



INVESTOR PRESENTATION – February 2011

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## **Competent Person Statement:**

***The information in this report that relates to oil and gas exploration results and hydrocarbon resources is based on information verified by Mr Michael Sandy (BSc(Hons) Melbourne University), who is a petroleum geologist. Mr Sandy is a Director of, and consultant to, the Company. Mr Sandy has more than thirty years experience in this discipline and he consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.***

## Abbreviations:

Gas: Bcf = billion cubic feet, mmcf = million cubic feet  
Condensate: b = barrels, bc = barrels of condensate  
mmb = million barrels, WI = Working Interest, NRI = Net Revenue Interest

# Burleson Energy at a glance...

## Market Snapshot

Trading symbol: ASX:BUR  
 Ordinary shares: 274.5m  
 Listed Options: 68.6m  
 Convertible Notes: nil- repaid 1 Jan 2011  
 No of Shareholders: ~1,200  
 Top 20 Shareholders: ~35%  
 Cash : ~\$2m (end Dec 10)

## Share Price & Liquidity

Market price ~7 cents/share  
 Market capitalization ~A\$20 m  
 12 Month Trading Range: \$0.053 – \$0.125  
 Average Trading Volume: ~1,250,000/day



# An experienced and well credentialed Board

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## **MR NORMAN ZILLMAN - Non-Executive Chairman**

Norman Zillman is a professional geologist with more than 40 years experience in petroleum, coal, coal bed methane, geothermal and mineral exploration and production in Australia and internationally. Mr Zillman has occupied the positions of Deputy CEO of Crusader Limited, General Manager Exploration and Production with Beach Petroleum N L and inaugural Managing Director and a founder of Coal Bed Methane company Queensland Gas Company Limited (QGC) being responsible for the initial acquisition of all of its areas, the successful floating on the ASX and the discovery of QGC's first CBM gas field Argyle.

## **MR MICHAEL SANDY - Managing Director**

Michael Sandy is a geologist with more than 35 years experience in the resources industry, mainly as a consultant but also senior roles with Oil Search and Novus Petroleum. He holds a Bachelor of Science (Hons) majoring in geology from the University of Melbourne and is a member of the Petroleum Exploration Society of Australia and the Australian Institute of Company Directors.

## **MR JOHN MCALWEY - Non-Executive Director**

John McAlwey is a lawyer with more than 40 years' experience in the resources, finance and property sectors. He holds a Bachelor of Law from the University of Western Australia. He has been involved in the establishment of numerous companies and businesses including the roles of chairman and director of a number of mining and exploration listed companies.

## **DR ANDREW KUGLER JR Non-Executive Director**

Dr Andrew Kugler, Jr is a geologist and geophysicist with more than 40 years of experience in the oil and gas industry. He holds a Bachelor of Science Geology from Yale University (USA), a PhD in Geology from University of Tasmania and is a member of the American Association of Petroleum Geologists, a registered Certified Petroleum Geologist and a member of the Society of Independent Professional Earth Scientists.

## **MR KHIB KUGLER - Non-Executive Director**

Khib Kugler graduated from The University of Texas with degrees in Geology and Business, and a graduate degree in Geophysics. He has more than 25 years of geological and geophysical experience both internationally and in the US, including eight years with Texaco.

## **MR KEVIN LYNN - Company Secretary**

Kevin is a Chartered Accountant, Fellow of the Institute of Company Directors and Finance Institute of Australia and has more than 20 years' experience in accounting and finance with public companies.

# 2010/11 successful drilling program, 5 wells on or near production

## Heintschel #1 \*Discovery\*

- Discovery well for the **Heintschel field**, gas and condensate in Wilcox reservoir.
- Much larger than expected - 68 m gas column with 41 m gross gas sand.
- On production: flow rates during December 2010 averaged 1.32 mmcf/day gas + 56 b/day condensate: valuable cash-flow.

