

## Operations Update

### **Production Drilling Operations:**

- Ungani 7H drilling progressing as planned
- Ungani 6H liner setting operation to commence mid September
- Coil tubing operations on U6H and U7H on track for mid-October start

### **Exploration and Appraisal:**

- Miani 1 (Hotdog) to be drilled following Ungani 7H
- Rafael 1 drilling deferred
- Adoxa 1 potential oil zone testing program under review
- Ungani North operations commenced
- Blina 4 test program on track

### **Production drilling operations:**

#### **Ungani 7H**

Ungani 7H drilling operations are proceeding as planned with the 9-5/8 inch (244mm) surface casing set and cemented to 880 metres. The current operation is drilling the next section of the deviated well in 8-1/2 inch (216mm) hole. The well plan includes immediate action to cure any of the losses that are expected to be encountered in the Reeves section as the well is being drilled. This will allow the mud weight to be kept as high as possible to attempt to control the stability of the Ungani Shale in the lower part of the hole. The current hole size will also allow another full string of casing to be run if drilling problems are encountered in the Ungani Shale.

#### **Ungani 6H liner operations**

The Buru Jacking Platform (BJP) system is scheduled to commence the operations at Ungani 6H to run the liner across the lower Ungani Shale section in mid September. The liner and its associated equipment and personnel are scheduled to arrive on site in the next week. The liner operations using the BJP are estimated to be completed by the end of the month, prior to the scheduled mobilisation of the coil tubing equipment to site during early to mid-October.

#### **Ungani North**

The Ungani Dolomite section in Ungani North has previously been perforated and tested and demonstrated to be able to produce oil at low rates. The effectiveness of previous perforations had been limited by the small size of the production tubing string in the well. The production tubing was recently removed with the BJP and the well is currently being reperforated with larger equipment. Once this operation is complete the well will be retested to see if the productivity has improved.

#### **Blina Oilfield**

Once the perforation operations are completed on Ungani North the wireline crew will mobilise to Blina 4 and will perforate the upper part of the Yellowdrum Dolomite section. When the BJP is available from Ungani operations, a production string will be run in the well and a well test carried out.

A reservoir model is currently being built to review the potential for a secondary recovery production operation in the Nullara reservoir of the field. This has been given some impetus by the recent test flow and subsequent pressure build up in the Nullara section of the Blina 4 well.

## **Exploration and Appraisal:**

### **Adoxa 1**

A cement bond log has now been run in the well and this has indicated that effective isolation of the potential producing zone had not been achieved during the recent casing cementing operation. The forward program is currently under review but may require a remedial cementing operation over the zone with the BJP when it is available. This is likely to delay a test of the well until after the completion of the coil tubing operations at Ungani later this year.

## **Forward drilling program**

### **Rafael 1**

After careful review of the current drilling program progress, the Board has now taken the decision to defer the drilling of the Rafael 1 well. This prudent commercial decision to defer the drilling of this high cost well has been driven by a number of factors including Buru's exposure to 100% of the costs of drilling the well under the joint venture sole risk provisions.

The projected costs for the well have also increased as the Rafael 1 well design has been modified in light of the issues encountered with the drilling of the Ungani 6 well. The modified well design provides additional assurance that the objective can be reached in an appropriate hole size and this has materially increased the projected cost of the well. As a sole risk operation under the current JV arrangements the Company would have 100% exposure to these costs and, significantly, also to any unforeseen cost increases, given that the well is being drilled in a part of the basin that has little offset well data for calibration of drilling times and potential drilling problems.

The Board has also considered the additional time taken and costs incurred on the 2019 drilling campaign to date, and the current projected costs to complete the remainder of the firm program. The results of the Ungani 6H and 7H wells are also an integral factor in the Company's forward cash flow projections and these results will not be available until after a decision on the forward drilling program needs to be made.

In light of these factors, the Board has exercised prudence in deferring the drilling of the Rafael 1 well to ensure that it is drilled with an appropriate level of cost exposure.

The next and last well in the 2019 drilling program after Ungani 7 will therefore be Miani 1 (the renamed Hotdog).

### **Miani 1**

Miani 1 is located in 100% held Buru acreage and is a relatively shallow (~2,400 metres) and low cost well. It is an attractive prospect for a number of reasons including significant potential resources, and confidence in delivering the well on time and budget given the drilling history and geological control from close offset wells. Drilling this high impact exploration prospect on a 100% cost and equity basis therefore exposes the Company to a more appropriate level of commercial risk at this time.

There are a number of similar follow up prospects to Miani 1 that are well defined on the 3D seismic over the area, and it is in a location with good infrastructure and a long history of oil exploration and production, with a supportive local community.

### **Executive Chairman's comments**

*"The Company remains very committed to the testing of the Rafael prospect and will undertake the drilling as soon as practicable in the context of what is the best commercial outcome for the Company and the best value proposition for shareholders.*

*The deferment of the drilling of Rafael 1 until after the final costs of the Ungani production enhancement program are to hand, the anticipated increase in Ungani field performance and cash flow is confirmed, and the broader JV exploration structure is resolved, will allow the well to be drilled in a more commercially appropriate framework.*

*The Miani 1 well is an excellent exploration opportunity which has the potential to confirm a whole new exploration portfolio of low cost, high value targets in Buru's 100% held production licences and exploration permits on the Lennard Shelf. The Lennard Shelf acreage has good all weather access and infrastructure, and a long and well supported history of oil production.*

*Buru's extensive range of other activities in 2019 are on track, including the potential for the renaissance of the Blina Field, the initial quantification of the flow potential of the gas resources of the Yulleroo Field and the testing of Ungani North. These activities have the potential to add considerable short to medium term value to the Company.*

*We look forward to delivering these projects."*

Visit [www.buruenergy.com](http://www.buruenergy.com) for information on Buru Energy's current and future activities.

### **For investor inquiries please contact Buru Energy:**

Telephone: +61 8 9215 1800

Freecall: 1800 337 330

Email: [info@buruenergy.com](mailto:info@buruenergy.com)

### **Qualified Petroleum Resources Evaluator Statement**

Except where otherwise noted, information in this release related to exploration and production results and petroleum resources is based on information compiled by Eric Streitberg who is an employee of Buru Energy Limited. Mr Streitberg is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, and a member and Certified Petroleum Geologist of the American Association of Petroleum Geologists. He has over 40 years of relevant experience. Mr Streitberg consents to the inclusion of the information in this document.