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Australian Stock Exchange Limited  
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## QUARTERLY ACTIVITY UPDATE TO 31 MARCH 2010

### Quarter Highlights

- Raised a total of \$4.296 million (before costs):
  - Placement of \$1.208 million to sophisticated and institutional investors on 15 February 2010, and
  - Rights Issue of \$1.281 million completed on 17 March 2010, the shortfall share placement was completed on the 6 April 2010 and raised a further \$1.807 million.
- Completed sale of Austin Chalk wells and acreage for US\$1.322 million (~A\$1.437 million).
- Commenced multi-well drilling program taking place over the next 6 to 12 months.
- Brasher 1 (Yegua reservoir) well - a gas discovery flowed 380 mcf/day on test. Connected to sales pipeline on 15 April 10.
- First Wilcox reservoir well, Heintschel 1 spudded on 4 April and drilled to a total depth of 11,800 feet. Strong gas and condensate indications reported when drilling the reservoir and confirmed by logging. Testing planned.
- Next well is Moeller 1 – on a large lower Wilcox target with potential for 100 bcf of gas and 2.4 million barrels of condensate.
- Option to use the Big 6 drilling rig for one more Wilcox well
- Later wells include additional Wilcox wells and, in 2H10, a well on a very large Edwards and Sligo carbonate reservoir target.

### Austin Chalk wells and acreage

BUR sold its Austin Chalk wells and acreage for US\$1.344 m (A\$1.435m) to Whittier Energy Company with an effective date of 1 January 2010. BUR will retain small royalty interests in two producing wells drilled by other companies on the acreage since mid 2009. These are: 1.3% overriding royalty in Apolonia #2 (which is on production) and ~1% overriding royalty interest in the Walkoviak #1 well (currently drilling). In addition BUR will be retaining ~1.5% overriding royalty interest in future wells drilled in approximately 6,700 acres.

# Colorado County (Texas) 3D seismic project

## **Brasher 1 well, (BUR 38% working interest, 29.77% net revenue interest)**

The Brasher 1 well was drilled in February 2010 to the planned total depth (TD) of 5,000' ft (1,524m). It was logged and 14' (4m) of gas was encountered in the primary objective in the Yegua reservoir where a formation test yielded 100% gas. It subsequently flowed gas on test at 380 mcf/day and was brought on production on 15 April 2010. The size of the discovery will not be determined until the well has been flowed for an extended period.

## **Heintschel 1 well (BUR 38% working interest, 29.77% net revenue interest)**

On 4 April 2010 the Heintschel 1 well was spudded. It is targeting a lower Wilcox sandstone reservoir prospect in a stratigraphic trap with four-way closure, and is analogous to recent Wilcox discoveries along trend.

It is a vertical well and was drilled to a total depth of 11,800 feet. While drilling in the reservoir section strong gas shows were reported and these were confirmed by electric logs and side wall coring. The well is being completed for production and will be fracture stimulated and tested.

## **Moeller 1 (W2) well (BUR 36% working interest)**

Preparations are well advanced for the drilling of the Moeller 1 (W2) well targeting lower Wilcox sandstone reservoirs in a large structure which has the potential to contain over 100 bcf of gas and 2.4 million barrels of condensate (oil).

The Moeller prospect is one of the two new large Wilcox prospects secured in January 2010. It is located outside and to the SW of the main 3D project area in Colorado County.

**Wilcox well 3 (W3) (BUR 38% working interest)**— The joint venture has the option to retain the Big 6 drilling rig for a third Wilcox well.

**Woppa well (BUR 38% working interest)**— A well is planned to test the very large Edwards and Sligo carbonates reservoir targets in 2H10.

## **Corporate**

During the quarter BUR raised \$2.489 million (before costs) via a Placement in February 2010 and a Non Renounceable Rights in March 2010; issuing 41,491,777 ordinary shares at 6 cents per share. A Shortfall Placement (as part of the Non Renounceable Rights Issue) of 30,132,623 ordinary shares at 6 cents per share was completed 6 April 2010, raising a further \$1.807. Funds raised will be used as working capital, retire debt and exploration drilling.

The debt retired was a loan from AKG Energy, L.P, which was used to fund the Colorado 3D Seismic programme.

The cash position at 31 March 2010 was AUD \$3,984 million (excluding the Shortfall Placement proceeds). No Convertible Notes were converted to equity during the period.

**Mike Sandy**  
**Managing Director**



## Drilling schedule

Month	Well	Reservoir	Depth (feet)	Total Cost D&C (US\$)	Potential Gas (bcf)	Potential Oil (mb)	Typical Flow Rates per day	Working Interest/ Result
Feb 2010	Brasher 1	Yegua	5,000	0.6m	1.4	-	0.3 – 1.3mmcf	38% Gas discovery
April 2010	Heintschel 1	Wilcox	11,500	2.5m	7.2	100	3mmcf and 200bopd	38% Strong gas and condensate indications
May 2010	W2	Wilcox	12,500	2.9m	100+	2,400	3mmcf and 200bopd	36%
June 2010	W3	Wilcox	11,500	2.5m	7.2	210	3mmcf and 200bopd	38%
?August 2010	W4	Wilcox	11,500	2.5m	11.4	333	3mmcf and 200bopd	38%
2H 2010	E1	Edwards/ Sligo	20,750	13.0m +	600+	-	6-15mmcf	38% *

The above program is preliminary in nature and based on current information and plans and remains subject to change.

\* BUR is likely to farm-down its interest in this well given the high cost nature of the drilling.

Presuming some measure of exploration success, additional development wells are likely to be required to develop the larger prospects, and these may to some extent replace exploratory wells in the schedule.