

Buru Energy Ltd

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Buru Energy readies for Rafael well test in Q3

Buru Energy Ltd (ASX:BRU) is readying for a Rafael 1 well test program next quarter as it finalises a rights issue supported by major shareholders.

The energy stock is hard at work preparing for the next stage of work at the asset, which will include resource evaluation, a 3D seismic program, condensate analysis, a discovery assessment report and commercialisation activities.

In an operations and corporate update today, Buru detailed its forward plan for the wet gas condensate discovery and how it proposes to unlock value for investors.

Buru's been in the news recently as it prepares for the seismic program, undertakes a rights issue and finalises a farm out and carbon capture and storage (CCS) with mining giant Mineral Resources Ltd (ASX:MIN).

On track at Rafael 1

Buru chairman Eric Streitberg said of today's update: "We are very pleased that our further testing program for Rafael is on track and we have identified a low cost and efficient way to get it done in the relatively short term.

"Given the zonal treatment and perforation program we are proposing, we believe that we should be able to materially increase the flow rates, based on our experience with similar reservoirs in our other wells with dolomitic reservoirs in the Canning Basin.

"Our recent transactions involving our Carnarvon Basin interests have both accelerated our planned CCS activities and provided additional funding that lets us focus on the Rafael program.

"The commercialisation concept select activity for the Rafael gas discovery is also proceeding well with the help of our external consultants and building on our previous commercialisation activity.

"The next few months are going to be very exciting as the Rafael testing program gets underway and our commercialisation and CCS activity ramps up."

Rafael well test

As operator, Buru hopes to complete the Rafael well test using a more cost-effective coil tubing unit, meaning it won't have to introduce heavy brines to the well that might reduce its formation flow capacity.

There are three coil tubing units that could be available in quarter three, and advanced discussions are in progress to select a preferred contractor.

Price: 0.17

Market Cap: \$91.54 m

1 Year Share Price Graph



Share Information

Code: BRU

Listing: ASX

52 week High Low
0.29 0.115

Sector: Oil & Gas

Website: www.buruenergy.com

Company Synopsis:

Buru Energy Ltd (ASX:BRU) is an oil and gas exploration and production company focused on exploring and developing petroleum resources of the Canning Basin in the southwest of Western Australia's Kimberley region. The company has a 50% operating interest in the producing Ungari Oilfield and holds interests in an extensive portfolio of petroleum exploration permits covering about 5.

action@proactiveinvestors.com.au

The ancillary equipment required for the operations is also available during the third quarter.

Essentially, the well test program will clean up and test the lower barefoot zone that was previously tested during March this year, then perforate, clean up and individually flow test additional zones.

These will include the zone in the main Ungani Dolomite reservoir section where gas influxes were encountered while drilling that is currently behind casing, and the Upper Laurel Dolomite where indications of light oil were encountered.

Based on the available well data and Buru's previous experience in the basin, the clean-up operation and testing of these additional zones has the potential to materially increase the flow rates compared to the initial test earlier this year.

The operation, including the test program, should take around 25 days.

In parallel with the well test activity, Buru also plans to move ahead with resource evaluation, the 3D seismic program, resource evaluation, a 3D seismic program, condensate analysis, a discovery assessment report and commercialisation activities.

Carnarvon Basin farmout and CCS alignment

Buru has entered a farmout agreement with Mineral Resources' subsidiary Energy Resources (EnRes) that will provide the company with a full financial carry for its near-term Carnarvon Basin exploration and Carbon Capture and Storage (CCS) study programs.

The joint venture intends to drill two wells on the L20-1 area in the onshore Carnarvon Basin in the second quarter of 2023 on well-defined prospects that have similarities to the Company's existing oil and gas discoveries in the Canning Basin.

The carbon capture and storage feasibility study, which will now be funded by a Commonwealth grant and EnRes, will also provide Buru with market-leading expertise in CCS, which is an essential project enabler for future gas developments.

Rights issue

Buru is conducting a one-for-six entitlement offer at 16 cents a share, with the deal set to close on May 31.

The company's major shareholders have indicated their support for the issue, and interest has also been received from shareholders and investors in potentially participating in any placement that may arise from a shortfall.

The funds raised will be used to progress the Rafael appraisal and commercialisation program, including the near term production test.

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Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

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