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Operations Update: Laurel Formation Tight Gas Pilot Exploration Program

Buru Energy Limited (Buru Energy) is pleased to advise that the Phase 1 activity for the Laurel Formation Tight Gas Pilot Exploration Program has been completed for the Asgard and Valhalla North wells.

Asgard and Valhalla North program

This phase of the program involved:

- **Wellsite preparation and civil works:** These works included the construction of the water holding and flowback water retention ponds, flare pits, and associated civil works. These civil works are to support the frac program planned for 2015.
- **Well conditioning:** A coil tubing unit was used to condition the well fluid in the well bore to an operationally appropriate brine solution.
- **Cement bond logging:** This was undertaken as a condition of the approvals for the program to confirm previously obtained data.
- **Conducting of “mini fracs” or Diagnostic Fracture Injection Tests (DFIT’s):** DFIT’s are routinely conducted as part of frac program design and consist of fracs of a single zone which involves perforating the zone, injecting brine and then observing the resultant pressure responses. The data from these mini-fracs will be used to optimise the design of the main fracs to ensure they provide definitive results at the lowest cost.

The program was carried out with no operational or environmental incidents.

The Yungngnora People at Noonkanbah were very supportive of this program of work and provided assistance with all phases of the activities including:

- **Cultural inductions:** All Buru Energy personnel and contractors working on site attended cultural inductions and a welcome to country from the Yungngnora people
- **Site activities:** Up to 10 Yungngnora people were involved in all operational aspects of the program including site construction, well interventions and data gathering.
- **Groundwater monitoring:** Four Yungngnora environmental cadets assisted with all groundwater monitoring on their country during the program. The cadets are scheduled to graduate with a *Certificate II in Conservation and Land Management* at Kimberley Training Institute in early December 2014.
- **TO Rangers:** Koolkarriya rangers from Noonkanbah provided access control and coordination onsite during operations at both well sites.

Members of the Yungngnora community will remain actively involved in the program including during the planned main frac program next year. More than 20 community members are participating in ongoing training for a *Certificate II Resources and Infrastructure Work Preparation* and other certifications with the Kimberley Training Institute (KTI).



Yungngnora Community members inspecting coil tubing operations

Eric Streitberg, Executive Chairman of Buru Energy, said he was particularly pleased in how the relationship between Buru Energy and the Yungngnora people has developed:

"This can only be described as a genuine partnership. What we see today has developed through hard work by the community and Buru Energy and its reward has been mutual trust and co-operation."

Caroline Mulligan, Yungngnora Chairperson, echoed Mr Streitberg's comments:

"My hope for my community and particularly the people as well, is mainly getting the young people involved in the workforce and looking after this country. It's been great seeing Yungngnora people and Buru Energy people working together."

Phil Milford, Buru Energy COO, added:

"We set out on this particular phase of the project to involve as many local people as we could and to set the foundations to have the community increase its involvement in the project as it develops in the future. To date we have employed environmental cadets, rangers and access coordinators, plant operators and general hands all of whom are participating in local training on site and in Broome. We are currently conducting a significant traineeship program with KTI at Noonkanbah and are hopeful that we will also be able to commence apprenticeships soon."

Senior local man Thomas Skinner, who has taken a lead role in the contracting opportunities in the program, said:

"It's really good for us. We really need to keep this place going. New technology and things going on here are giving us opportunity, work and a workforce."

Eric Streitberg said today's announcement was an important milestone for the company, its shareholders and the State:

"Even at the early stages of this exploration program, jobs are being created. The Laurel Formation gas project has the real potential to help the Yungngnora people achieve economic independence. Buru Energy is very pleased to be playing a role in this important community objective and in the development of a project that could bring significant benefits to the State of Western Australia and the Company's shareholders."



Koolkarriya Rangers undertaking access control



Community workforce at 5am toolbox meeting

The completion of the program at Valhalla North and Asgard has been later than planned due to the late arrival of contractor equipment and subsequent mechanical and electrical issues with this contractor equipment. This later timing means the window for utilisation of the coil tubing unit and the wireline logging unit from this particular contractor has the potential to be affected by the onset of the wet season and have been demobilised. Consequently preparatory works in the Yulleroo area requiring this equipment have been deferred to the 2015 dry season. This will not affect other operations in the Yulleroo area and will also not affect timing of the planned Yulleroo fracs in 2015.

Background to the Laurel Formation Tight Gas Pilot Exploration Program

The previous success of the trial low impact reservoir stimulation of the Laurel Formation in the Yulleroo 2 well has demonstrated that the Laurel Formation will produce high quality wet gas, and this has led to the drilling of a series of exploration wells that have defined a major gas accumulation in the Laurel Formation. The Company is now undertaking a proof of concept program known as the TGS or Laurel Formation Tight Gas Pilot Exploration Program, to attempt to quantify the commercial viability of this accumulation by undertaking fracs and flow testing on a number of these wells.

The Company has undertaken a full and transparent consultation process for the program that has included the extensive involvement of independent experts and the sourcing of world class technical expertise. These robust and thorough consultations and approval programs have been in train for nearly two years and have resulted in transparent and fact based regulatory approvals for the program. The independent reviews also demonstrated that the planned activities present a low risk to the environment and have adopted best practice techniques.

Subsequent to the completion of this work, planning and optimisation for the next phase of the program is being undertaken, including incorporating the results from the DFIT's, to ensure the highest probability of obtaining definitive results at the lowest cost.

The mobilisation of the frac spread, undertaking the fracs, and then an extended flow back period is planned to take place during the 2015 dry season.

Visit 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.