mapped by Beach, plus it also de-risks other nearby Otway Basin prospects," he said.

Mr Ramsay said more than 70 per cent of Beach's east coast gas sales were expected to be repriced or recontracted to deliver higher gas revenues by FY22.