



ASX Release
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BLACK STAR PETROLEUM

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Issued Capital

114.1 million shares
95.3 million listed options

ASX Codes: BSP, BSPO

Contingent Resources Estimates in the Niobrara Formation

Black Star Petroleum Limited (ASX:BSP, BSPO) provides the following information (which must be read together with the announcement dated 1 May 2014 and titled "Investor Presentation" (Announcement)) to meet the requirements of Chapter 5 of the Listing Rules.

Introduction

BSP holds a 73.07% working interest in approximately 10,000 acres in the "Kidney area" in Banner County, Nebraska, USA. To date, BSP has drilled two (2) wells on the properties known as Smith 43-12 and QCWR 34-3 (the Wells), both of which penetrated the Niobrara Formation.

BSP's technical consultants MHA Petroleum Consultants LLC (MHA) have completed a study estimating the contingent oil resources in the Niobrara formation in the vicinity of the Wells. The contingent resource estimates prepared by MHA are, compliant with the PRMS definitions (Appendix A), and were calculated volumetrically in a series of Monte Carlo realizations driven by data provided by BSP and augmented with public domain information where necessary.

Engineering

Wireline log interpretations by Digital Formation Inc (DFI) and Bowler Petrophysics (Bowler) were utilised by MHA in completing the evaluation. The data indicates that both Wells encountered hydrocarbons in the Niobrara, allowing classification of the prospects as "contingent resources". MHA's study estimated contingent resources volumetrically as the product of area, net thickness, porosity, water saturation, formation volume factor, and recovery factor. Resources were estimated on per section (per 640 acre) basis. The major contingency is demonstration of commercial well completions by BSP.

Triangular distributions for the remaining parameters are shown below:

zone = Niobrara B	zone = Niobrara C
area, ac = 640	area, ac = 640
distribution parameters	distribution parameters
thickness, ft = 12.6 15.8 19.0	thickness, ft = 3.0 3.8 4.6
porosity, % = 12.2 14.4 16.6	porosity, % = 10.6 12.8 15.3
Sw, % = 30.7 40.2 49.3	Sw, % = 42.6 46.4 49.5
Boi, rb/stb = 1.06 1.32 1.58	Boi, rb/stb = 1.06 1.32 1.58
recovery, % = 3 9 17	recovery, % = 3 9 17
reservoir risk factor = 0.70 0.85 1.00	reservoir risk factor = 0.70 0.85 1.00

Where possible, values were taken from the petrophysical analyses by DFI and Bowler. Oil formation volume factors were estimated using reservoir pressure and temperature, oil API gravity and gas-oil ratio in industry standard correlations. The triangular recovery factor distribution with minimum, most likely, and maximum values of 3%, 9% and 17%, respectively reflects values commonly applied by the industry to reservoirs with these two drives.

When bounding values of a given parameter were not available, endpoints of the triangular distribution were chosen as +/- 20% of the most likely value. MHA concluded at this time that the reservoir drive for the subject property is not known but is suspected to be either under saturated oil expansion or solution gas drive.

Monte Carlo Realizations

Contingent oil resources have been generated by MHA with Monte Carlo realizations using “Crystal Ball” software. The methodology followed is, contingent resource distributions were generated for the Niobrara B and the Niobrara C intervals which were then used as inputs to create Monte Carlo realizations of contingent oil resources for the project.

MHA has advised that current geoscience understanding is that if one reservoir in a formation is charged with hydrocarbons, the other reservoir/s are also likely to be similarly charged.

