

Buru Energy Ltd

08:30 23 Mar 2022

Buru Energy data points to "very substantial conventionally reservoired gas accumulation" at Rafael 1 discovery

Buru Energy Ltd (ASX:BRU) has confirmed the initial positive results of flow testing at the Rafael 1 well onshore Canning Basin in Western Australia, a 50/50 joint venture with Origin Energy, with available data indicating that a very substantial conventionally reservoired gas accumulation could be present.

Ongoing analysis of the data from the recently completed flow testing has provided the company with strong encouragement and reveals ideal gas composition with high condensate content and low level of inerts with ~2% CO2 content in a conventional (free flow) reservoir.

There is initial reservoir pressure of ~6,200 psi, with no observed pressure depletion during the test flow and no reservoir boundaries were seen.

Shares higher

Buru's executive chairman Eric Streitberg said: "We have a way to go yet, but as we gather each piece of data from the Rafael discovery, they all point to a substantial gas accumulation in conventional reservoirs with very valuable light oil and low CO2 content."

Reflecting the positive analysis, investors responded strongly yesterday, driving shares as much as 39% higher to \$0.25.

The analysis found no evidence of produced formation water but did find evidence of near wellbore reservoir damage restricting flow that can be simply remediated, with the expectation of improved flow performance.

There is confirmation of reservoir pressures significantly above regional hydrostatic gradients implying a significantly larger gas column than that seen at the well.

Buru is now expecting an ERCE contingent resource report in early April.

"We look forward to getting the independent resource report from ERCE that will help guide us on the future appraisal and then monetisation of this potentially very substantial resource," Streitberg added.

Flow test operations have been completed and the well has been shut-in and secured with all equipment demobilised from site. The entire operation was completed with no environmental or safety incidents.

Flow test background

The flow test zone was the lower open hole part of the interpreted gas-bearing Ungani Dolomite section.

The upper part of the Ungani Dolomite section where the gas influx was noted during drilling of the well did not form

Price: 0.2375

Market Cap: \$127.88 m

1 Year Share Price Graph



Share Information

Code: BRU

Listing: ASX

52 week High Low
0.29 0.115

Sector: Oil & Gas

Website: www.buruenergy.com

Company Synopsis:

Buru Energy Ltd (ASX:BRU) is an oil and gas exploration and production company focused on exploring and developing petroleum resources of the Canning Basin in the southwest of Western Australia's Kimberley region. The company has a 50% operating interest in the producing Ungani Oilfield and holds interests in an extensive portfolio of petroleum exploration permits covering about 5.

action@proactiveinvestors.com.au

part of the flow test as it was covered by the 7-inch casing string to ensure well control could be maintained during drilling.

As well, the additional interpreted dolomitic reservoir section in the Upper Laurel Carbonates above the Ungani Dolomite contained a gross 75-metre hydrocarbon column (most probably wet gas) with approximately 10 metres of net pay was not part of the flow test as it is also behind the 7-inch casing.

Buru said that data showed "the gas quality is ideal with high levels of valuable condensate and a low percentage of inerts (~2% CO₂). There is also evidence from initial gas analysis of up to 6% ethane in the gas stream which is an additional valuable component of the reservoir content.

"Field measurements indicated a significant level of condensate in the gas of some 38 to 40 barrels per million cubic feet of gas. This is similar to what has been measured in gas elsewhere in the Canning Basin and these levels of condensate provide a major commercial benefit as condensate is a valuable form of light oil.

"The specific composition of the condensate has an influence on the price received, given some condensates are very similar in composition to jet fuel and transport fuel. A full analysis of the condensate composition will be completed as part of the current sample analysis program.

"The overall gas composition has several significant benefits. In particular, the low level of CO₂ means that there is no need for additional high-cost processing infrastructure to reduce the level of carbon dioxide in the gas prior to its sale or use, and as a result there will be no requirement for separate disposal of reservoir contained CO₂.

"The CO₂ content is very low compared to some other natural gas reservoirs in Western Australia and there will be substantial emissions reduction benefits accrued during production of the resource.

"Several areas of anomalous hydrogen concentrations were also noted during the drilling of the well and these will be further investigated as part of the ongoing analysis of the results of the well."

Reservoir parameters

Initial analysis of the pressure data indicates that there is no evidence of reservoir depletion or reservoir boundaries within the radius of investigation of the flow test. This is very encouraging for assessment of the resource volumes, but longer test durations will be necessary to determine the limits of these parameters.

The minor amounts of water produced during the test were characteristic of the high salinity fluids used during drilling and completion operations. This is again encouraging as it indicates that no formation water has been produced during the test.

Most importantly, the reservoir pressure of some 6,200 psi measured from the static gradient survey indicates that there is potential for a substantial gas column to continue downdip from the gas column intersected in the well.

This gas column is interpreted to be potentially at least down to the extent of the currently interpreted structural closure which is mapped from the existing 2D seismic data to be some 500 metres of vertical closure.

There are a number of factors that could influence this calculation, including the specific gravity of the gas and the regional water pressure gradient. As is the case in these situations, as has been seen in other recent onshore gas discoveries in Western Australia, further appraisal drilling will be required to identify the position of the gas/water contact and the extent of the gas column, and hence to confirm the potential resource volumes.

Forward program

The ongoing analysis of gas and fluid samples and further analysis of the pressure data will help to frame the forward program.

Buru as operator will be recommending to the joint venture that further remediation and testing of the other hydrocarbon-bearing zones in the Rafael 1 well should be undertaken as soon as a suitable rig becomes available.

Independent resources review

The resources review being undertaken by ERCE is proceeding as planned and is expected to be available in the first week in April.

This review will include ERCE's assessment of both the potential resources of the currently intersected gas column and the potential of the greater structural closure.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

Proactive Investors Australia Pty Ltd ACN 132 787 654 (the Company, we or us) provides you with access to the content set out above, including any news, quotes, information, data, text, reports, ratings, opinions, images, photos, graphics, graphs, charts, animations and video (Content) and this website (the Site) on the terms set out in this disclaimer, together with all other terms and conditions, disclaimers and other notices displayed elsewhere on this Site.

It is important for you to know that:

- (a) none of the Content is, or is intended to be, general or personal advice
- (b) the principal purpose of the Content is to provide factual information only and to comment on news;
- (c) the Content does not contain or imply any recommendation or opinion intended to influence your financial decisions, including in respect of any particular security, portfolio of securities, transaction or investment strategy, and must not be relied upon by you as such;
- (d) in providing you with the Content, we have not considered your objectives, financial situation or needs; and
- (e) you should make your own enquiries and obtain your own independent advice prior to making any financial decisions.

The Content contains data (including but not limited to prices, statistics and calculated information) obtained from a variety of third party sources (Third Party Data). The Company does not make any representation or warranty that any of the Content, including the Third Party Data, will be reliable, accurate or complete. The Company disclaims all responsibility and liability arising in any way from any errors or omissions in the Content, including the Third Party Data, including any loss you may incur in connection with any action or decision made by you in reliance upon the Content or Third Party Data.

In certain circumstances the Company, its related bodies corporate, or their affiliates, may have received, or be entitled to receive, financial or other consideration in connection with providing information about certain entities on the Site, which may include the above Content.