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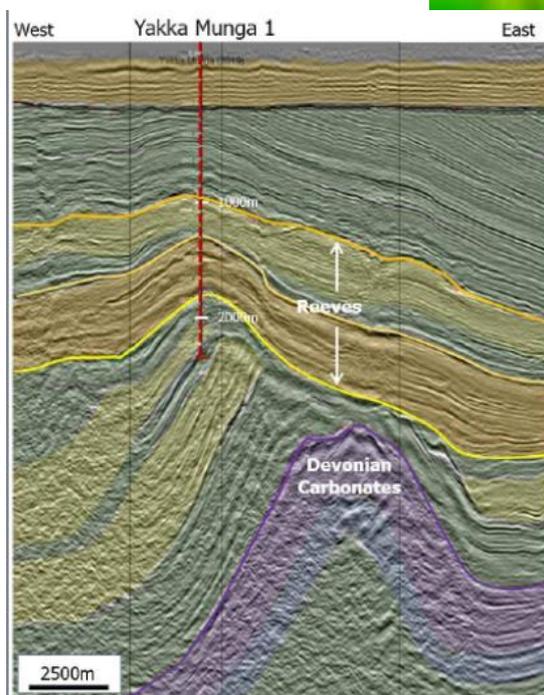
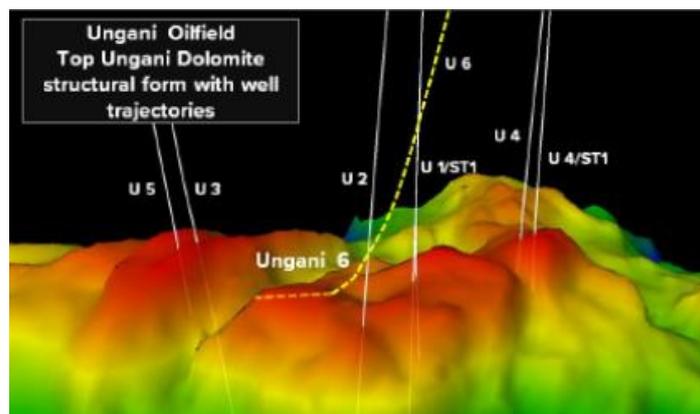
Indices and Prices	
All Ordinaries	6,383
Energy Index	10,905
Brent AU\$/bbl	\$ 99
AUS\$/US\$	\$ 0.701
Live Gold/AU\$	\$ 1,832
As at close 7 May 2019	

## Roc Oil could let Buru drill Rafael at 100%

This wet season Buru Energy (BRU) has ambitions to drill at least three wells, possibly five.

If the two Ungani development wells currently being drilled can lift production to >3,000 BOPD, Buru's operating cash flow would jump to around \$6.9 million per quarter, providing plenty of ammunition for further drilling and field development activity.

Buru plans to take advantage of coiled tubing equipment and skills it will have available in the Basin until November '19. Following completion of the Ungani -6 & -7 wells for production during July, the coil tubing unit will go to work at Yulleroo in August to conduct a low-cost test for conventional gas in this very large accumulation.



In September, the company plans to undertake a re-entry at the Blina-4 well, with the aim of establishing oil production from a bypassed dolomite reservoir zone at the Yellowdrum upper producing horizon, which is equivalent to the Ungani Dolomite. The lower Blina zone produced 400,000 barrels and StockAnalysis estimates that if the upper zone can produce the same amount, then that would have a value of ~\$8 million or 1.6 cps to Buru's 100% working interest.

The Yakka Munga Reeves Formation exploration well, which is being drilled on a 50/50 heads up basis with Roc Oil, is scheduled to follow Ungani drilling in July. StockAnalysis estimates that a Prospective target of ~29 mmbbls of oil at Yakka Munga would be worth about \$300 million or 61 cps to Buru in the success case, if discovered oil has an insitu value of just A\$16/bbl.

**GOLD LIVE AU\$**

**ALL ORDINARIES**

**S&P ASX 200 ENERGY INDEX**

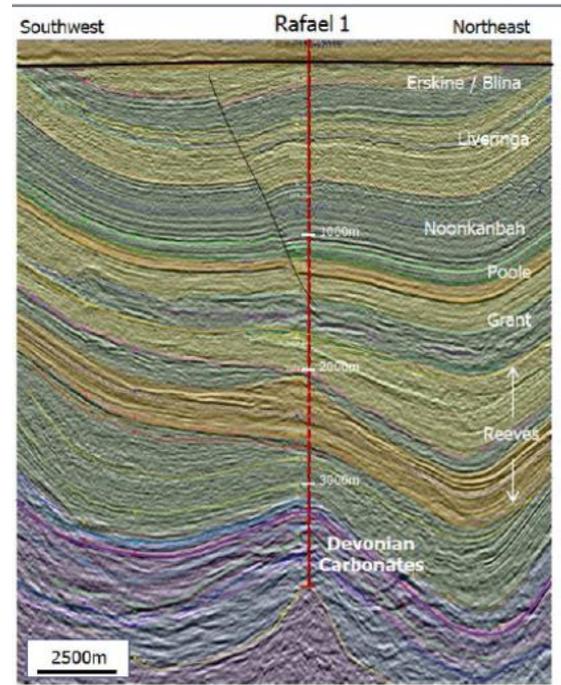
**BRENT CRUDE OIL \$AU/BARREL**

**AU\$/US\$**

Yakka Munga also offers a second target in Ungani Dolomite, with the crest of that structure located about 2.2 kilometres from the planned well location. In total, the structure could offer Prospective oil Resources of 66 mmbbls, and will need an additional well to test the dolomite, possibly next year.

Buru is very keen to drill the large Rafael oil prospect this year. Its partner Roc Oil is waiting to see a final technical assessment before deciding to commit. If Rafael holds 75 mmbbls of estimated Prospective oil Resource, success would be worth over \$1,200 million.

If Roc thinks that the prospect is too risky, Buru has declared that it would drill the well on a 100% basis. Roc would accept that it has a back-in option to restore its 50% interest by paying an 8-fold penalty of drilling costs. This could be an attractive option for Roc. Paying a penalty of say \$35 million for a 50% share of a de-risked, 75-mmbbl oil discovery would be good business for Roc! Buru would take on the \$8-\$9 million drilling cost and exploration risk, but it would get back \$35 million, or 5 cps back from Roc on discovery, effectively covering its further appraisal and field development costs, while both companies would enjoy developing what might be an asset worth \$600 million to each equating to \$1.25 per share for Buru.



Buru is also keen to drill the 100% held, collapsed hydrothermal dolomite, Miani prospect (formerly Hotdog), but is first testing the market for farm-in support before drilling. Further west on the Lennard Shelf, Buru is cooperating with partners in EP-487, Doriemus and Rey Resources so that, subject to Doriemus raising sufficient cash, the drilling rig that is presently in operation at Ungani can be used to drill the large Butler prospect that overlaps into Buru's 100% held EP-129 permit.

If a Butler well is funded, it could be drilled in late September/October.

**Recommendation: Buru is a speculative buy with upside from several projects underway over the coming five-six months. The stock has downside to 20 cents, but any success at Ungani would move the stock to 39 cents, while \$1 per share could be seen if any of the exploration targets prove to be successful.**

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