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## **ASX ANNOUNCEMENT (ASX: BRU)      26 June 2012**

### **Paradise-1 Deepening – Final Operations Update**

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Buru Energy Limited provides the following final report on operations at the Paradise-1 well as at 26 June 2012 (AWST).

The Paradise-1 deepening operation is the second well in the Buru – Mitsubishi Corporation (“**MC**”) 2012 Joint Exploration Program. The Paradise-1 well is located in exploration permit EP 428 on the boundary with EP 371, some 200 kms southeast of Derby. Buru and MC each have a 50% interest in this well and in EP 428, with MC contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.

Since the last progress report, operations at the Paradise-1 well have been completed, and the well has been suspended, rather than plugged and abandoned as originally planned.

During the original drilling of the Paradise-1 well in late 2010 an interpreted Lower Grant/Anderson Formation oil zone was intersected at 904 metres, but a definitive test of this zone was unable to be conducted at the time. The plan during the current operation was to plug and abandon the well following the successful results from the Laurel Formation, as it was interpreted that the configuration of the well was such that a definitive test of the oil zone in the Lower Grant/Anderson Formation would not be able to be obtained.

However, during preparations for abandonment, live oil was recovered to surface, and a subsequent remedial cement job on the 7 inch casing over the oil zone was successfully carried out. The well has now been suspended in a way that will allow further testing and evaluation of this oil zone.

#### **Background**

The Paradise-1 well was drilled in late 2010 and encountered an interpreted oil zone in the Lower Grant/Anderson Formation. This zone had indications of hydrocarbons from sidewall cores from approximately 904 to 914 metres, with the section from 904 to 909 metres having the best reservoir characteristics. This zone coincided with the depth where the first indications of oil at surface were noted during the original drilling operations.

An inflate straddle drill stem test (“**DST**”) of the interpreted oil zone was undertaken over the interval 902.5 to 910.9 metres as part of the original operations in 2010. The test was inconclusive and recovered what was interpreted to be filtrate with traces of oil.

Due to the onset of the wet season, 7 inch casing was then run in the well and the well was suspended in preparation for the recently completed deepening operation.

### **Forward Program**

A definitive test of the interpreted oil zone would require mobilisation of a completion string and test equipment. Century Rig #7 has therefore been released from Paradise-1 and will now drill the Ungani North well. An evaluation of the potential for the zone and a suitable test program utilising a workover rig will now be prepared for consideration by the joint venture.

### **Commenting on the results, Buru's Executive Director, Eric Streitberg said:**

*"We were very frustrated that we were unable to obtain a definitive test of the oil zone for a variety of mechanical and operational reasons when we originally drilled the well. However, the wait appears to have been worthwhile with the continued recovery of live oil being a very positive development. We are now very much looking forward to evaluating whether the oil we have seen will be commercially producible. Importantly, the area of potential on the Paradise structure for this zone is significant, and from interpretation of the current sparse seismic data it appears that it may be possible to get up to 60 metres updip from the current location.*

*This is also an opportunity to test what could be a very significant new regional oil play. The original results of the well led us to undertake a study of this play type in the area, and that demonstrated to us that it had excellent potential for further regional development. Successful recovery of oil from a test of this zone would significantly enhance the potential for this play type."*

Further information on the Company is available at: [www.buruenergy.com](http://www.buruenergy.com)

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