## 2 Heintschel step out wells \*Successful\*

- D Truchard #1, bold step-out 2.9 km from H#1
- Heintschel #2, 0.37 km from H#1
- Gas & condensate in Wilcox reservoirs
- Fraced 24/25 January and on production soon
- Initial rates 1 to 1.7 mmcf/d gas and 20 to 60 b/d condensate

## Joann #1 \*Discovery\*

- Gas & condensate discovery in Wilcox reservoir.
- Intersected four separate reservoir sands with gas and condensate.
- Flow tested at 2.1 mmcf/d gas and 38 bc/d on a restricted choke from 1 zone.
- Connection into sales line expected by mid February.

## Brasher #1 \*Discovery\*

- Gas discovery in shallow Yegua reservoir. Low cost well.
- 4.3 m gas sands encountered, successfully flow tested and gas produced to sales.
- Tied into sales line. Remedial work underway

# 2011 Value Drivers

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## Heintschel Development

### **First two appraisal/development wells successful following H#1 discovery**

- D Truchard and H#2 both gas condensate producers
- Potentially 24 well, 87 bcf gas and 1.6 mmbc+ development.
- Quality operator with substantial US onshore experience.

## Reserve Booking

### **Heintschel development will lead to reserve booking.**

- AKG volume assessment low case 25 bcf to high case 87 bcf gas + high condensate.
- Reserve potential in Joann discovery still to be developed.
- Maiden reserve booking anticipated 1H 2011.

## Strong Economics

### **High liquids content. Has exceeded expectations.**

- Wilcox discoveries have associated condensate – strong current oil price.
- Low well drilling costs lead to faster well payback.
- Gas is liquids rich: attracts premium to Henry Hub gas price marker

## Leveraged to Drilling Success

### **100% drilling success rate within Colorado County 3D project area.**

- 5 wells on production as of February 2011
- Active development and exploration drilling program in 2011.
- 600 bcf “Woppa” deep Edwards target to be drilled following farm-out.

## Sound Balance Sheet

### **Pro-forma ~\$2 million in cash as of end Feb 2010.**

- Will have cash flow from 3 Heintschel and 1 Joann wells
- Royalty income from Austin chalk.

# Location snapshot

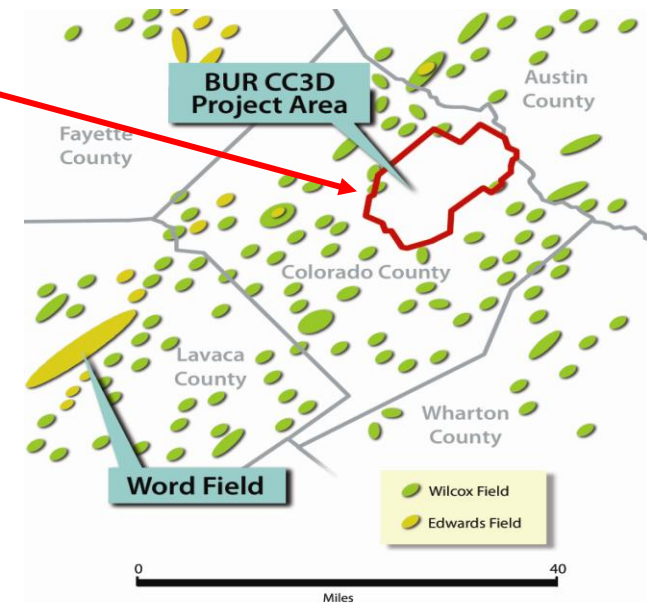


## Regional Map – Colorado County

- BUR main (CC3D) project area highlighted below
- 25,000 acres of highly prospective acreage
- Numerous, mainly Wilcox, producing fields surround project area
- Also 600 bcf Edwards “Word” Field along trend
- Burleson has drilled 6 wells in Colorado County with 5 commercial successes.

