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Company Announcements

Australian Stock Exchange Limited
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ASX Announcement

Initial Flow Back Results for two Heintschel wells

Burleson Energy Ltd (BUR) is pleased to advise that the initial flow back testing phase has been completed for the D.Truchard #1 and Heintschel #2 wells, with both wells testing at commercial rates. Stabilised flow rates have not yet been achieved however both wells flowed gas at rates of between 1 and 1.7 million cubic feet of gas per day plus 20 to 60 barrels of condensate. Initial flow tests have also indicated both wells are also producing more water than anticipated but only further production information over the coming months will illustrate what effect this may have on the wells.

The initial flow back and production phase involves uploading the well of fluids and a period of experimentation while the choke size is adjusted and pressures and flow rates measured and evaluated. As such these initial flow rates should be considered as preliminary and may not reflect either the optimum or long term stabilised rates which may require months of production to determine. The fracs of both the D.Truchard #1 and Heintschel #2 wells were conservatively designed and varied in both size and type to provide reservoir and production information. With the benefit of this data, future well treatments, including any potential refracs, may be enlarged in order to access as much reservoir as possible to maximize gas and condensate production.

Both wells are currently shut in while production tubing is put in place prior to opening the wells to sales, and this is expected to occur within the next week. Production will be monitored over the next month or two to ascertain well performance and provide further guidance regarding potential field development.

Once tied into the sales network the D.Truchard #1 and Heintschel #2 wells will add two more producing wells to the production portfolio and begin increasing New Standard's cash flow substantially. Some minor delays have been experienced in

getting the Joann #1 well connected to sales but this is now expected to occur in the next 2 weeks. Once all three wells are tied into sales it will bring the number of Wilcox wells on production to four (out of the five Wilcox wells drilled to date).

Burleson's Managing Director Mike Sandy commented:

"These are very pleasing results as we have now added two more commercial producing wells to the portfolio and they will shortly start significantly boosting BUR's cash flow. The results also demonstrate that we are still in the early stages of the appraisal the Heintschel field and still learning how to optimise its development.

Looking ahead BUR envisages a period of monitoring production from all the Wilcox wells for a month or two. This will enable the focus in the field to shift back to drilling wildcat explorations wells. There are several existing candidates within the Colorado County 3D project area, plus newly acquired prospects elsewhere in Colorado County and Wharton County, as well as new prospects expected to be generated by the 1K3D project in which BUR has a 38% right to acquire, at no cost, 1000 sq miles of data from a large 2D and 3D seismic data base covering much of the Gulf Coast."

Background:

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 planned for late 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. It was planned as an appraisal well in the Heintschel field in Colorado County, Texas.

D.Truchard #1 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.

The D. Truchard 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 Heintschel #2 well was planned as an appraisal well 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 appear to correlate to gas condensate charged reservoir sands in the Heintschel #1 discovery well.

Results of electric logging of the Heintschel #2 well were as expected, and a decision was made to complete the well for production.

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

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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