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## **ASX ANNOUNCEMENT (ASX: BRU)**

**14 December 2011**

### **BURU OPERATIONS AND FORWARD DRILLING PLAN UPDATE**

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Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on operations and the Company’s forward drilling plan for the Canning Superbasin.

#### **Overview and Summary**

The 2011 Canning Superbasin exploration program has been very successful with the discovery of a major new oil field at Ungani, the identification of a potentially very large wet gas accumulation at Valhalla and the independent confirmation of a substantial wet gas field at Yulleroo.

The current drilling program is planned to continue through the wet season with Ensign Rig#32 continuing to drill appraisal/exploration wells at the Valhalla accumulation and the Yulleroo Field.<sup>1</sup>

Drilling operations with the Company’s second rig have now been suspended due to weather and will be recommenced at the conclusion of the wet season in April/May next year. The 2012 drilling program will include the deepening of the Paradise-1 well as well as a mix of exploration wells on Ungani style prospects, appraisal drilling at the Ungani Field and the drilling of large oil exploration prospects in the Acacia area.

The seismic programs in 2011, including the 3D seismic survey over the Yulleroo Field, have provided a strong underpinning for the continuing drilling program, and planning is underway for a further major program next year to ensure the drilling program continues to be properly technically supported.

The transformation of Buru and the Canning Superbasin from a pure exploration phase to an appraisal and development phase, supported by a vigorous exploration program, has happened very quickly. The Company has moved decisively to put in place the operational and corporate capability to make this transformation happen safely, quickly and cost-effectively.

As well as the immediate success of the drilling program during this year, the large upside potential of the Superbasin is now beginning to be quantified and understood both operationally and technically and also by the investment community. The result of this is that although the Company has added very significant value for shareholders in the last year, there is very strong potential for this growth to continue into 2012 and beyond.

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<sup>1</sup> *All operations and their timing noted in this ASX release are indicative only. All operations are subject to weather and operational requirements and receipt of all necessary regulatory, joint venture and traditional owner approvals.*

## Forward Drilling Program

Ensign Rig#32 is currently finishing the Ungani-2 well with the forward program for this well being to complete the deepening of the well to evaluate the deeper oil shows seen in Ungani-1 and then to run production casing ahead of a cleanup flow. Rig release is expected to be around 24 December.

Rig #32 will then be moved to the Valhalla North location. Valhalla North is designed to provide an additional test of the potentially very large Valhalla wet gas accumulation. The well is being deliberately drilled off structure to attempt to extend the lateral extent of the accumulation, and to test whether it is a "basin centred" gas accumulation. The well is located some 5.5 kilometres to the northwest of Valhalla-2, towards the Paradise-1 location.

The Paradise-1 well deepening has been delayed until after the wet season due to the early onset of the wet season in 2011. The Paradise-1 well site is located in an area prone to flooding with limited or no access after even limited rains using existing roads. Century Rig#7, which was planned to be used to drill the well, has been delayed for over three weeks as a result of unseasonably heavy rains in the Lawford area which caused local flooding and road damage. Rig#7 will now be released and brought back after the wet season.

After drilling the Valhalla North well, Rig#32 will be mobilised to the Yulleroo Field to drill the Yulleroo-3 appraisal well. Yulleroo-3 will be the first well drilled on the basis of the Yulleroo 3D seismic survey acquired during 2011.

Further wells will then be drilled on both the Yulleroo and Valhalla accumulations by Rig#32 in preparation for a reservoir stimulation program later in 2012. This overall program is aimed at proving sufficient gas reserves for an FID decision to develop the gas reserves of the basin to be made at the end of 2012. If this is achieved it would allow a commitment to be made to the construction of the Great Northern Pipeline to transport the gas to southwest markets.

## Ungani Field

The completion of the Ungani-2 well and the relocation of Rig#32 from the Ungani site will allow the commencement of the proposed Ungani-2 extended production test ("EPT") in mid to late January. The EPT will assist in determining the reservoir parameters, performance characteristics and potential reserves of the Ungani Field.

The EPT is currently proposed to be carried out over an initial six month period with an initial production rate of 500 barrels of oil per day ("**bopd**") and a planned increase to 1,000 bopd as experience is gained in the production characteristics of the field and the management of the transportation system.

The EPT facilities are planned to be a relatively simple crude oil separation, storage and off loading system, with a nominal maximum oil production rate of 1,000 bopd, but with the flexibility for short term increases to significantly higher rates. The produced oil will be initially trucked to Perth. A review is being carried out to determine the potential for export from a northwest port or other value adding opportunities.

Planning for the EPT and sourcing of the required equipment is well advanced. Access roads have been substantially "wet proofed" to allow the transport of the oil from the field during the majority of the wet season.

Further appraisal and development drilling will be carried out on the field in 2012 after the completion of the planned 3D seismic survey. The 3D data and subsequent drilling program will help confirm the results of the EPT and also provide the information needed for the optimum placement and form of

the development wells on the field. This data will also assist in the optimisation of the long term production facilities for the field.

To assist in the determination of the size of the structure and in defining the other prospects in the area, a large airborne gravity and magnetic survey over the field and the adjacent structures is currently being completed. Interpretation of this survey will assist in placement of both the 3D seismic survey over Ungani and also in locating the 2D seismic surveys over the adjacent prospects. There are several of these prospects mapped on the current sparse data, including Ungani North and Yakka Munga.

### **Further Drilling Program**

The indicative further drilling program for 2012 includes the drilling of additional exploration prospects, including in the Ungani area, and at least two in the Acacia area in the southeast part of the Superbasin. The Acacia prospects are a different geological style than the Ungani discovery, but have been defined by new seismic data in an area where the Goldwyer Shale is in the oil window, and there is good potential for the development of good quality sandstone reservoirs in the Acacia Sandstone.

There are also a diverse range of other prospects in the Company's acreage in the Canning Superbasin and these will be reviewed and ranked as part of the finalisation of the 2012 drilling program.

### **Commenting on these results, Buru's Executive Director, Eric Streitberg, said:**

*"The results of this year's program have been a strong validation of the Company's exploration and corporate strategy, and of the hard work that we have put in to make sure we have been able to operate under often difficult circumstances.*

*We have laid the foundation for the future of the Canning Superbasin as a major onshore producing area in Western Australia supplying the domestic market, and have only just scratched the surface of the long term potential of the Superbasin.*

*The program during the year has seen the discovery of what looks like a substantial accumulation of light, sweet, high value crude at Ungani, the confirmation of a significant gas field with sweet, low CO<sub>2</sub> gas with high condensate yield at Yulleroo, a potentially very large wet gas resource at Valhalla, and the confirmation of a potentially significant gas accumulation with the potential for oil at Pictor.*

*We have also seen continuing strong interest in the Superbasin from international majors who have recognised the Canning Superbasin as one of the last of the underexplored basins with world scale potential for both conventional and unconventional onshore reserves.*

*We thank our shareholders for their support during the year and look forward to another great year next year."*

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

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### Canning Superbasin current activity areas

