

21 November 2014

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## Commodore 1 Exploration Well Spuds

Buru Energy Limited (Buru Energy) advises that drilling operations on the Commodore 1 well commenced at 12:45 hours on 21 November 2014 (AWST) using DDH1 Rig 31.

Commodore 1 is the first well to be drilled as part of the Apache Corporation (Apache) farm out announced in November 2013. The cost of the well will be fully funded by Apache under the terms of the farmout which includes a commitment by Apache to fund a \$25 million exploration program on EP 390, 438, 471 and 473.

The Commodore 1 well is located in exploration permit EP 390 and completion of the well will satisfy the Year 4 work commitment on that permit.

Buru Energy and Mitsubishi Corporation (Mitsubishi) both have a 25% equity interest in the well and in EP 390 with Apache having the remaining 50% equity interest. The well is located some 140 kilometers to the south of Broome and some 100 kilometers inland from the Great Northern Highway.

The well has a maximum programmed total depth of 1,550 metres and is expected to take some 35 days to drill.

The Commodore 1 well primary objective is conventional oil reservoirs in the Grant Formation with secondary objectives in the underlying Nita carbonates. A prospect review for the well is attached.

Buru Energy's Executive Chairman, Eric Streitberg, commented on the commencement of drilling operations:

*"We are delighted to be once more drilling exploration wells, and particularly the Commodore 1 well which is a test of a highly prospective play type using a rig which should substantially reduce our exploration costs. This is the first well in the Coastal Permits farmout funded by Apache and provides a pathway to cost effective exploration drilling in both the Coastal permits and the wider Canning Basin."*

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

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## **About Buru Energy**

Buru Energy Limited (ASX: BRU, S&P/ASX300) is a Western Australian oil and gas exploration and production company headquartered in Perth with an operational office in Broome. The Company's petroleum assets and tenements are located onshore in the Canning Basin in the southwest Kimberley region of Western Australia. Its flagship high quality conventional Ungani Oilfield project is owned in 50/50 joint venture with Mitsubishi Corporation. As well as Ungani, the Company's portfolio includes potentially world class tight gas resources.

The company's goal is to deliver material benefits to its shareholders, the State of Western Australia, the Traditional Owners of the areas in which it operates, and the Kimberley community, by successfully exploring for and developing the petroleum resources of the Canning Basin in an environmentally and culturally sensitive manner.

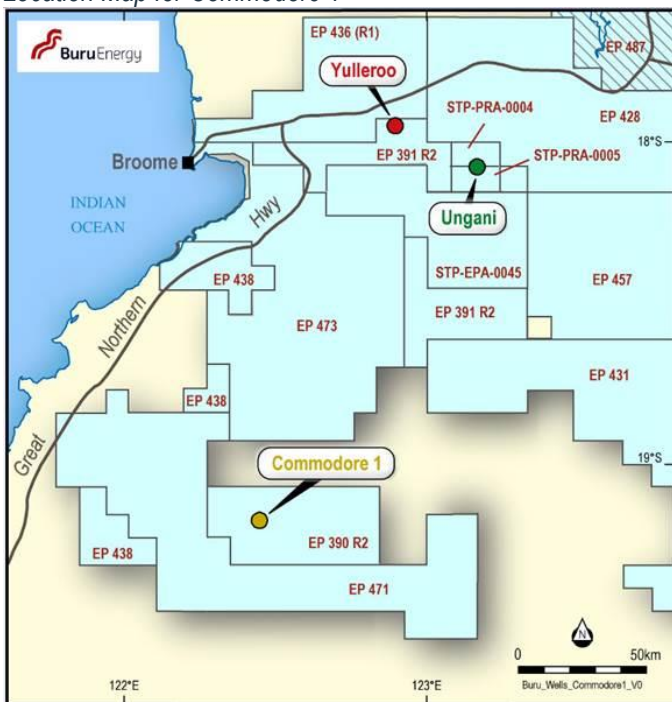
## **Competent Persons Statement**

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.

## Commodore 1

<b>PERMIT</b>	The Commodore 1 well is located in exploration permit EP 390 some 140 kilometres to the south of Broome and some 100 kilometers inland from the Great Northern Highway. A location map for the well is set out below.
<b>WELL LOCATION</b>	Latitude: 19° 11' 18.11" S      Easting: 441233m Longitude: 122° 26' 27.67" E      Northing: 7878236m
<b>BURU ENERGY'S INTEREST</b>	Buru Energy Limited holds a 25% interest in the well
<b>DATE OF PROGRESS REPORT</b>	13:00 hours, 21 November 2014 (AWST)
<b>PROPOSED TOTAL DEPTH</b>	1,550 metres
<b>CURRENT DEPTH</b>	15 metres
<b>PROGNOSED TIME TO COMPLETION</b>	35 days
<b>SPUD DATE</b>	21 November 2014
<b>DAYS SINCE SPUD</b>	Today
<b>CURRENT TARGET FORMATION</b>	The primary objective is the conventional oil potential of the Lower Grant formation with secondary objectives in the Nita carbonates.
<b>OPERATIONS SINCE LAST PROGRESS REPORT</b>	Drilling operations commenced at 12:45 hours on 21 November 2014 (AWST) using DDH1 Rig 31. As at 13:00 hrs today, the well was drilling ahead at 15 metres.
<b>HYDROCARBON INDICATIONS</b>	None - None expected.
<b>FORWARD OPERATIONS</b>	Drill ahead to first casing point.

