



**ASX RELEASE – 7 SEPTEMBER 2011**

**KENAI LOOP # 3 WELL – DRILLING REPORT # 1**

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to provide the following update on the progress of the Kenai Loop # 3 (second well in the Kenai Loop drilling program) well:

**Time:** 7.00am (Sydney) 7 September / 4.00pm (Anchorage) 6 September 2011.

**Depth:** 6,800 feet Total Measured Depth (“TMD”)

**Activity:** Surface casing was successfully run and cemented in place at 3,027 feet. Directional drilling was initiated to position the final bottom-hole location approximately 1,800 feet south of the previous drilled Kenai Loop # 1 well.

Currently drilling 9 7/8" directional hole section to 8,000 feet total vertical depth (“TVD”) where casing will be set, the well will then be vertically drilled to the planned 11,000 TVD.

This second well is being drilled from the same drilling pad as the Kenai Loop # 1 (“KL # 1”) well. The Company intends to test the 9,700 and 10,000 zones tested in KL # 1 and additional zones at approximately 10,600 feet that were untested in KL # 1 due to rig availability constraints.

If successful, there is likely to be a significant increase to current Proved and Probable (2P) Reserves of 38.3 BCF (4.8 MMBOE<sup>1</sup>), of which 31.5 BCF (3.9 MMBOE<sup>1</sup>) are Proven Reserves.

Yours faithfully  
**BUCCANEER ENERGY LIMITED**

**Mr Dean Gallegos**  
**Director**

Competent Person Statement Information contained in this report pertaining to the Alaskan projects was reviewed by Dr. Vijay Bangia, PhD in Petroleum Engineering from the University of Tulsa, who has over 30 years experience including employment by Shell Oil Company, Union Texas Petroleum, Burlington Resources and Renaissance Alaska. Dr. Bangia has approved the inclusion in this report of the technical matters and information herein in the form and context in which it appears.

*For further information please contact Dean Gallegos, Executive Director on + 61 416 220 007 or + 61 2 9233 2520. Alternatively visit the Company's website at [www.buccenergy.com](http://www.buccenergy.com).*

## **About Buccaneer**

*Buccaneer Energy Limited is an Australian listed company focused on developing its 100% owned oil & gas assets in Alaska. The Company's flagship projects are a series of onshore and offshore developmental and exploration prospects in Alaska's Cook Inlet.*

*Buccaneer Energy has a 3 pronged cash flow strategy:*

- *Developing the 100 % owned Kenai Loop onshore gas project with independently assessed 4.8 MMBOE<sup>1</sup> in 2P Reserves;*
- *Acquiring and operating a Offshore Jack Up rig for use by third parties in the Cook Inlet; and*
- *Developing its 100% owned offshore Cook Inlet projects that have independently assessed 73.3 MMBOE in 2P Reserves / P50 Resources using the acquired Jack Up rig.*

*Buccaneer Energy has a 50/50 joint venture with Singaporean based Ezion, a leader in the development, ownership and chartering of strategic offshore assets and the Alaskan Industrial Development and Export Authority ("AIDEA") to acquire a Jack Up rig capable of drilling in the Cook Inlet. Mobilisation of the Jack Up rig into the Cook Inlet is expected in 1Q 2012. The Alaskan Government is supportive of oil and gas in the Cook Inlet. There are a number of fiscal incentive programs for exploration and development in the Cook Inlet.*

*Buccaneer Energy has drilled the onshore Kenai Loop #1 well. The well was tested to have a flow rate of 6 – 8 mmcfd (750 - 1,000 BOEPD<sup>1</sup>) and is expected to be in production in 4Q 2011. Full development of the onshore Kenai Loop field could exceed 10 producing wells.*

*Buccaneer Energy also has major working interests in two producing projects in Texas, USA. Pompano is an offshore gas project located in the Gulf of Mexico, drilled by the Company in 2008 and producing ~1 mmcfd and has an additional pipeline of 'drill-ready' gas prospects. Lee County is an onshore oil project, currently producing oil.*

<sup>1</sup> *Using a Gas to Oil conversion ratio of 8:1*