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Company Announcements
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ASX Announcement

Heintschel Field: Increased Resource Estimates

- **Large resource confirmed at Heintschel**
- **Substantial increase in hydrocarbon volumes since last review**
- **Reserves audit planned**
- **Cash flow from gas and condensate production from 3 wells**

Burleson Energy (ASX: BUR) is pleased to advise that based on the results of the two recently drilled Heintschel field appraisal wells (D. Truchard #1 and Heintschel #2), Burleson Energy's US partner and operator, AKG Energy, has re-calculated the volume estimates for gas and condensate in the Heintschel field resulting in substantial increases.

Burleson has a 38% working interest and a ~ 30% net revenue interest in the field.

The results are as follows:

	Volume estimates Gas (bcf)			Volume Estimates Condensate (mmb)		
	Previous recoverable	Revised in place	Projected recoverable	Previous recoverable	Revised in place	Projected recoverable
Low Case	25.6	166.6	73.4	0.465	6.9	3.1
Mid Case	58.9	209.0	93.0	1.07	8.7	3.9
High Case	87.7	246.6	108.7	1.6	10.3	4.5

The intention is for an independent reserves study to be commissioned after two to three months production data has been obtained.

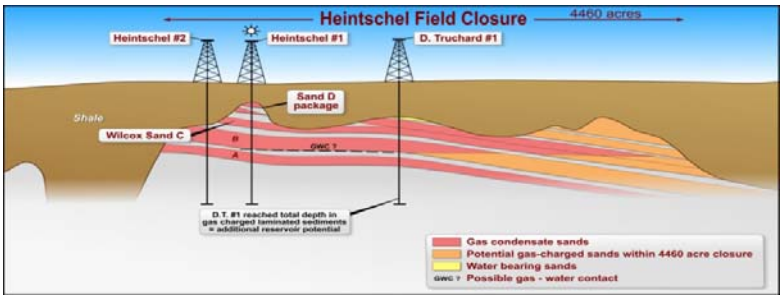
Burleson Energy's Managing Director, Michael Sandy commented:

"These impressive numbers confirm that Burleson has a high equity stake in a very large resource. We have a high degree of confidence in the in-place numbers and the immediate focus will be to determine how much of this hydrocarbon resource can be extracted in an economically efficient manner.

Burleson is facing an exciting future with sufficient funds secured to both progress the Heintschel development and to resume an active exploration drilling programme - numerous Wilcox prospects and the very large Woppa prospect remain to be tested."

Background to the Volume Estimate Calculations

The original estimates for the field were determined using 3D seismic data and data from a single well – the Heintschel #1 discovery well. The condensate volumes were calculated using the condensate: gas ratio observed during the initial, pre-frac flow from the well. Subsequently, two appraisal/development wells were drilled into the field. D Truchard #1 and Heintschel #2 located 2.9 and 0.37 km, respectively, from the Heintschel #1 discovery well.



These new well penetrations enable more accurate estimates of gas and condensate volumes to be calculated. A greater thickness of gas/condensate charged sands in D Truchard#1 (with no water contacts) and the higher, post-frac condensate : gas ratio in all three wells have led to increases in the volume estimates.

The first step involves calculation of the hydrocarbons in place – i.e. the gas and condensate located within the pores of the reservoir rock. These are estimated by determining reservoir rock volumes by 3D seismic and reservoir thicknesses in the wells. The rest of the variables for the calculation are provided by well logs (including porosity, water saturation etc). Note that the above numbers for "in-place" volumes are not directly comparable to the initial estimates which were of recoverable volumes.

At this early stage, it is not possible to make a rigorous determination of what volumes will ultimately be recovered from the Heintschel field. AKG has provided the numbers in the table, above, which are based on the assumption that the wells will produce until the pressure is depleted to 50% of the original reservoir pressure, a figure that has been commonly achieved in analogue, pressure depletion type Wilcox fields in the region. This is a standard and reasonable approach, but the reliability of the assumption will not be known until several months production history has been achieved.

