



**Buru Energy Limited**  
ABN 71 130 651 437  
Level 2, 97 William Street  
Perth, Western Australia 6000  
PO Box 7794, Perth  
Cloisters Square WA 6850  
Ph: 61-8 9215 1800  
Fax: 61-8 9215 1899  
www.buruenergy.com

**ASX ANNOUNCEMENT (ASX: BRU)**

**7 JANUARY 2013**

**OPERATIONS UPDATE  
UNGANI EPT AND FORWARD PROGRAM**

---

Buru Energy Limited provides the following update on the Company's forward drilling program and continuing operations at the Ungani EPT.

**Highlights**

- Production performance at Ungani continues to improve and confirms the high quality of the reservoir and the significant production potential of the Field.
- Yulleroo 4 appraisal well to spud shortly targeting major upside in the Yulleroo wet gas field and the potential to confirm the presence of a Basin Centred Gas System in the Yulleroo area.
- Cyrene 1 to recommence drilling shortly with both a conventional oil target and an important test of the Goldwyer Shale oil and wet gas potential.
- Major studies on the potential of the Canning Superbasin progressing, including updated Laurel Basin Centred Gas System evaluation.
- Managing Director commencing on 14 January with continued focus on building the Company's development and exploration execution capacity.

**Drilling Program**

***Yulleroo 4***

Yulleroo 4 is the next well to be drilled by Ensign Rig#32. Site construction has continued over the Christmas/New Year period and is now expected to be completed, and the rig move commenced, on Tuesday 8 January. The anticipated spud date for the well is 20 January. Ensign Drilling have also carried out a major maintenance program on the rig over the Christmas/New Year period.

The Yulleroo 4 well is designed to test the reservoir development and gas column extent in the Yulleroo wet gas field. It is also being deliberately drilled outside the currently mapped structural closure limits of the field to test whether the Yulleroo wet gas accumulation is part of a broader Basin Centred Gas System (**BCGS**) in the Yulleroo area.

The other important objective of the Yulleroo 4 well is to test for the presence and continuity of the conventional sand section identified in the Yulleroo 3 well as the "3200 metre sand". If an extensive conventional sand package is confirmed in the Yulleroo Field this will be a significant development and would materially improve the commerciality of the field, and potentially provide an accelerated pathway to development.

Further details on the objectives and potential of the well will be released at time of spud.

***Ungani North 1***

Analysis of the well results and design of the testing and evaluation program is ongoing. The program is being designed to test both the conventional oil section in the Ungani Dolomite and the deeper gas

shows seen in the Nullara Formation. However, the presence of potentially high pressure gas zones underlying the normally pressured Ungani Dolomite oil zones presents a number of challenges in designing the tests to ensure they can be conducted safely and the evaluation is definitive. Accordingly, it will take several months to complete the program design and obtain the necessary approvals and equipment to ensure all potential zones in the well can be properly evaluated.

### **Cyrene 1**

This well is being drilled in the EP 438 permit by Key Petroleum as operator for the well, and is targeting a conventional oil target in the Willara Formation carbonates. The well is also targeting the overlying section of Goldwyer Shale which has unconventional prospectivity for oil and wet gas.

The conventional target in this well has the capacity to hold in the order of 5 million barrels of recoverable oil, if hydrocarbons are present. The unconventional target in this well is a 135 metre thick section of the Goldwyer Shale. The Goldwyer is present, regionally extensive, and has been penetrated by a number of wells on Buru's permits. The Goldwyer is in the oil window at the Cyrene location and in the wet gas window in other areas of Buru's permits where it is buried deeper than at the Cyrene location. The EP 438 joint venture will be undertaking an extensive coring program to provide a full suite of modern data for analysis and evaluation of the Goldwyer at this location.

The drilling crew was demobilised during the Christmas/New Year break after 9 5/8 inch surface casing was set to 191 metres measured depth. Drilling is expected to recommence shortly.

### **Conventional Reservoir Project**

The identification of a conventional gas reservoir containing sufficient reserves to underpin the construction of the Great Northern Pipeline would substantially accelerate the development of the planned Canning Superbasin domestic gas project. Given the value to Buru of both a conventional resource and a major acceleration of the development of the Canning Superbasin domestic gas project, Buru has commissioned Isis Petroleum Consultants to carry out a review of this potential. This review is also likely to substantially assist in identifying "sweet spots" in the regional BCGS tight gas accumulation.

This is a major review that requires the interpretation of the very substantial amounts of data generated by Buru's very active drilling programs over the last two years, together with all the data that has been generated by Buru's continuing technical reviews and re-interpretations of existing data.

This is a very large project with the potential to substantially accelerate the development of Buru's domestic gas project and is progressing well, with initial reviews of progress to be conducted during January with the intention that the results will be used to help optimise the 2013 drilling program.

### **Ungani Field EPT**

The Ungani Field production test continued during December with the Ungani 2 well on production during the month. The Ungani 1ST1 well was shut in during the month for pressure monitoring, with both wells having down hole pressure gauges installed.

The shut in tubing pressure in Ungani 1ST1 has continued to be very consistent during the month at some 500 psi. This is a very encouraging result as it means the production from Ungani 2 is not having any discernible effect on overall reservoir pressure.

Minor mechanical problems with the oil load out pump necessitated a short shut in of Ungani 2 during the month, and the opportunity was taken to extend the shut in period to three days to see if the shut in period would affect the subsequent production behaviour of the well when flow was recommenced.

This is a common procedure to gain additional information about water cut and pressure behaviour in producing wells.

Prior to the shut in, the well was producing at some 500 barrels of oil per day with a water cut of some 35%. When stabilised production was re-established after the shut in, the well was producing at rates up to 700 barrels of oil a day with 25% water cut. The well has subsequently had to be further choked back to constrain production due to trucking capacity limitations. This is a very encouraging result with a significant increase in oil rate and decrease in water cut, and it highlights the very significant production potential of the Ungani field.

The well will continue to be produced during January and then shut in for a period of weeks to gather pressure data which will assist in confirming reserves and understanding the excellent production behaviour of the well.

The oil production statistics for the field for the month are as follows:

#### **Monthly oil production**

|   | <b>October</b> | <b>November</b> | <b>December</b> |
|---|----------------|-----------------|-----------------|
| Ungani 1  | 4,650 bbls     | Shut in         | Shut in         |
| Ungani 2  | 5,704 bbls     | 13,932 bbls     | 14,509 bbls     |
| Total   | 10,354 bbls    | 13,392 bbls     | 14,509 bbls     |
| Average daily oil prodn<br>(for days on production) | 334 bopd       | 464 bopd        | 518 bopd        |

#### **Field production total to 31 December:**

|          |             |
|----------|-------------|
| Ungani 1 | 12,861 bbls |
| Ungani 2 | 63,748 bbls |
| Total    | 76,609 bbls |

#### **Executive Team**

As announced on 10 December, Dr Keiran Wulff will be commencing his role as Buru's Managing Director on 14 January. Dr Wulff's appointment provides further depth, strength and balance to the Company's dynamic senior leadership team. The development of a well rounded and first class management team is an important part of Buru's transition to a leading Western Australian oil and gas producer. The Company is continuing with the process of developing its execution capacity to both appraise and develop its existing significant oil and gas discoveries, and also to be able to continue to undertake a dynamic exploration program.

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

#### **For inquiries please contact:**

**Eric Streitberg**      **Executive Director**  
**Telephone:**        **+61 8 9215 1800**  
**Freecall:**            **1800 337 330**  
**Email:**                [ericstreitberg@buruenergy.com](mailto:ericstreitberg@buruenergy.com)

### Location of activities

