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Company Announcements
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QUARTERLY ACTIVITY UPDATE TO 31 DECEMBER 2009

Quarter Highlights

- Preparations underway for commencement of drilling first well Brasher 1 targeting Yegua reservoirs in the Colorado County 3D seismic project in Texas. Some delays due to rain. Expected spud date is early to mid February.
- New multi-well program approved for drilling over the next 6 to 12 months. Following Brasher 1 four larger Wilcox targets will be drilled followed in 2H10 by a well on a very large Edwards and Sligo target.
- Added two new, highly prospective Wilcox targets to the drilling program, and reached an agreement to gain a 36% working interest in the two project areas, which each have the potential to contain over 100 BCF gas plus condensate.
- All 5 Austin Chalk wells on production.
 - Gross production for the quarter was 198 million cubic feet of gas and 271 barrels of condensate.
 - Net production to BUR interests totalled 40 million cubic feet of gas and 84 barrels of condensate.

Project Summaries

Colorado County 3D seismic project. (BUR Working Interest (WI) 38%)

BUR and its partners have advanced preparation for commencement of drilling its first Colorado County Project well in Texas, the Brasher 1 well (BUR 38% working interest, 29.77% net revenue interest), Brasher 1 is the first of a six well drilling program, targeting prospects identified using the recently acquired 3D seismic data in Colorado County, The Brasher 1 is targeting two stacked objectives in the Yegua Formation, with an estimated total gross gas resource of up to 1.45 bcf.

A new multi-well program has been approved for a continuing drill program over the next 6 to 12 months to focus initially on Brasher 1 then onto larger Wilcox targets (4 wells) followed by a well on a very large Edwards and Sligo target in 2H10. A copy of the program is annexured to this report.

BUR has also added two new, highly prospective Wilcox targets to its onshore drilling program Texas, U.S.A. and has reached an agreement to gain a 36% working interest in the two project areas, each of which has the potential to contain over 100 BCFE (gas plus condensate). The first of these additional projects is located within the Colorado County, but outside the existing area of mutual interest (AMI) associated with BUR's Colorado County Project. The second is located in Wharton County, Texas, which is located to the south-east of the Colorado County. This project complements other Wilcox targets identified from the new 3D seismic data acquired and interpreted in 2009, and it is anticipated it will be drilled as one of the first 2 Wilcox tests set to be spudded in Q1 of 2010.

Chalk Production

Burleson Energy Limited ('BUR') has interests in leases in four Texas counties (Burleson, Grimes, Montgomery and Brazos), comprising 22,356 gross acres within the prolific Giddings Field. The two main project areas are in Burleson County and the Champions area, located mainly in Grimes County. BUR has brought five wells (of five drilled) on production in a programme of development wells targeting fractured Austin Chalk reservoirs.

4Q09 production is summarised in the table below

WELL	PROJECT AREA	BUR Working Interest	BUR Net Revenue Interest	Gross 4Q09 gas production mmcf	Gross 4Q09 oil production bbl
YPU 1	Burleson	40%	31.13339%	7.8	271
Rocket 2	Champions	17.50%,	13.1250%	43.3	
Jet 3	Champions	37.50%,	28.1250%	25.3	
Marlin 1	Champions	29.690710%	22.860980%	84.6	
Marlin 2	Champions	19.53720%	15.282059%	37	

Gas from the Burleson area is rich in petroleum products which are split from the gas; generating additional revenue. The price received for condensate is approximately the same as that for the West Texas Intermediate (WTI) marker. Condensate is stored in tanks and transported by road tankers to a nearby hub.

Champion's area gas is dry and produces no condensate. The price received for Champions area gas varies from ~85% of the "Henry Hub" marker (for Marlin 1) to ~70 cents per mcf lower than that level (for Rocket 2 and Jet 3).

Future Chalk wells

As noted above, BUR controls a large acreage position over the Giddings Austin Chalk field. BUR's working interests range from 20% to 40% in the acreage and the plan is to farmout future Chalk wells to reduce the Company's financial exposure to the drilling costs. As the vast majority of Chalk wells generate production and cash-flow this plan constitutes a very low risk source of future income for the Company.

Other projects include potential well re-entries on existing acreage, possible coal seam methane potential in shallow Wilcox Formation coals and gas/oil potential in fractured Eagle Ford shale. BUR would seek to farmout any wells drilled to these targets.

Corporate

During the quarter the BUR raised \$0.773 million (net of costs) in the placement of 17,516,752 ordinary shares at 5 cents per shares. The funds were raised for drilling working capital. The cash position at 31 December 2009 was AUD \$1.247 million. No Convertible Notes were converted to equity during the period.

Mike Sandy
Managing Director

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Drilling schedule

Month	Well	Reservoir	Depth (feet)	Total Cost D&C (US\$)	Potential Gas (bcf)	Potential Oil (mb)	Typical Flow Rates per day	Working Interest
Feb 2010	Brasher 1	Yegua	5,000	0.6m	1.4	-	0.3 – 1.3mmcf	38%
Feb 2010	W1	Wilcox	11,500	2.5m	7.2	100	3mmcf and 200bopd	38%
Mar 2010	W2	Wilcox	12,500	2.5m	100+	2,400	3mmcf and 200bopd	36%
May 2010	W3	Wilcox	11,500	2.5m	7.2	210	3mmcf and 200bopd	38%
Jul 2010	W4	Wilcox	11,500	2.5m	11.4	333	3mmcf and 200bopd	38%
2H 2010	E1	Edwards/Sligo	20,750	13.0m+	600+	-	6-15mmcf	38% *

The above program is preliminary in nature and based on current information and plans and remains subject to change.

* BUR is likely to farm-down its interest in this well given the high cost nature of the drilling.

Presuming some measure of exploration success, additional development wells are likely to be required to develop the larger prospects, and these may to some extent replace exploratory wells in the schedule.