

**ASX Release**

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**28 February 2013****BLACK STAR PETROLEUM  
LIMITED**

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For the latest news

[www.blackstarpetroleum.com.au](http://www.blackstarpetroleum.com.au)

**Directors / Officers**

Matthew Wood  
Greg Wood  
Brian McMaster  
Timothy Flavel  
Jason Peterson  
Tony Polglase  
David McEntaggart

**Issued Capital**

99.1 million shares  
95.3 million listed options

**ASX Codes: BSP, BSPO**

# SHAREHOLDER UPDATE

**HIGHLIGHTS**

- The Company has a significant land holding in Banner County, Nebraska USA where it is targeting initial conventional oil production in the first half of 2013. The Nebraska Oil Project represents outstanding potential for growth through early production with elephant country upside.
- One exploration Well, Smith 43-12, has been completed in the Downer Oil Field to a depth of 6,200 feet. Oil bearing sands were intersected in the D Sand Formation with production testing to commence in the coming weeks.
- One exploration Well, QCWR 34-3, has been completed in the Harrisburg Oil Field to a depth of 6,100 feet. Oil and water bearing sands intersected in the D and J Sands Formations with down hole testing underway at present.
- Single Well completed costs at Downer and Harrisburg to the Company of approximately US\$560,000 each with production share to BlackStar of approximately 59%.
- Land position increased to 40,200 acres under the Joint Venture with Bayswater Exploration on the Nebraska Oil Project.
- Oil shows identified in the Niobrara and Codell Formations in both the Smith 43-12 and QCWR 34-3 Wells. This is an extremely positive sign for a potential oil development in these formations.

## DENVER JULESBURG BASIN (DJ Basin)

The Company is currently assessing a number of historic producing oil fields across its Nebraska Oil Project. Initial focus for these work programmes is on the Downer Oil Field and the Harrisburg Oil Field. The Company has now completed one well in each field and test work is currently underway on both wells. Both wells have been successful in that they have intersected oil bearing sands in the expected target horizons. Single well completed costs at Downer and Harrisburg to the Company are approximately US\$560,000 per well with production share to Black Star of approximately 59%.