## BUR Project Location Drivers

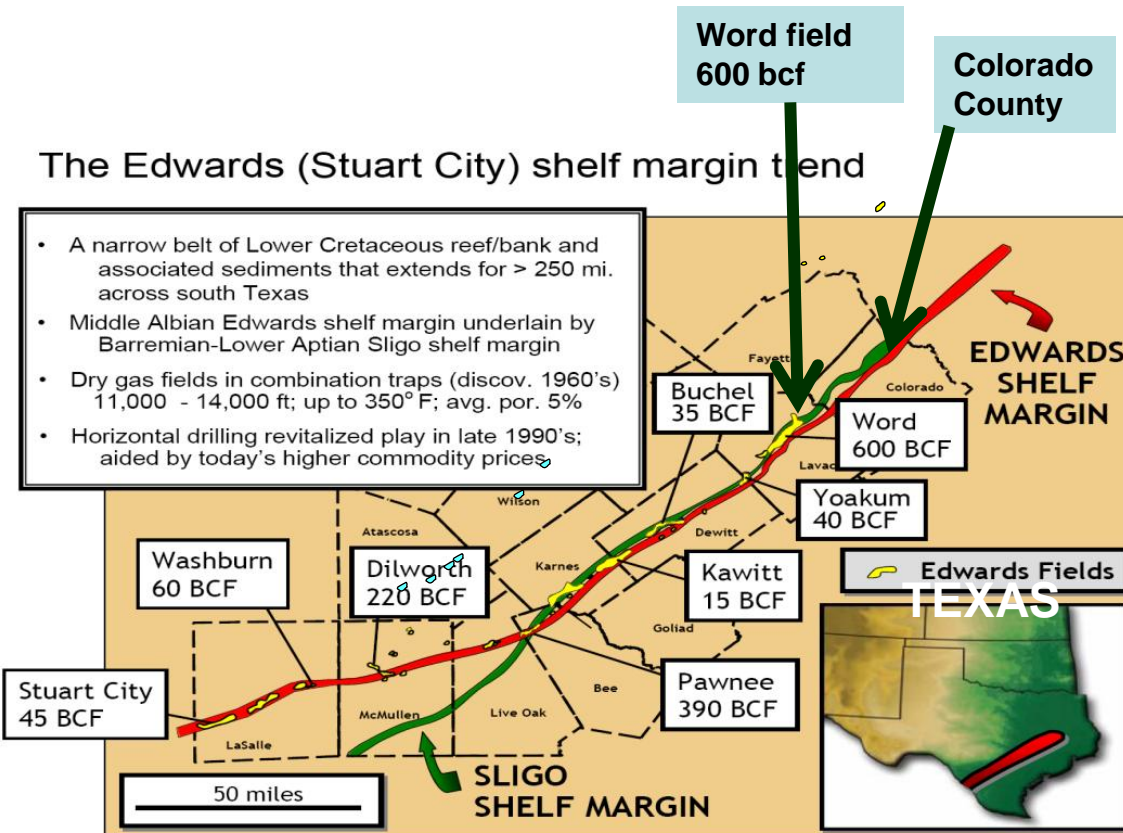
- Numerous commercialisation options
- Quality & experienced operators
- Quality data - 3D Seismic
- Open access infrastructure
- High rates of drilling success
- Rig & service availability
- Suitable land tenure options



# Edwards Prospect – “Woppa”

## The Edwards (Stuart City) shelf margin trend

- A narrow belt of Lower Cretaceous reef/bank and associated sediments that extends for > 250 mi. across south Texas
- Middle Albian Edwards shelf margin underlain by Barremian-Lower Aptian Sligo shelf margin
- Dry gas fields in combination traps (discov. 1960's) 11,000 - 14,000 ft; up to 350° F; avg. por. 5%
- Horizontal drilling revitalized play in late 1990's; aided by today's higher commodity prices



## Woppa

- Most of BUR's prospects have Wilcox reservoirs
- However Woppa is a very large, deeper prospect with stacked Edwards and Sligo carbonate reservoirs
- On trend from (and deeper than) 600 bcf producing “Word” Field and other large Edwards fields
- A deep well would intersect the following reservoirs at depths > 15,000 feet

