



24th July 2014

Company Announcements
Australian Securities Exchange Limited
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ASX Code: BUR

2 pages

Spudding of Truchard #3 (T#3)

The Board of Burlison is pleased to advise that the Truchard # 3 well spudded and commenced drilling at 0700 (CDT¹) on Wednesday 23rd July.

Burlison CEO, Andrew Bald said: "This is a very exciting, yet low cost, well for BUR. The well is targeting a distinct seismic anomaly in a (135 acre) part of the Heintschel field which has been interpreted as having better quality reservoir than elsewhere in the field. The edge of the anomaly was intersected by the vertical part of the T2H well, and strong gas shows were encountered at that level."

"Nearby analog wells, which were drilled late last year, have produced very impressive results from the same reservoir level – especially the Cannon #1 well. These factors encouraged us to fasttrack the drilling of this well. While we would be delighted for T#3 to produce at similar rates to Cannon, much lower production rates would still make the well highly economic." said Mr Bald.

About the T #3 Well (BUR Working Interest 50%)

The T#3 is a vertical development well targeting the lowermost Wilcox Prairie Bell 01 reservoir sand in the Heintschel Field. The objective is a 135 acre seismic anomaly at an anticipated depth of circa 11,000 feet (3350m). The first part of the well (which is expected to take approx. 2 weeks) is being drilled at a fixed cost of USD890,000 and involves drilling to total depth and acquisition of a suite of well logs.

Analysis of the logs will determine if the well is to be completed and connected to sales - at an estimated additional cost of USD1.3m (Gross, cost to BUR will be 50%). Unless there are unforeseen problems with the reservoir quality, there should be no need to frac the reservoir.

The anomaly was identified when the 3D seismic was originally interpreted, and the T2H vertical section clipped the anomaly with resultant strong gas shows at that level. However, its significance became clearer when a number of seismic analogs were drilled some 20 miles to the SW with impressive results, starting late last year. Cannon #1 has been a particularly strong performer since coming on production in September 2013. In contrast to shale and normal tight sand reservoirs, its production rates have actually increased in the 6 months to March 2014. See below.

¹ CDT = Central Daylight Time, Austin, Texas, USA

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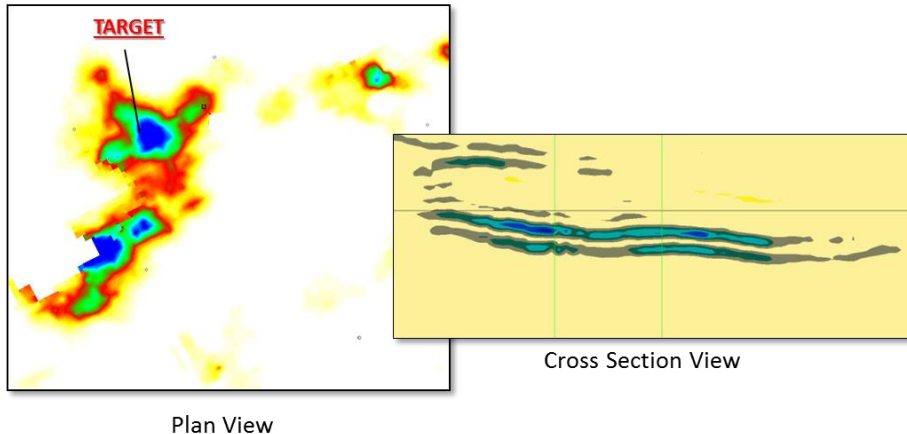
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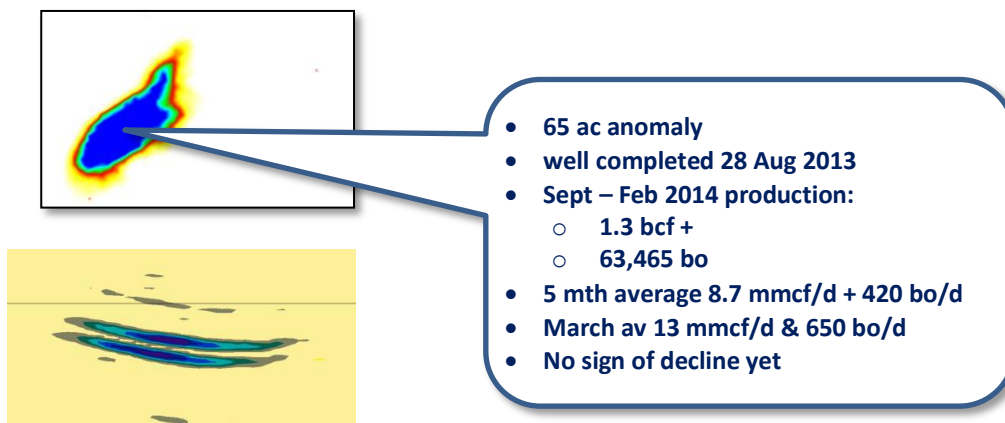
The following images show the sweet spot seismic anomaly that is the target for Truchard #3 in section and plan views, and the main analog (Cannon) located 20 miles away that hosts a producing well.

Truchard -3 target anomaly

135 ac "Sweet Spot" Anomaly within Heintschel Field



Cannon-1 – analog to T#3 anomaly



About the Heintschel Field

The Heintschel field has 4 wells currently on production and is covered by excellent quality 3D seismic. It was discovered by Heintschel #1 in mid 2010, followed by Heintschel #2 and D Truchard #1 appraisal wells in early 2011. These were vertical wells with single stage fracture stimulations (fracs). The Truchard #2 Horizontal (T2H) well (with 6 staged fracs) was drilled and brought on production in October 2012. The reservoir encountered in each of the wells is tight gas sandstone which requires fracking to produce at economic rates.

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