Modest, scaled down fracs undertaken on D Truchard #1 and Heintschel #2 suggests that they are not producing at optimum rates. The 3 producing wells on the field are being monitored and the production characteristics of these wells will enable the development of a frac design that will yield the maximum well producibility which will, in turn, determine the ultimate recoverable reserves for the field. Field development planning, including well spacing, frac design, water disposal and potential for horizontal drilling, will advance as more well production data becomes available.

Update on Heintschel Production

The three wells in the Heintschel field have been producing at relatively stable rates over the past two weeks with average production for the first week in March of 3,250 mcf gas/day and 125 barrels of condensate/day. Associated water production averaged 800 bpd which was managed through trucking whilst water disposal alternatives (such as drilling a shallow water injection well) are further considered.

These flow rates have been achieved despite (as noted above) limited fracs being applied to the Heintschel #2 and D.Truchard #1 wells, as well as experimentation with various choke sizes at each well to gather production data. Options are being evaluated to enhance the performance of the wells - potentially including re-fracs and other methods including artificial gas lift.

Importantly the condensate production confirms higher than anticipated rates of condensate which enhances the attractiveness of the field especially considering the recent rise in oil prices. The current oil price is ~$105/barrel with the gas price at ~ $3.90/mcf. Based on the current production rates and these hydrocarbon prices, these three wells generate BUR approximately $230.000 (net) per month.

Backgound on Burleson Energy:

Located in Colorado County Texas, the **Heintschel** field was discovered by the Heintschel #1 exploration well in October 2010. The well encountered a much thicker reservoir section covering a greater area than expected. To follow up the discovery, two wells were drilled in 2010 with dual aims: to add valuable production and cash flow; and, to firm up resource and reserve estimates for the field.

D.Truchard #1 , (BUR WI 38%, NRI 29.64%) The D.Truchard #1 well is located ~3km from the Heintschel # 1 gas condensate discovery. The well was spudded in late November and drilled to a total depth of 12,000 feet (3658m) and gas shows were recorded while drilling the lower part of the hole. It came in structurally higher than the pre drill prognosis, which is a positive indication for the performance of the well. A decision was subsequently made, following electric logging, to complete the D.Truchard #1 well for production.

Heintschel # 2 (BUR WI 38%, NRI 29.59%,) This appraisal/development well is located 0.37 km from the Heintschel # 1 gas condensate discovery. The well was targeting the main gas condensate sands encountered in the Heintschel #1 discovery well, but in a structurally higher (updip) location. It was spudded in late December and drilled to a total depth of 11,900 feet (3627m), with gas shows recorded while drilling the lower part of the hole. The main shows correlate to gas condensate charged reservoir sands in the Heintschel #1 discovery well. Positive results of electric logging of the Heintschel #2 well led to a decision to complete the well for production.

Both D.Truchard #1 and Heintschel #2 required fracture stimulation (fraccing) prior to hooking up to a sales pipeline and the fracs were completed on 24 and 25 January, as planned.

All three Heintschel field wells are on production

The **Joann** #1 well (BUR WI 39.4%, NRI 30.73%) made a gas condensate discovery in July 2010. It is currently shut-in awaiting connection to a sales pipeline but prior to this the well was tested. One of four

prospective zones identified by logging in Joann #1 was perforated and flowed gas at 2.1 million cubic feet of gas per day and approximately 38 barrels of condensate per day.

Heintschel Field Working Interests:

Burleson Energy (ASX: BUR) 38.0%
New Standard Energy (ASX: NSE) 32.5%
AKG and Associates (AKG) 29.5%

Mike Sandy
Managing Director

Competent Person Statement:
The information in this report that relates to oil and gas exploration results and hydrocarbon resources is based on information verified by Mr Michael Sandy (BSc(Hons) Melbourne University), who is a petroleum geologist. Mr Sandy is a Director of, and consultant to, the Company. Mr Sandy has more than thirty years experience in this discipline and he consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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