

**Attention: ASX Company Announcements Platform**

**Lodgement of 'Company Interview'**



**'COMPANY INTERVIEW'-MARKET PROFESSIONALS**

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**Buru Energy Limited**

**Date of lodgement: 5 March 2014**

**TITLE: "Company Interview. Updates Ungani Appraisal, forward drilling program and tight gas stimulation program."**

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**Record of interview:**

**Company Interview question:**

Buru Energy Limited (ASX code: BRU; market capitalisation ~\$415 million), has just completed the Ungani 3 appraisal well, can you provide an update on the results of the well?

**Managing Director, Keiran Wulff**

Ungani 3 was designed to test what was interpreted from the 3D seismic data as an eastern structural lobe of the field. It was a fairly long stepout given the size and nature of the field, but we wanted to look at the upside. The well came in close to where we had estimated on the structure, and is interpreted to have an oil column similar to the existing wells, but unfortunately the reservoir doesn't seem to have the same well developed vugular porosity we saw in the first two wells, and consequently this particular well is unlikely to be a significant producer. We are not sure why the reservoir isn't as well developed at this location, but we gathered lots of logging data, and took a lot of cores to try and understand that, and we will be working on that data over the coming weeks.

**Company Interview question:**

How does this well result impact on your view of the field?

**Managing Director, Keiran Wulff**

I can say from long experience that it's often necessary to drill a number of wells to understand how oil and gas fields produce and Ungani is no exception. We are confident from what we have seen at the two existing wells and from their production behaviour to date, that we have a

significant oil field, but it is likely that this well has reduced the potential upside of the field. The other thing that has been going on in the background is that we have had a specialist onshore seismic data processing house in the US looking at the Ungani 3D. They have produced a startling improvement in data quality in their first attempt. Whilst the new data wouldn't have led us to drill Ungani 3 in a different location, it certainly gives greater definition to the mapping of the dolomite and it may help us to predict where the good reservoir quality is developed.

**Company Interview question:**

What difference will this make in terms of reserves estimates and production plans for the Ungani Field?

**Managing Director, Keiran Wulff**

In the short term this makes no difference to our development and production plans. As you know we have shipped and sold our first cargo of oil from the Port of Wyndham, and the next one will be due soon. As expected and planned, we have had some periods of shutin at Ungani during the wet season due to road closures, but these will get fewer as we move into the dry season. Our development plan for the field is on track with negotiations for access to Broome Port progressing well. In accordance with our current development plans, once we are confident on the timing of that port access we will drill a horizontal well that will allow us to lift production to around 3,000 bopd. We are also looking to increase production incrementally as we get the Ungani 1 well back producing.

The effect on reserves is going to take a little time to quantify, partly because an integral part of any reserves estimate is the pressure and flow data from the wells, and we are gathering that as we go along. But there is no doubt that the upside that we had estimated from the data we had at the time needed Ungani 3 to be at least as good as the two existing wells, so that is now unlikely. The median case of around 9 million barrels will also be affected by this result, but we don't know yet by how much. The important thing for us now is to make sure we get our production rates up and our costs down to generate as much cash as we can.

**Company Interview question:**

What are the implications of this result for the wider Ungani exploration trend?

**Managing Director, Keiran Wulff**

We will obviously be integrating this result into our regional geological models but we have seen the dolomite reservoir and the sealing shale developed in some of the previous wells in the area, so the regional implications are probably not that significant. It does introduce an additional element of risk into reservoir prediction, however, it is expected that the calibration of the varying reservoir quality seen in the wells with the newly processed 3D seismic data could help us better define the characteristics of the good reservoir quality. This may even lead to a reduction in the reservoir risk associated with our exploration program. In summary the results of Ungani 3 are not expected to affect our forward exploration plans.

**Company Interview question:**

You have previously stated that Buru will be drilling six wells during 2014. Where is Buru planning to take the drilling rig after it completes the current operations at Ungani?

## **Managing Director, Keiran Wulff**

We will probably give everyone a break for a few weeks, operating during the wet season is trying on our people, and they have done a great job getting the well drilled through some fairly challenging weather with no significant problems. We also did some pretty innovative things in the well such as drilling with casing for the top hole section and that went really well, so we want to optimise some of those things before we drill the next well.

We will then move on to the first exploration well of 2014, it will depend on the weather as to which of the wells that is, as some have easier access than others.

We have a very structured plan that we are following to make sure 2014 sees some exciting exploration wells drilled in the most cost effective way.

**Company Interview question:** How are the company's plans for this years' tight gas stimulation program progressing?

## **Managing Director, Keiran Wulff**

The planning is going well. We have submitted our Environmental Plan for the program to the Department of Mines and Petroleum and it is currently under assessment. We also referred the activity to the Environmental Protection Authority for consideration and it was determined that the activities do not require assessment. This decision has been appealed and we are currently working through that process with the Appeals Convenor.

In parallel with the regulatory process we are undertaking a major community engagement process to ensure all stakeholders are fully informed of our plans, and that is going very well.

On the operational side we have an agreed program with the Joint Venture, we have arrangements to get the pumping spread when we need it, and are currently tendering for all the auxiliary services.

**Company Interview question:** There are a number of other areas where you have made discoveries and you have also been looking at conventional gas projects, can you give an update on these.

## **Managing Director, Keiran Wulff**

The Ungani North well which is a potential oil discovery is ready for testing and we intend to get that underway as soon as possible during the dry season, aiming for early to mid April. We also made what is potentially a new play oil discovery at the Paradise well in 2010 and are looking at ways to get a definitive test on that well.

Our work on conventional gas potential has some way to go, but the zone in Yulleroo 3 that recovered gas on wireline test, and the extensive regional study we did last year, has given us some valuable pointers to this potential, and we will be following this up for potential drilling of conventional prospects.

We have a world class exploration portfolio and the results from Ungani 3 need to be kept in perspective. The Ungani Field is in production and generating cash flow, with a planned increase in production in the short-term. We have an excellent follow up oil exploration portfolio, together with a world class gas accumulation that we will shortly be evaluating. This is a very exciting

phase in Buru's development and I am looking forward to delivering value to shareholders through the 2014 program.

**Company Interview question:** You have indicated in your presentations that Buru will continue to farm down some areas and plans to introduce an additional partner into the Laurel wet gas appraisal program. Can you update us on progress?

**Managing Director, Keiran Wulff**

We are making good progress with our acreage optimisation plan and have recently introduced Apache into our Coastal and Acacia licenses. Apache is a world-class operator of both unconventional and conventional oil & gas both onshore and offshore in areas that are directly analogous to our Canning assets.

Importantly we are also advancing discussions covering some of our other areas including the Laurel tight gas areas and we are confident of successfully introducing into those areas quality Joint Venture partners with the right expertise and commitment. We are taking time to ensure that we introduce the right companies that are committed to social responsibility as well as assisting us in unlocking the value of our assets across the portfolio.

**Company Interview**

Thanks Keiran.

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