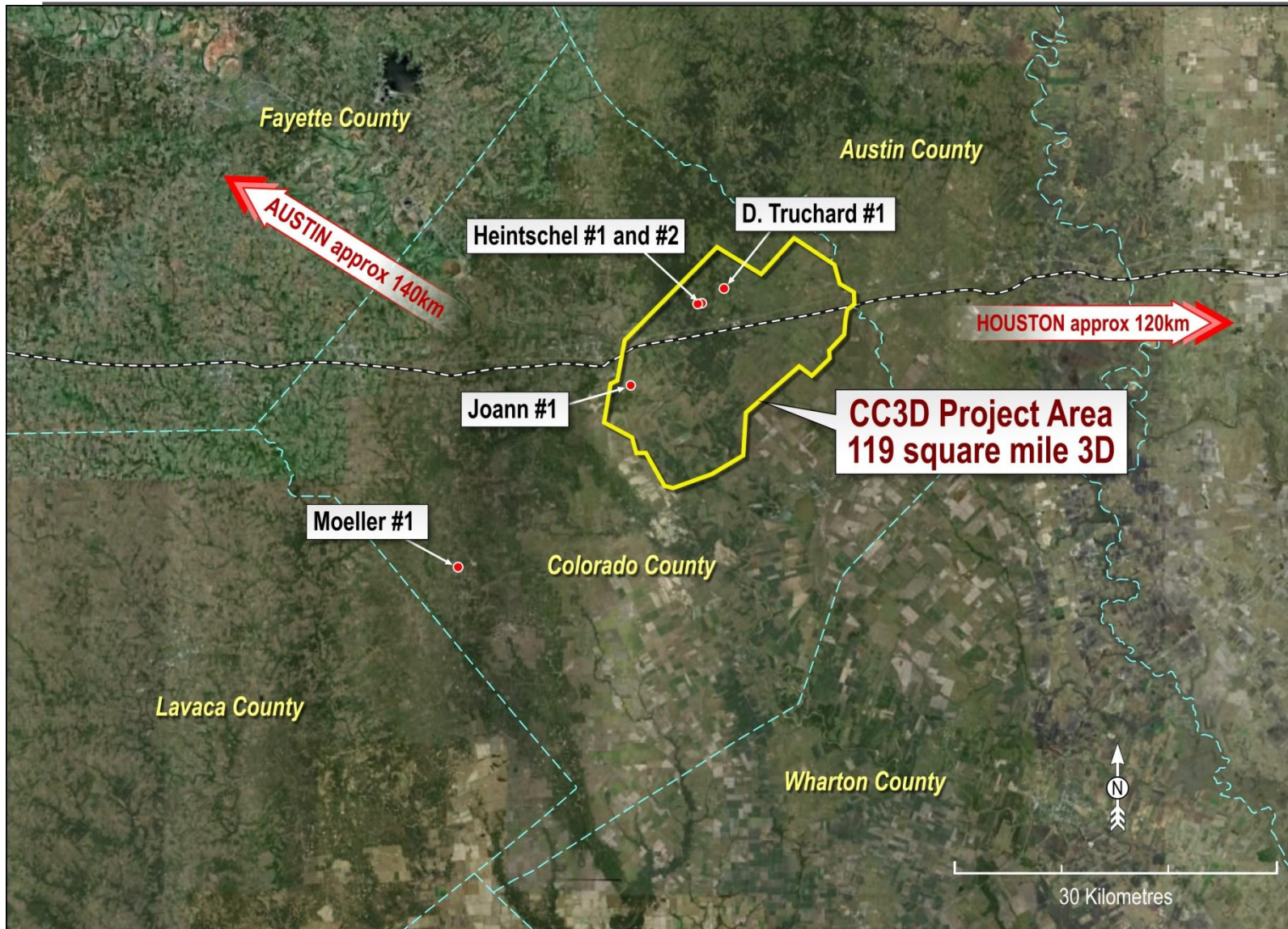
- **Austin Chalk** (uppermost)
- **Eagle Ford Shale**
- **Edwards Carbonate**
- **Sligo Carbonate**

- BUR is looking to farmout part of its interest in the well

- Large US independent Pioneer Natural Resources has been chasing the Edwards trend, and in 2009 acquired 3D seismic in several surveys to the border of Colorado County



# CC3D Project Area, Colorado County, Texas



The **CC3D project area** is conveniently located between Houston and Austin and is bisected by a major highway (I10).

