

25 June 2014

ASX ANNOUNCEMENT



New Cooper Basin search as Government grants key permits to Blue Energy

A sparsely explored area of Australia's Cooper Basin is the focus of a new oil and gas search by **Blue Energy Limited (ASX: BUL)** following the granting of four key permit areas to the Company by the Queensland Government.

Blue Energy has been notified by the Queensland Department of Natural Resources and Mines that ATP 656P, 657P, 658P and 660P have been officially granted to the Company's wholly-owned subsidiary, Blue Energy (Qld) Pty Ltd. The effective commencement date of these permits is 1 July 2014 and the initial permit terms will be 4 years.

The permits are located over an area of 5,200 square kilometres on the Northern Flank of the Cooper Basin in Queensland, where the Ballera-to-Mt Isa gas pipeline traverses one of the permits, ATP657P.

The Inland Oil field is immediately adjacent, and the Santos-operated Cook and Cuisinier oil fields are on trend and in close proximity to Blue Energy's ATP656P (see Figure 1).

<u>Granted Permit</u>	<u>Area Km²</u>	<u>BUL Equity/Operator</u>
ATP656P	694 km ²	100% / Blue Energy (Qld) Pty Ltd
ATP657P	1,627 km ²	100% / Blue Energy (Qld) Pty Ltd
ATP658P	1,397 km ²	100% / Blue Energy (Qld) Pty Ltd
ATP660P	1,482 km ²	100% / Blue Energy (Qld) Pty Ltd
	5,200 km² (1.28 million acres)	

Blue Energy's Managing Director and CEO, Mr John Phillips said "We are delighted to now be able to undertake exploration activities in this significantly under-explored portion of the Cooper Basin, particularly at a time when there is growing interest in the Basin acreage, both as a potential source for east coast gas supply plus high value oil discoveries."

"These newly-awarded Blue Energy permit areas have had no exploration conducted over them since the mid 1990's, when they were part of the areas required to be relinquished by the Santos/Delhi-led Joint Venture," Mr Phillips said.

"Since that time, the Cooper Basin 'flank oil play' has developed and is now well understood, as evidenced by the newly-discovered exploration/production fairway along the western flank in the South Australian part of the Basin," he said.

It is apparent from the flank oil discovery chronology that the flank oil at the Jackson field (and other smaller accumulations) was discovered early, after which extensions of that flank in the north east at Kenmore and Bodalla South were discovered (Figure 2).

It is also instructive that, while the western flank oil play in South Australia was established in 1985 with the Delhi Petroleum Charo discovery, it took a further 15-20 years before significant advances in seismic acquisition and migration pathway modelling confirmed the potential of the area.

"In essence, every flank of the Cooper Basin has had oil discoveries, and the most underexplored of these flanks is the northern flank where Blue Energy's permits are positioned.

DEPTH STRUCTURE MAP BASEMENT

MAPAREA

QLD.

S.A.

