5 October 2005

Ref: #239/05

Australian Stock Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

ANNOUNCEMENT TO ASX

**BEACH PETROLEUM, PEP 38259, FARM-IN
OFFSHORE CANTERBURY BASIN, NEW ZEALAND**

Beach Petroleum Limited reports that it has reached agreement with Tap (New Zealand) Pty Ltd and AWE New Zealand Pty Ltd in relation to a farm-in arrangement for PEP 38259, an exploration permit located in the offshore Canterbury Basin on the eastern side of New Zealand's South Island (see attached map).

Under the terms of the farm-in Beach will earn a 20% interest in PEP 38259 by contributing to the cost of drilling the Cutter-1 exploration well. This well will be drilled, in a water depth of 75 metres, in mid to late 2006 to test the oil potential of the Cutter prospect, located approximately 21 km off the east coast of the South Island and 200 km southwest from Christchurch.

The farm-in provides Beach with an opportunity to participate in a high upside exploration project in a lightly explored permit in which there has already been a non-commercial gas-condensate discovery (Galleon-1). On test, the reservoir section in Galleon-1 produced 10.4 million cubic feet of gas per day with associated condensate at a rate of approximately 200 barrels per million cubic feet of gas.

Two prospects in the permit, Cutter and Barque, are currently considered ready for drilling. The Cutter prospect, as assessed by the Operator, has a potential recoverable volume of approximately 70 to 80 million barrels of oil. The larger prospect, Barque, as assessed by the Operator, has potential recoverable volumes of approximately 5 to 6 trillion cubic feet of gas with 500 million barrels of condensate. The Barque prospect, which is in 850 metres water depth, represents significant upside potential for future exploration within the permit.

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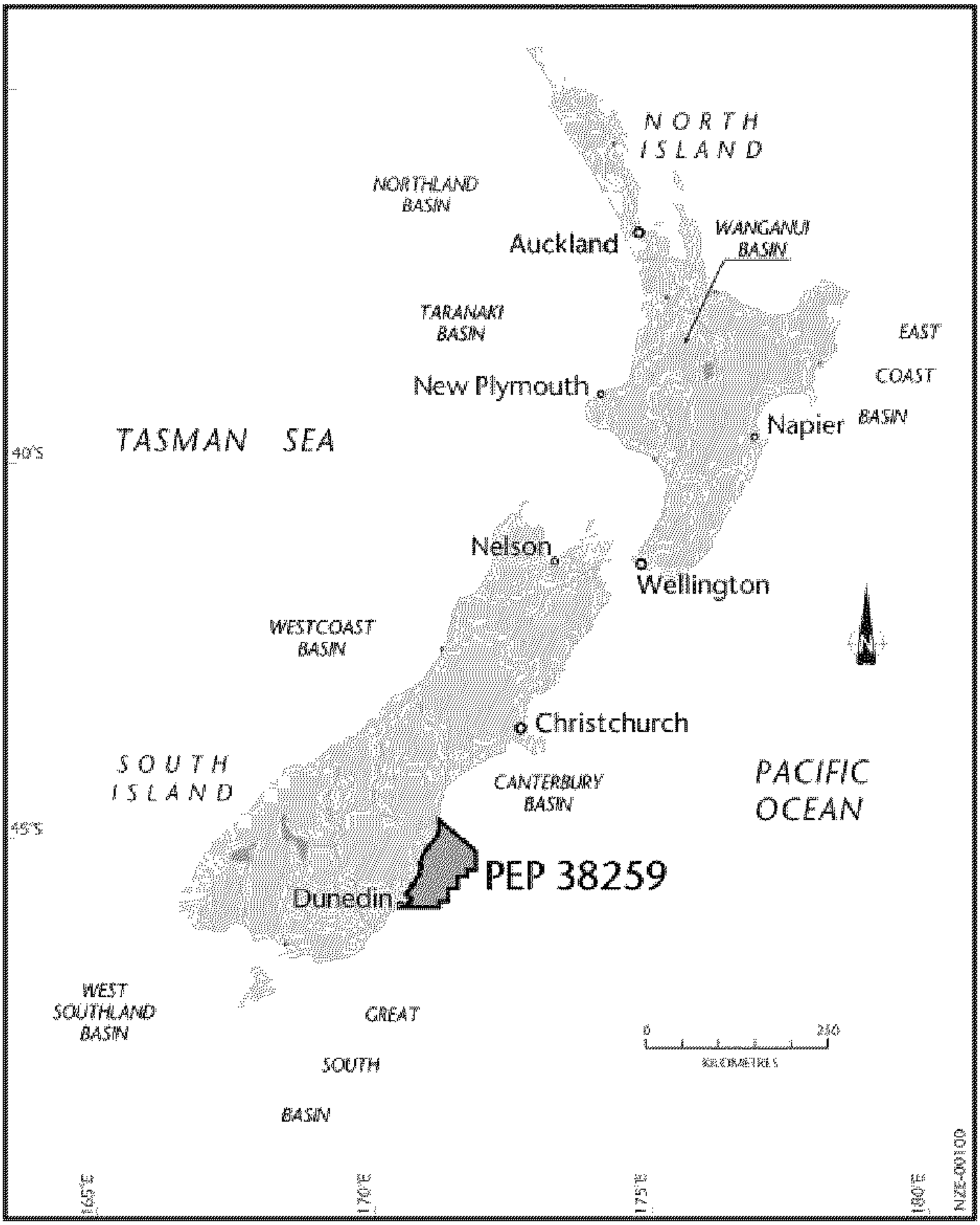
Subject to execution of documentation, subsequent approval by the regulatory authority, and a separate farm-out to Claire Energy (Australia) Pty Ltd by Tap and AWE, interest holders in PEP 38259 will be:

Tap (New Zealand) Pty Ltd	40%	(Operator)
AWE New Zealand Pty Ltd	25%	
Beach Petroleum Limited	20%	
Claire Energy (Australia) Pty Ltd	15%	

The PEP 38259 farm-in represents a further diversification and expansion of Beach's acreage and prospect portfolio to now include international exploration opportunities.

Yours faithfully,

Reg Nelson
Managing Director


NORTH ISLAND
NORTHLAND BASIN
Auckland
WANGANUI BASIN
TARANAKI BASIN
EAST COAST BASIN
New Plymouth
Napier
TASMAN SEA
40°S
Nelson
Wellington
WESTCOAST BASIN
Christchurch
SOUTH ISLAND
CANTERBURY BASIN
PACIFIC OCEAN
45°S
PEP 38259
Dunedin
WEST SOUTHLAND BASIN
GREAT SOUTH BASIN
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250
KILOMETRES
165°E
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180°E
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