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30 April 2009

Company Announcements  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000  
By electronic lodgement – 8 pages

ASX Code: **BUR**

## **QUARTERLY ACTIVITY UPDATE TO 31 MARCH 2009**

### **Quarter Highlights**

- All 5 Austin Chalk wells on production.
- Gross production for the quarter was 355 million cubic feet of gas and 488 barrels of condensate.
- Net production to BUR interests totalled 68 million cubic feet of gas and 152 barrels of condensate.
- New 3D seismic acquisition programme completed.
  - Located in a very prolific hydrocarbon area in Colorado County, onshore Texas Gulf Coast.
  - Farmed out 32.5% working interest in the 3D project.
  - BUR retains the largest equity with 38%.
  - Drilling expected to commence in July 2009.

### **Project Summaries**

Burlison Energy Limited ('BUR') has interests in leases in four Texas counties (Burlison, Grimes, Montgomery and Brazos), comprising 23,082 gross acres within the prolific Giddings Field. The two main project areas are in Burlison 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.

BUR is participating in a new 3D seismic survey over an area in Colorado County onshore Texas. This will generate a wide range of (non-chalk) targets for drilling in 2H 2009 and provides an exciting new exploration and production focus for BUR.

### **Well Detail**

**Well 1: YPU #1 Burlison County** (BUR Working Interest (WI) 40%, Paying Interest (PI) 40%, Net Revenue Interest (NRI) 31.13%)

During the March 09quarter, the well produced a total of 14 million cubic feet of gas and 488 barrels of condensate.

Gas from this 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.

### **Champions Area wells**

BUR and AKG Oil Company (AKG) have interests in Champions leases covering 15,800 acres. Champion's 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).

**Well 2: Rocket #2, Champions Area** (BUR PI 20%, WI 17.5%, NRI 13.13%).

During the March 2009 quarter it produced a total of 108 million cubic feet of gas.

**Well 3: Jet #3 Champions Area**, (BUR PI 40%, WI 37.5% NRI 29.25%).

The well commenced production in January 2008 and during the March 09 quarter it produced a total of 36 million cubic feet of gas.

**Well 4: Marlin #1 Champions Area, (BUR PI 30% WI 29.69% NRI 23.0%).**

This step-out development well commenced production in March 2008. During the March 2009 quarter it produced a total of 124 million cubic feet of gas.

**Well 5: Marlin #2 Champions Area, (PI: 20.0%; WI: 19.54% NRI: 15.28 %)**

This step-out development well was completed for gas production in September 2008. It was drilled within the expected time frame and below budget. During the March 2009 quarter it produced a total of 73 million cubic feet of gas.

**Colorado County 3D seismic project**

During 2008, BUR's Board decided to change the Company's focus from Chalk wells to lower cost, low risk, yet highly prospective drilling targets in conventional Texas Gulf Coast reservoirs.

In July 2008 BUR entered into a ~120 sq. mi. (~300 sq. km.) 3D seismic data acquisition programme in the prolific Texas Gulf Coast covering an area which has not previously been shot with 3D seismic data, and is immediately surrounded by cumulative production totalling greater than 500 billion cubic feet of gas and 15 million barrels of oil and condensate at depths ranging from ~1500 feet (457 m) to 14,000 feet (4,267 m).

By analogy to adjacent 3D seismic datasets, it is anticipated that this new 3D data will yield scores of low risk drilling opportunities at multiple depths. Drilling costs will be low due to the shallow targets.

The 3D seismic acquisition programme was completed on 8 March 2009. The seismic data are currently being processed and merged with adjacent 3D datasets. It is anticipated that this dataset will be delivered in June 2009, with drilling to commence soon thereafter.

Subsequent to the end of the quarter, late in April 2009, BUR farmed out a 32.5% working interest in the project to ASX listed New Standard Energy (NSE). This follows an earlier farmout to local participants of a 9.5% WI.

BUR retains a 38% working interest in the venture, the largest equity holding in the joint venture.

**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.

Subsequent to the end of the quarter, BUR has elected not to participate in the drilling of the Apolonia #2, Champions area, due to currently low gas prices.

**Other Projects**

**Well re-entries**

AKG and BUR are evaluating several well re-entry projects on existing acreage. This involves re-entering previously drilled wells with oil pay missed by earlier production phases. Significant reserves can be accessed at low cost.

**Other Plays in BUR's Chalk Leases**

To date, BUR has focused on the potential within the Austin Chalk in its 23,000 gross acres of leases. However, large companies active in the region have been working up other oil and gas plays which have potential within BUR's acreage. These are under investigation by AKG and include 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.

**Cash**

The cash position at 31 March 2009 was AUD \$1.5 million. No Convertible notes were converted to shares during the quarter.

**Mike Sandy**  
**Managing Director**