Location Map for Commodore 1



DDH1 Rig 31 on location at Commodore 1



## Prospect Summary

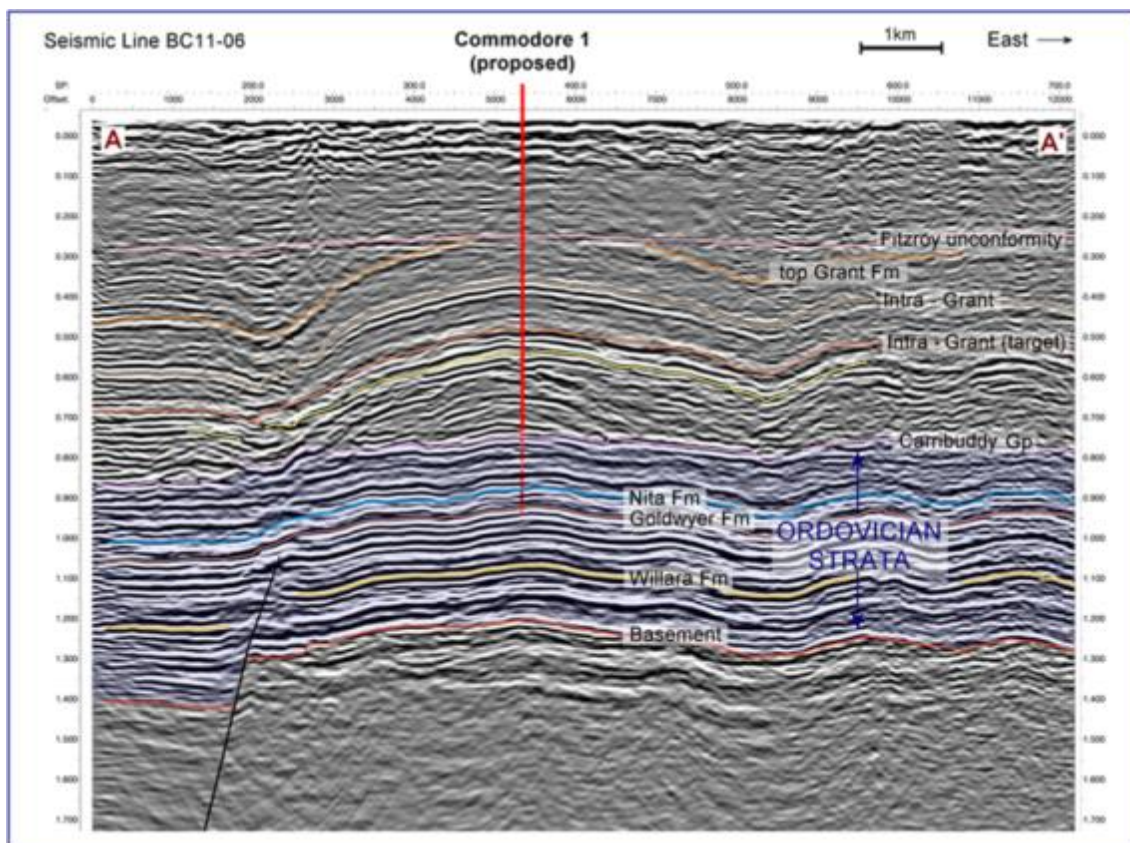
### Prospect Description

The Commodore 1 well will test the conventional oil potential of an anticlinal feature on the southern margin of the Broome Platform, adjacent to the central Willara Sub-basin depocentre. The primary target is a package of Permian aged (Grant Formation) interbedded sandstones from around 700m to over 1,000m drill depth with a secondary objective in the underlying Nita Formation.

The Grant clastic section is the main productive interval in the fields surrounding the Blina oilfield on the Lennard Shelf on the northern flank of the basin, but this formation has seen few valid tests in the southern area of the basin where Commodore 1 is located. The Commodore structure is imaged by good quality 2D seismic data and is mapped as a robust four way dip closure.

The dolomitised limestones of the Nita Formation are a secondary conventional oil target for the Commodore 1 well. A number of wells in the area have encountered good oil shows in this unit, including instances of live oil bleeding from vugs. Closure at the Nita level is less well controlled than at Grant level due to difficulties in depth conversion.

The source rocks for both of the potential reservoirs are the shales of the Bongabinni and Goldwyer Formations which respectively overlie and underlie the Nita Formation. Both these formations have good to exceptional oil source potential and the Goldwyer Formation is interpreted to be in the ideal window for oil generation at this location.



Commodore 1 location seismic line

## **Prospective Resources**

Preliminary and illustrative probabilistic volumetric estimates of the Commodore prospect Prospective Resources are as follows. Buru has a 25% beneficial interest in the Prospective Recoverable Resources (unrisked) of the Commodore prospect.

Grant Formation Prospective Recoverable Resources (million barrels of oil)

Best Estimate: 14.7, Low: 2.6, High: 35.8

Nita Formation Prospective Recoverable Resources (million barrels of oil)

Best Estimate: 5.1, Low: 1.4, High: 11.9

*Prospective resources are the estimated quantities of petroleum that may be potentially recovered by the application of a future development project and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

## **Operational**

The well is being drilled with DDH1 Rig 31 which recently completed running the production test string in the Ungani North 1 well. The drilling component of the well is under a fixed price contract with additional ancillary services contracted by Buru.

Formation evaluation will be carried out with conventional logging geophysical logging tools. Any potential hydrocarbon zones will be investigated with pressure sampling tools but will not be flow tested.