



Sharks & Minnows

Euroz Hartleys Research

This daily email, Sharks and Minnows, is compiled every ASX market day by the Euroz Hartleys Research team of analysts listed below. Contact your advisor to speak to the relevant analysts if you have any questions.

BRU (Buru Energy Ltd – down 15% at \$0.17, m.cap A\$94m, Oil&Gas: Production-Exploration):

Jon Bishop

- BRU continues to be frustrated by hard borders precluding mobilisation of crew to conduct the production testing of the Rafael-1 wet gas discovery;
- Expectations are now that the well testing will likely occur from the third week of February;
- As a reminder, Rafael-1 encountered a gross hydrocarbon column of over 165m through the Ungani Dolomite equivalent section from 3,785m;
- Analysis of the shows suggests the in situ composition is one of wet gas (ie assoc LPGs and possible condensate) with reservoir quality observed to be 'similar' to that at the Ungani Field;
- In the event moveable wet gas hydrocarbons are confirmed at Rafael, we view that the flow rates and/or liquids yields will need to be substantial in order for the discovery to be commercial (due to its remoteness);
- Rafael was mapped as a possible oil accumulation with a 37mmbbls best est. Prospective Resource (High – 176mmbbls; Mean 69mmbbls). The results to date suggest volumetric equivalent towards at least the High Case but in a gas equivalent basis ie +1Tcf gross – an excellent start if that proves to be the case;
- In addition, the Ungani-8 development well will need to be side-tracked after the drilling string became stuck when running out of hole;
- The JV have agreed that ROC will sole risk the side-track. BRU will retain the right to back-in to the well for 6mnths post commencement of production from the well at a 'cost' of 2.5x the 50% BRU share of costs paid by ROC for the sole risk operations up to the date of BRUs back-in election;
- ROC will retain an revenue earned until that date;
- This is a sensible move noting the delays to Rafael and Currajong: We anticipate BRUs net exposure (beyond the \$20m carry under the terms of the ORG farm-in) to be tracking well above \$5m.
- The Company had \$33m at Sep 30 with the bulk of drilling cost incurred for Rafael in the Dec Q;
- We set a \$0.20/sh Price Target awaiting Rafael-1 results.
- You can [click here](#) to login to the research portal to view research on this company