



1st October 2014

Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000
ASX Code: BUR

Truchard #3 Update

Further to our release of 26 September 2014, the Board of Burleson provides the following update on the status of the Truchard #3 well (T#3).

The well continues to show good pressure during build-ups, but still only flows gas and condensate intermittently, despite efforts to get the well to flow under its “own steam”. Swabbing has continued and resulted in the recovery of more drilling fluids than were used while drilling the reservoir section, plus very high salinity water: at 69,000mg/l - the water is 50% more saline than the formation water in the other Heintschel wells in the same sands.

Accordingly, operator AKG believe that this saline water and excess drilling fluids are coming from a highly saline water sand ***above the reservoir***, not from this reservoir section, in part because that sand required significant volumes of drilling fluid to control it during drilling operations.

If this theory is correct, it suggests that the ***cement bond in the casing has been breached*** allowing communications between the two zones. AKG are now attempting to seal off the communication by way of a “cement squeeze” to force fresh cement into zones above the reservoir suspected of having poor quality cement.

If successful, they will go back into the well and re-perforate.

Well cost to date is US\$1.66m compared to a well AFE including contingency of US\$2.2m. The “squeeze” will cost approximately USD80,000.

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

The T#3 spudded and commenced drilling on Wednesday 23rd July and reached the Total Depth of 11,750 feet (3,581m) on 13th August 2014. The well is a vertical development well targeting the lowermost Wilcox Prairie Bell 01 reservoir sand in the Heintschel Field.

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