26°S

100km

27°S

28°S

41°E

142°E

143°E

Mt Isa Gas Pipeline

ATP 660A

Inland Oil Field

Inland

ATP 657P

ATP 658A

ATP 656A

Marama

Clinton

Whanto

Mount Howitt

Solitaire

Coccos

Bodalla South

Bargie

Eromanga

Kenmore

James

Cluisinier

Cook

Beeree

Barrolka/Coolah

Wareena

Durham Downs

Tartulla

Macadama

Challum

Juniper/Fox

Jackson Oil Facility

Jackson

Nockatunga

Maxwell

Watson

Moomba Gas Plant

Moomba

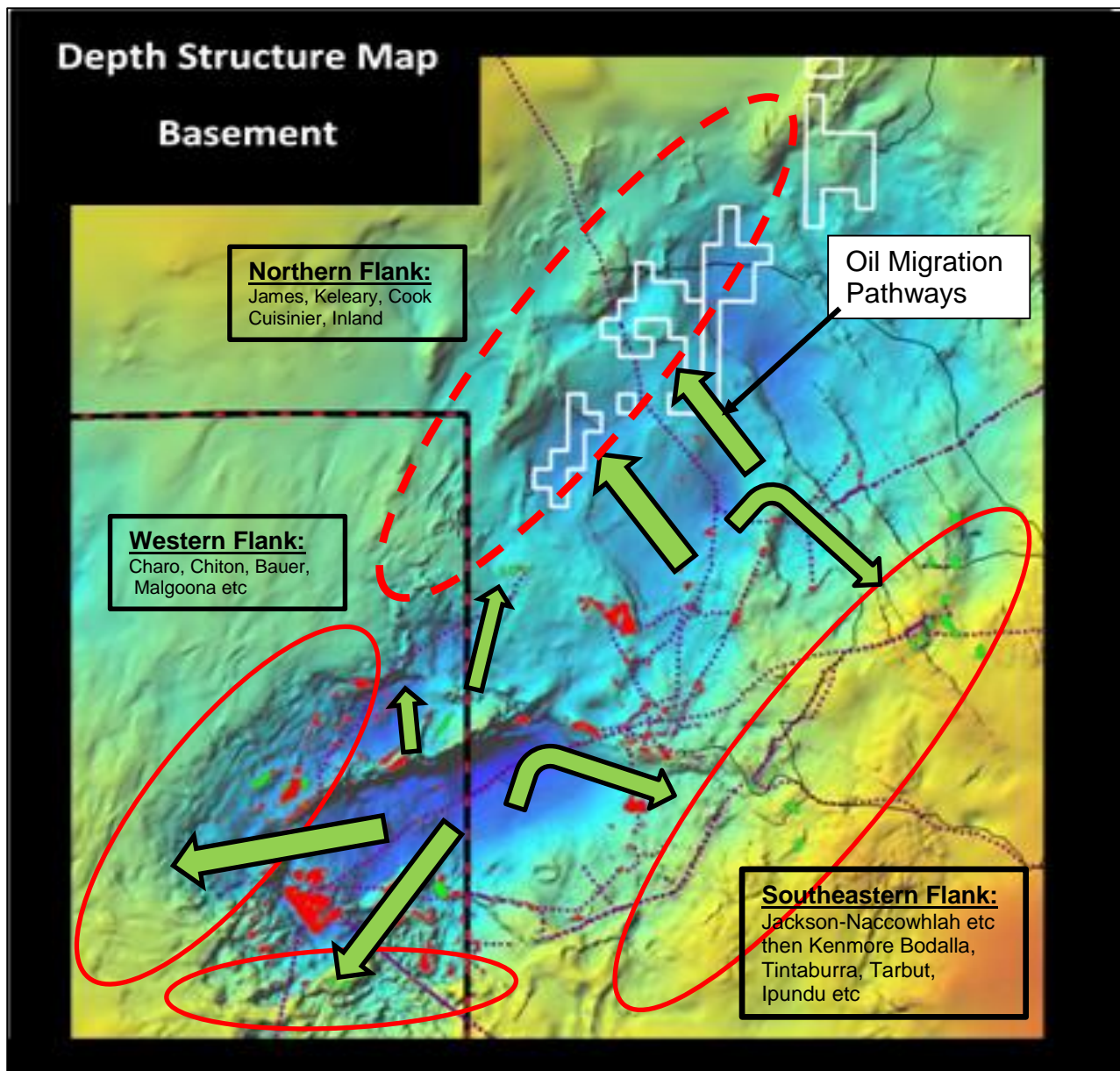
KEY

- Towns
- Oil Field
- Gas Field
- Oil Pipeline
- Gas Pipeline
- Blue Energy Exploration Licence
- 3D Seismic Survey

blueenergy limited

Mr Phillips said the application of modern 3D seismic acquisition and interpretation across the four permit areas will unlock the subtle structural and stratigraphic components of both the Jurassic reservoir systems and the Permian stratigraphic sequences. These techniques have been successfully used to delineate the Western Flank oil plays in South Australia.

Figure 2: Oil migration pathways from mature basin kitchens to the respective basin margins



"It is clear that the areas adjacent to Blue Energy's new permits have the potential for Jurassic oil accumulations. The Inland oil field (which has Birkhead Formation/Hutton Sandstone, Namur Sandstone and Murta Member oil pools) is located on the northwest corner of Blue Energy's ATP657P, whilst the Santos operated Cook and Cuisinier oil fields are located to the southwest of our ATP656P," he said.

"As well as the Jurassic oil potential, the Permian section will be prospective for gas in both conventional structural traps and also from the shale sections known to occur in the Permian sequence."

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