Contingent oil resource distributions developed from Monte Carlo realizations for these wells are listed and plotted below:

intraformation correlation coefficient = 0.7

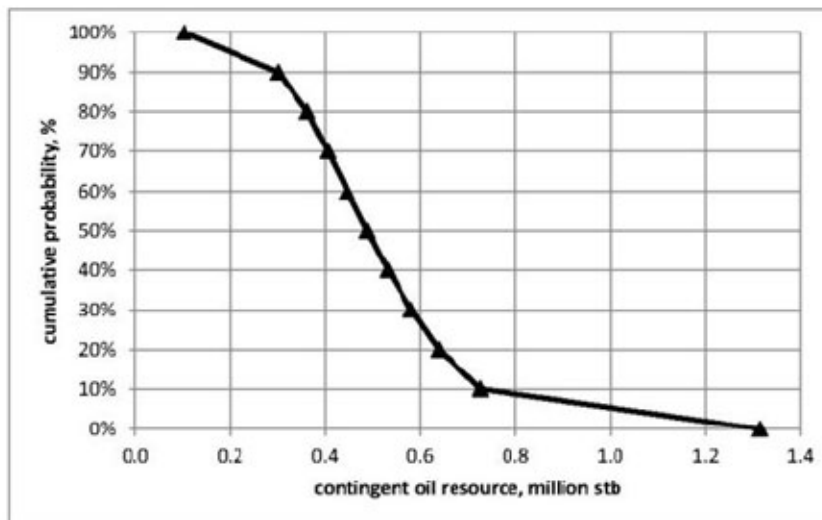
zone	cont res, million stb/ 640 acres	distribution	distribution parameters				limits		comments/ref
							min	max	
Niobrara B	0.407	Beta	0.024	2.422	6.06918	30.47277	0		min, max, alpha, beta
Niobrara C	0.046	Beta	0.018	0.176	4.0473	17.36066	0		

contingent resource, million stb = 0.453

CB fit to cont res distribution = Beta

Minimum = 0.066, Maximum = 2.320, Alpha = 5.23453, Beta = 24.05526

	Percentile	million stb per 640 ac
	100%	0.103
1C (P90)	90%	0.301
	80%	0.363
	70%	0.406
	60%	0.447
2C (P50)	50%	0.489
	40%	0.532
	30%	0.582
	20%	0.640
3C (P10)	10%	0.727
	0%	1.315
	p10/p90 =	2.4



The 1C (low), 2C (best estimate), and 3C (high) contingent resource estimates for the Niobrara B and C zones are **301 mstb/640 acres, 489 mstb/640 acres, and 727 mstb/640 acres**, respectively.

Yours faithfully

Greg Wood
Chief Executive Officer
Black Star Petroleum Limited

Disclaimer

1. The accuracy of reserve and economic evaluations is always subject to uncertainty. The magnitude of this uncertainty is generally proportional to the quantity and quality of data available for analysis. As a well matures and new information becomes available, revisions may be required which may either increase or decrease the previous reserve assignments. Sometimes these revisions may result not only in a significant change to the reserves and value assigned to a property, but also may impact the total company reserve and economic status.
2. The reserves and forecasts contained in the Announcement were based upon a technical analysis of the available data using accepted engineering principles. However, they must be accepted with the understanding that further information and future reservoir performance subsequent to the date of the estimate may justify their revision. BSP’s technical consultants MHA Petroleum Consultants LLC (MHA) are of the opinion that the estimated reserves and other reserve and resource information as specified in the Announcement are reasonable, and have been prepared in accordance with generally accepted petroleum engineering and evaluation principles. Notwithstanding the aforementioned opinion, MHA makes no warranties concerning the data and interpretations of such data.
3. In accordance with ASX Listing Rule 5.42, the Company confirms that the contingent resources information contained in this document and Announcement in relation to the Nebraska Oil Project is based on, and fairly represents, information and supporting documentation prepared by MHA under the supervision of Debra Gomez. Debra Gomez holds a B.Sc degree in Geology, masters of Science in Geology, is a certified professional geologist and petroleum geologist and has over twenty-five years’ experience in the sector. Debra Gomez is a professional member or the American Association of Petroleum Geologists, Rocky Mountain Association of Geologists and Rocky Mountain Section of SEPM – Society for Sedimentary Geology. Debra Gomez is not an employee of the Company and consented in writing to the inclusion of the contingent resources information in the form and context in which it appears in this release.