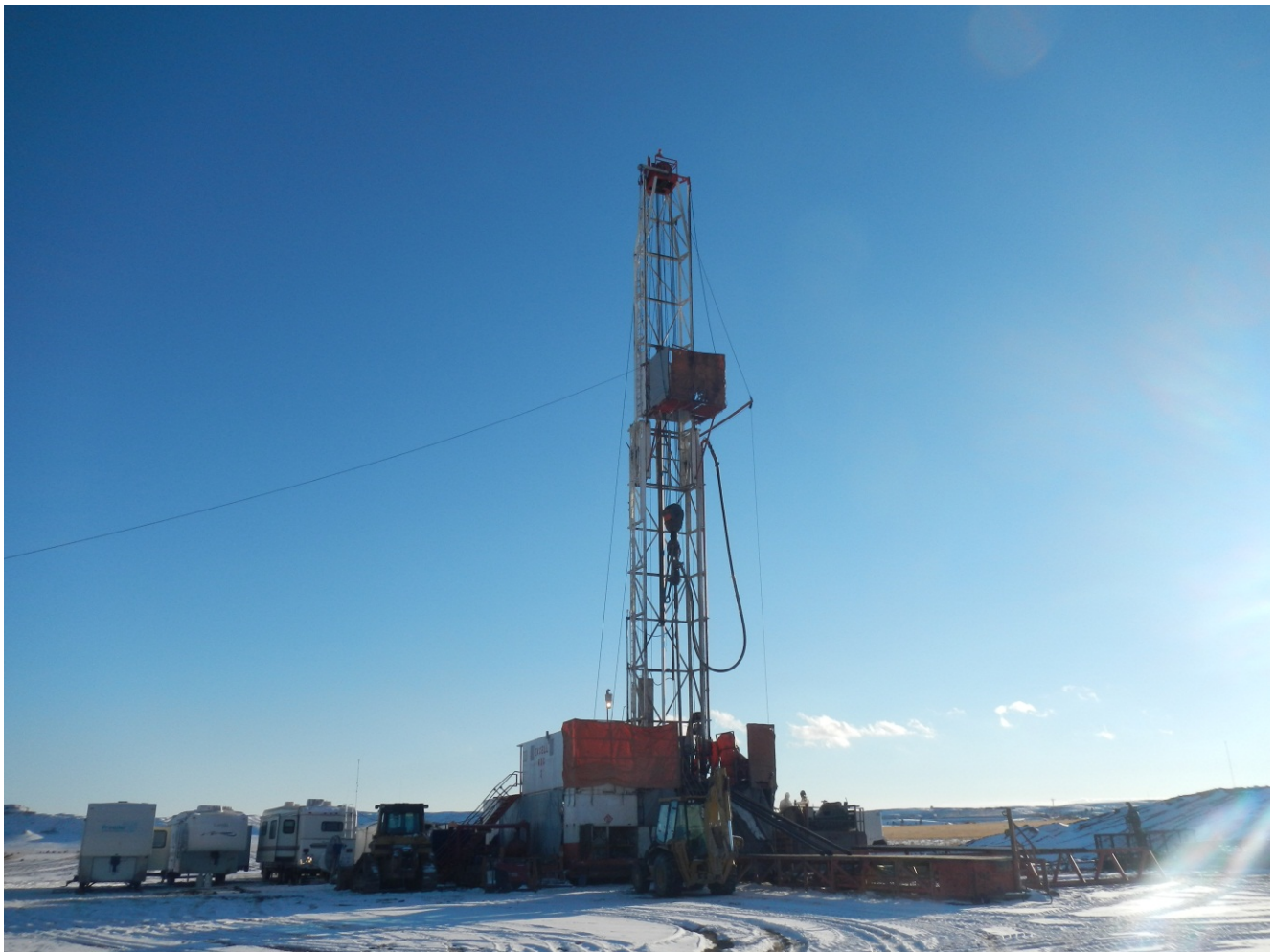
### DOWNER OIL FIELD



- SMITH 43-12
  - Spud date – 8 February 2013.
  - Main objective – production from D Sand formation.
  - Offsetting three historic Wells in the Downer Field drilled and produced from 1955 to 1963.
  - Initial Production rates of these historic Wells were 85, 160 and 300 BOPD from the D Sand.
  - Smith 43-12 encountered D Sand 6 feet higher than prognosis in an up dip position.
  - Log results were very encouraging with the D Sand showing good SP, 8-10 feet thick, 11%-12% Porosity, 37-43 Ohms Resistivity and a down hole pressure of 1130 psi.
  - Cuttings showed 80-90% bright gold fluorescence.
  - Production casing and cement was completed on 17 February 2013.
  - Perforation and Fracture Stimulation will commence in the coming weeks.
  - Upon successful production from this well it is anticipated that the Company could drill and complete a further 10 to 20 wells with similar production levels in the Downer Oil Field.

## HARRISBURG OIL FIELD

- QCWR 34-3
  - Spud date – 18 February 2013.
  - Main objective – production from D and J Sand Formations.
  - Offsetting multiple historic wells in the Harrisburg Oil Field, drilled and produced from 1954, with Initial Production rates per well of between 150 and 500 BOPD from both the D and J Sands.
  - QCWR 34-3 intersected oil and water bearing sands in the D and J Sands.
  - Currently undertaking down hole test work with results available in the coming days.
  - Upon success the Company could drill and complete a further 15 to 20 wells with similar production levels in the Harrisburg Oil Field.
  - The Harrisburg Oil Field had a historic production of 6.4 million barrels of oil.



## **NIOBRARA AND CODELL FORMATIONS**

The Niobrara and Codell Formations have significant potential to be major new oil producers across Black Star's land position in Nebraska. This has previously not been recognised as an opportunity. Similar Niobrara settings are already large oil producers at the Silo Field in Wyoming and the new and emerging Wattenburg Oil Field in Colorado. These fields have typically been developed through a combination of vertical and horizontal wells. The Wattenberg Field in North Eastern Colorado is currently the 6<sup>th</sup> largest Oil and Gas field in the United States. Black Star's Nebraska Oil Project has been modeled as extension of the Wattenberg Field.

Black Star's Nebraska Oil Project has localized thermal maturity and the temperature gradient anomaly is analogous to that in the Wattenberg Field. It is also has strong correlation to north east trending paleostructures crossing the DJ Basin creating focal points for deep, hot, migrating fluids. The current drilling programmes being completed by Black Star at the Downer and Harrisburg Oil Fields has added considerable further weight to the prospectivity of the Niobrara and Codell Formations in Nebraska. Drilling has to date recovered 21 cores through a SWCG (Side Wall Core Gun) from SMITH 43-12. This resulted in some highly encouraging samples through all horizons. Samples had strong shows and cut from Niobrara C and B benches and the Codell.

