



ASX RELEASE – 17 JANUARY 2013

#### KENAI LOOP # 4 – FINAL TESTING RESULTS

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise the final production testing results from the 100% owned Kenai Loop # 4 well:

##### HIGHLIGHTS

- **Successfully completed 4 point test from one zone totalling 20’ gross pay**
- **Shut in wellhead pressure peaked at 3,899 psi**
- **Absolute open flow potential (“AOF”) of 9.0 MMCFD achieved from 10,300’ sand**
- **Long term production rate targeted at 3.0 – 4.0 MMCFD (580 - 750 BOEPD<sup>1</sup>)**
- **Kenai Loop field production rate to increase to 10 – 11 MMCFD (1,666 – 1833 BOEPD<sup>1</sup>) from two wells**
- **Winter peak gas pricing has been up to US\$22.00 / MCF**

The Kenai Loop # 4 well was shut-in for a 20 hour period with shut-in tubing pressure peaked at 3,899 psi. A flow test over 4 different choke sizes, a 4 point test, was then successfully conducted. This test includes the measurement of pressures at each of the choke sizes which allows for the calculation of the AOF.

A 10’ section of the upper most sand at 10,300’ measured depth was perforated, this sand has gross pay of 20’ and correlates to the 9,700’ sand in the Kenai Loop # 1 well and the AOF was calculated as 9.0 MMCFD.

The long term deliverable production rate from the Kenai Loop # 4 well is estimated to be 3.0 – 4.0 MMCFD (500 – 667 BOEPD<sup>1</sup>). The addition of the Kenai Loop # 4 well will increase the field’s total production rate to 10.0 – 11.0 MMCFD (1,666 – 1,833 BOEPD<sup>1</sup>).

The Kenai Loop # 1 well performance continues to be excellent and is currently producing 6.5 – 7.0 MMCFD (1,083 BOEPD), the Company is selling 5.0 MMCFD into its long term gas contract with ENSTAR at a annual weighted average price of US\$6.24 / MCF. In addition, the Company has sold on a temporary basis 1.5 MMCFD to two smaller non-utility Cook Inlet users at US\$15.00 / MCF.

South-central Alaska is currently experiencing severe gas shortages and the winter peaking pricing of incremental gas supply has reached US\$22.00 / MCF. This high pricing range is weather and supply related and could remain in place while winter heating conditions persist; the additional gas available from Kenai Loop field is capable of being sold into this spot market.

The Company has identified temporary portable production equipment to allow an early start-up of production from Kenai Loop # 4 and estimates the well will be on production in 3 - 4 weeks, thereafter the Company will build permanent production facilities at Kenai Loop when weather conditions permit.

The Company will now engage a third party engineer to restate reserves at the 100% Kenai Loop project.

<sup>1</sup> Gas to Oil conversion rate of 6:1



Yours faithfully  
**BUCCANEER ENERGY LIMITED**

A handwritten signature in black ink, appearing to read "D. Gallegos", written over a light grey rectangular background.

**Mr Dean Gallegos**  
**Director**





For further information please contact Dean Gallegos, Executive Director on 0416 220 007 or 02 9233 2520. Alternatively visit the Company's website at [www.buccenergy.com](http://www.buccenergy.com).

#### **About Buccaneer**

*Buccaneer Energy Limited is an Australian listed company focused on developing its 100% owned oil & gas assets in Alaska. The Company's flagship projects are a series of onshore and offshore developmental and exploration prospects in Alaska's Cook Inlet.*

*Buccaneer Energy has a 3 pronged cash flow strategy:*

- *Developing the 100 % owned Kenai Loop onshore gas project with independently assessed 6.4 MMBOE in 2P Reserves;*
- *Operating a Offshore Jack Up rig for use by third parties in the Cook Inlet; and*
- *Developing its 100% owned offshore Cook Inlet projects that have independently assessed 88.4 MMBOE in 2P Reserves / P50 Resources using the acquired Jack Up rig.*

*Buccaneer Energy has a 50/50 joint venture with Singaporean based Ezion, a leader in the development, ownership and chartering of strategic offshore assets and the Alaskan Industrial Development and Export Authority ("AIDEA"). This joint venture has acquired the jack-up rig "Endeavour" which is capable of drilling in all areas of the Cook Inlet, the Beaufort Sea and the Chukchi Sea. Mobilisation of the Endeavour into the Cook Inlet was completed in late August 2012.*

*The Alaskan Government is supportive of oil and gas in the Cook Inlet. There are a number of fiscal incentive programs for exploration and development in the Cook Inlet.*

*Buccaneer Energy has drilled the onshore Kenai Loop #1 well. The well was tested to have a flow rate of 6 – 8 mmcfd (750 - 1,000 BOEPD<sup>1</sup>) and the Company constructed both the pipeline and facilities at Kenai Loop, the well started production and selling gas in early January 2012.*

*Buccaneer Energy also has major working interests in two producing projects in Texas, USA. Pompano is an offshore gas project located in the Gulf of Mexico, drilled by the Company in 2008 and has an additional pipeline of 'drill-ready' gas prospects.*

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