

## Rafael Flow Test Update

### Initial positive results of Rafael 1 flow testing confirmed

Ongoing analysis of the data from the recent Rafael 1 flow testing program has confirmed the positive results of the field measurements:

- Ideal gas composition with high condensate content and low level of inerts with ~2% CO<sub>2</sub> content in a conventional (free flow) reservoir
- Initial reservoir pressure of ~6,200 psi, with no observed pressure depletion during the test flow
- No reservoir boundaries seen during the test flow
- No evidence of produced formation water
- Evidence of near wellbore reservoir damage restricting flow that can be simply remediated, with the expectation of improved flow performance
- Confirmation of reservoir pressures significantly above regional hydrostatic gradients implying a significantly larger gas column than that seen at the well
- ERCE contingent resource report expected in early April

Further comments on the significance of these observations are set out below.

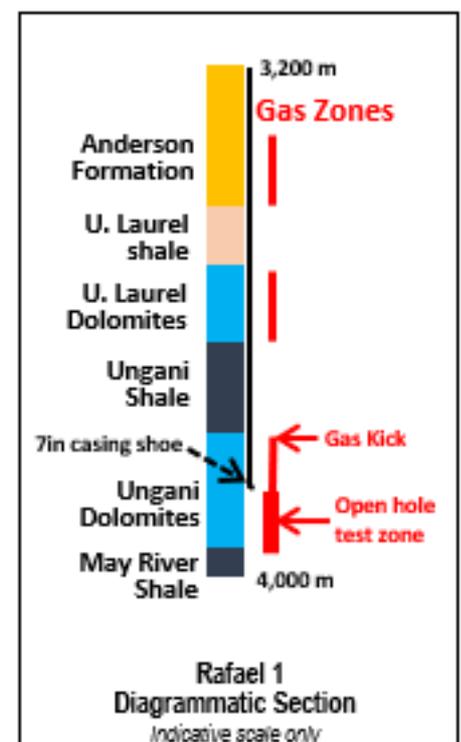
### Rafael 1 flow test background

The recent Rafael 1 flow test operation has now been completed and the well has been shut-in and secured. All equipment has been demobilised from site with the operation having been completed with no environmental or safety incidents.

The flow test zone was the lower open hole part of the interpreted gas bearing Ungani Dolomite section as shown in the diagrammatic section to the right. The upper part of the Ungani Dolomite section where the gas influx was noted during drilling of the well did not form part of this test as it was covered by the 7 inch casing string to ensure well control could be maintained during drilling. The additional interpreted dolomitic reservoir section in the Upper Laurel Carbonates above the Ungani Dolomite contained a gross 75 metre hydrocarbon column (most probably wet gas) with approximately 10 metres of net pay. This section was not part of the recent flow test operation as it is also behind the 7 inch casing.

### Gas quality

The gas quality is ideal with high levels of valuable condensate and a low percentage of inerts (~2% CO<sub>2</sub>). There is also evidence from initial gas analysis of up to 6% ethane in the gas stream which is an additional valuable component of the reservoir content.



Field measurements indicated a significant level of condensate in the gas of some 38 to 40 barrels per million cubic feet of gas. This is similar to what has been measured in gas elsewhere in the Canning Basin and these levels of condensate provide a major commercial benefit as condensate is a valuable form of light oil. The specific composition of the condensate has an influence on the price received, given some condensates are very similar in composition to jet fuel and transport fuel. A full analysis of the condensate composition will be completed as part of the current sample analysis program.



Condensate sample from first flow period

The overall gas composition has several significant benefits. In particular, the low level of CO<sub>2</sub> means that there is no need for additional high cost processing infrastructure to reduce the level of carbon dioxide in the gas prior to its sale or use, and as a result there will be no requirement for separate disposal of reservoir contained CO<sub>2</sub>. The CO<sub>2</sub> content is very low compared to some other natural gas reservoirs in Western Australia and there will be substantial emissions reduction benefits accrued during production of the resource.

Several areas of anomalous hydrogen concentrations were also noted during the drilling of the well and these will be further investigated as part of the ongoing analysis of the results of the well.

### Reservoir Parameters

Initial analysis of the pressure data indicates that there is no evidence of reservoir depletion or reservoir boundaries within the radius of investigation of the flow test. This is very encouraging for assessment of the resource volumes, but longer test durations will be necessary to determine the limits of these parameters.

The minor amounts of water produced during the test were characteristic of the high salinity fluids used during drilling and completion operations. This is again encouraging as it indicates that no formation water has been produced during the test.

Most importantly, the reservoir pressure of some 6,200 psi measured from the static gradient survey indicates that there is potential for a substantial gas column to continue downdip from the gas column intersected in the well. This gas column is interpreted to be potentially at least down to the extent of the currently interpreted structural closure which is mapped from the existing 2D seismic data to be some 500 metres of vertical closure. There are a number of factors that could influence this calculation, including the specific gravity of the gas and the regional water pressure gradient. As is the case in these situations, as has been seen in other recent onshore gas discoveries in Western Australia, further appraisal drilling will be required to identify the position of the gas/water contact and the extent of the gas column, and hence to confirm the potential resource volumes. However, the currently available data indicates a very substantial conventionally reservoir gas column could be present.



Rafael 1 flow test

The other indication from the interpretation of the pressure data is that there is apparent near wellbore formation damage from invasion by drilling and completion fluids that has reduced the flow capacity of the tested zone. Experience in similar reservoirs indicates that this form of reservoir effect can be remedied by standard workover operations. This will form part of the recommendation to the joint venture for re-testing of the well in addition to the yet to be tested upper interpreted pay zones behind casing.

### **Forward Program**

The ongoing analysis of gas and fluid samples and further analysis of the pressure data will help to frame the forward program. Buru as Operator will be recommending to the joint venture that further remediation and testing of the other hydrocarbon bearing zones in the Rafael 1 well should be undertaken as soon as a suitable rig becomes available.

### **Independent Resources Review**

The resources review being undertaken by ERCE is proceeding as planned and is expected to be available in the first week in April. This review will include ERCE's assessment of both the potential resources of the currently intersected gas column, and the potential of the greater structural closure.

### **Eric Streitberg, Buru's Executive Chairman commented:**

*"We have a way to go yet, but as we gather each piece of data from the Rafael discovery they all point to a substantial gas accumulation in conventional reservoirs with very valuable light oil and low CO<sub>2</sub> content. We look forward to getting the independent resource report from ERCE that will help guide us on the future appraisal and then monetisation of this potentially very substantial resource."*

### **Authorisation**

This ASX announcement has been authorised for release by the Board of Buru Energy.

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