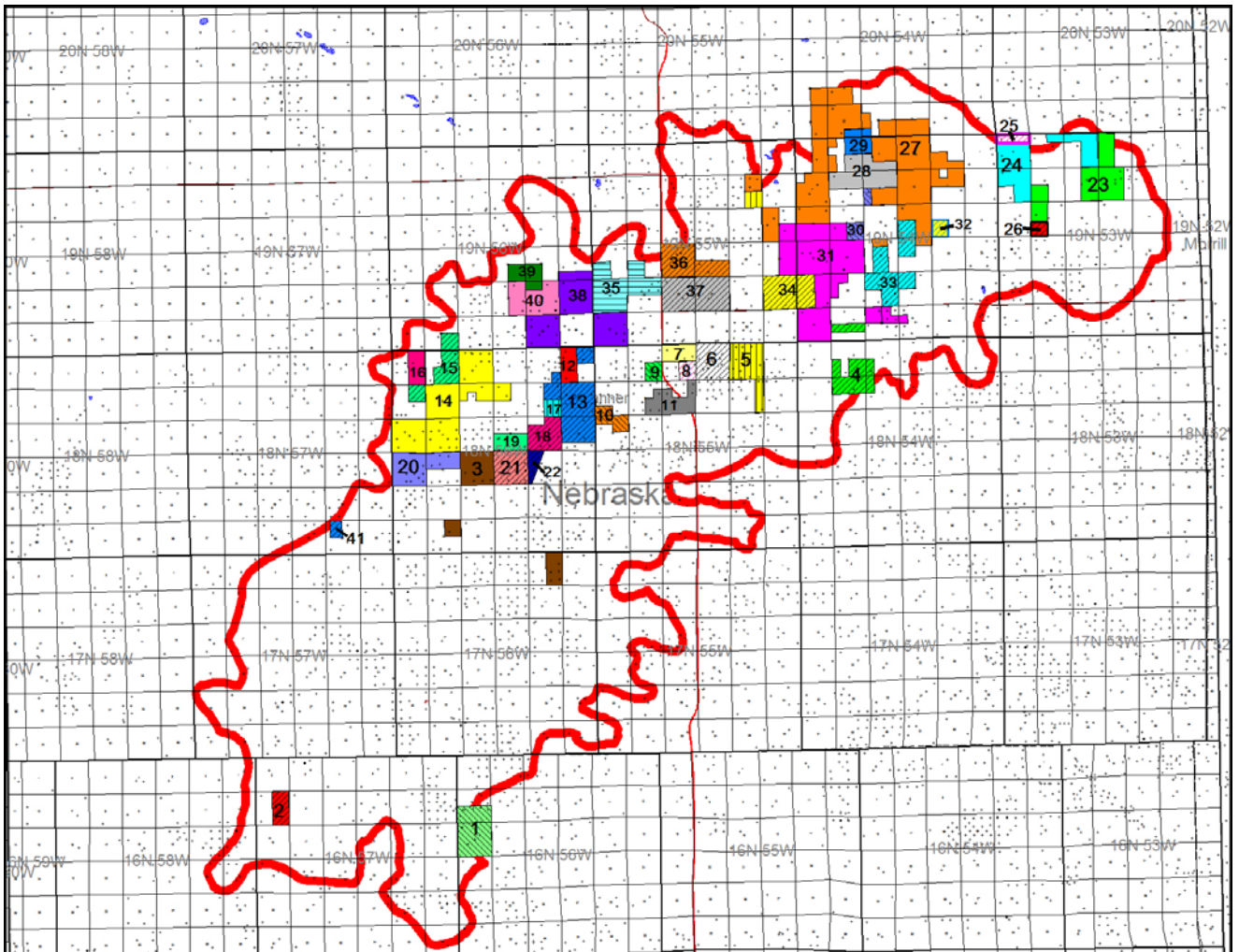
- Codell - Bright Blue Fluorescence with slow to Fast Streaming Cut
- Niobrara – Slow diffused milky Cut.

These samples have been sent to a Lab in Denver for further analysis. The Company is extremely encouraged by these early results.

Black Star's Nebraska Oil Project lies within a mapped 16 Ohm-meter deep resistivity anomaly for the B chalk bench of the Niobrara Formation (red line). This level is typically productive in both the Wattenberg Field in Colorado and the Silo Field in Wyoming. This well documented Niobrara resistivity anomaly also correlates directly with a high geothermal gradient, indicative of basement fracture zones as seen in Wattenberg.

**Greg Wood**  
**Chief Executive Officer**  
**BLACK STAR PETROLEUM LIMITED**





**Figure 1 Black Star's Land Position in Nebraska**

The red line on Figure 1 is the 16 Ohm-meter deep resistivity for the B Chalk bench of the Niobrara Formation that is productive in the Wattenberg Field in Colorado, the Silo Field in Wyoming and expanding out from both of those historically productive areas.