# Burleson Track Record and Plans

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## Track Record

- Burleson targeting conventional reservoirs with **low cost**, vertical wells, onshore Texas.
- Five discoveries from six wells in 2010/2011 drilling campaign = **83% success rate**.
- **100% success rate for wells drilled in CC3D project area.**
  - 1st well, Brasher #1 on gas production
  - 2nd well Heintschel #1 – new field discovery of “**company-maker**” size, on production.
  - 4th well, Joann # 1 - gas and condensate discovery
  - 5th well D Truchard #1 step-out well - gas and condensate discovery
  - 6th well Heintschel #2 development well - gas and condensate discovery
- **Burleson historical drilling track record now 91% success rate** (10 from 11, including 5 chalk wells)

## Near term Focus

### **Development wells = cash-flow + reserves**

- Recent focus on appraising and developing the Heintschel field and securing a strong cash-flow stream.
- Will continue the appraisal and development program as well as undertake new exploration drilling.....

### **Active High Impact Wildcat Program in 2011**

# 2011 focus

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## Active 2011 Exploration Campaign

### Numerous Wilcox prospects including :

#### WH 4 prospects

- Wharton County
- Acquired in January 2010
- Potential for 41 Bcf gas.

#### Moeller prospect

- Located 475m updip and 53m structurally high to Moeller #1 (hydrocarbon shows).
- Updip location has potential to contain 10.4 Bcf gas and 0.24 mmb condensate.

#### Hill Prairie Bell project

- Acquired November 2010 (BUR WI 36%).
- New prospects with potential for ~14 bcf of gas and 0.4 mmb condensate.

#### Heintschel look-alike structure

- Colorado County
- 10 to 60 bcf

### Woppa Prospect

- Edwards and Sligo carbonate feature.
- Potential to hold more than 600 billion cubic feet (Bcf) of gas.
- Subject to farmout

### IK3D Project

- BUR also has 38% of a right to secure another 1000 sq miles of 3D seismic from a large seismic data base (**1K3D project**)
- The two 3D projects will provide BUR with numerous future drilling targets

# Results: Heintschel #1 Discovery well

## Heintschel #1 Snapshot

- Spudded April 2010
- Large gas condensate discovery in Wilcox (Prairie Bell) sands
- Located within main CC3D area (BUR WI 38%, NRI 29.59%)
- Discovery size exceeded expectations
  - Thicker hydrocarbon column – 70 meters
  - Larger prospect area - 4460 acres
- Successful frac completed October 26 2010, now on production
  - December 2010 average flow rates:
    - 1.3 mmcf/d gas
    - 56 bbl/d condensate
- Higher condensate yield than anticipated so condensate numbers quoted below expected to increase

## Heintschel Field Volume Estimates

Heintschel	Gas (BCF)	Condensate (mmbc)	Number of wells to develop
Low case	25.6	0.465	4-8
Mid case	58.9	1.07	6-16
High Case	87.7	1.6	12-24

Estimates by AKG Energy. To be updated following results from later wells.  
Condensate numbers expected to increase.

# Results: Two Heintschel step-out wells successful

## D Truchard #1 and Heintschel #2 Snapshots

**Both wells flowed at commercial rates of 1 to 1.7 mmcf gas per day and 20 to 60 barrels of condensate per day.**

**D Truchard #1**: Spudded November 2010, located 2.9 km from H#1 (BUR WI 38%, NRI 29.64%)

- Targeted closure in middle of Heintschel structure (previously mapped as a separate prospect).

**Heintschel #2**: Spudded December 2010, located 0.37 km from H#1, (BUR WI 38%, NRI 29.59%)

- Targeted the same sands as H#1 in an updip location

**Well results** Both wells intersected gas + condensate in Wilcox sands and flowed at commercial rates.

- No water contacts intersected - increases the size of the reservoir.
- Fraced 24 and 25 January with conservative frac programs - data to optimise future well fracs and production
- Initial flow rates 1 to 1.7 mmcf/d gas and 20 to 60 b/d condensate,
- Both wells flowed unexpected volumes of formation water
  - Adds additional, manageable, water handling costs
  - Despite water production, subsurface mapping and log analysis indicate recoverable hydrocarbons remain the same as the numbers shown on slide 12.
  - Well reservoirs have "pressure-drive" not "water-drive" so water rates are not expected to increase with time
- All new wells need to be produced and monitored for an extended period

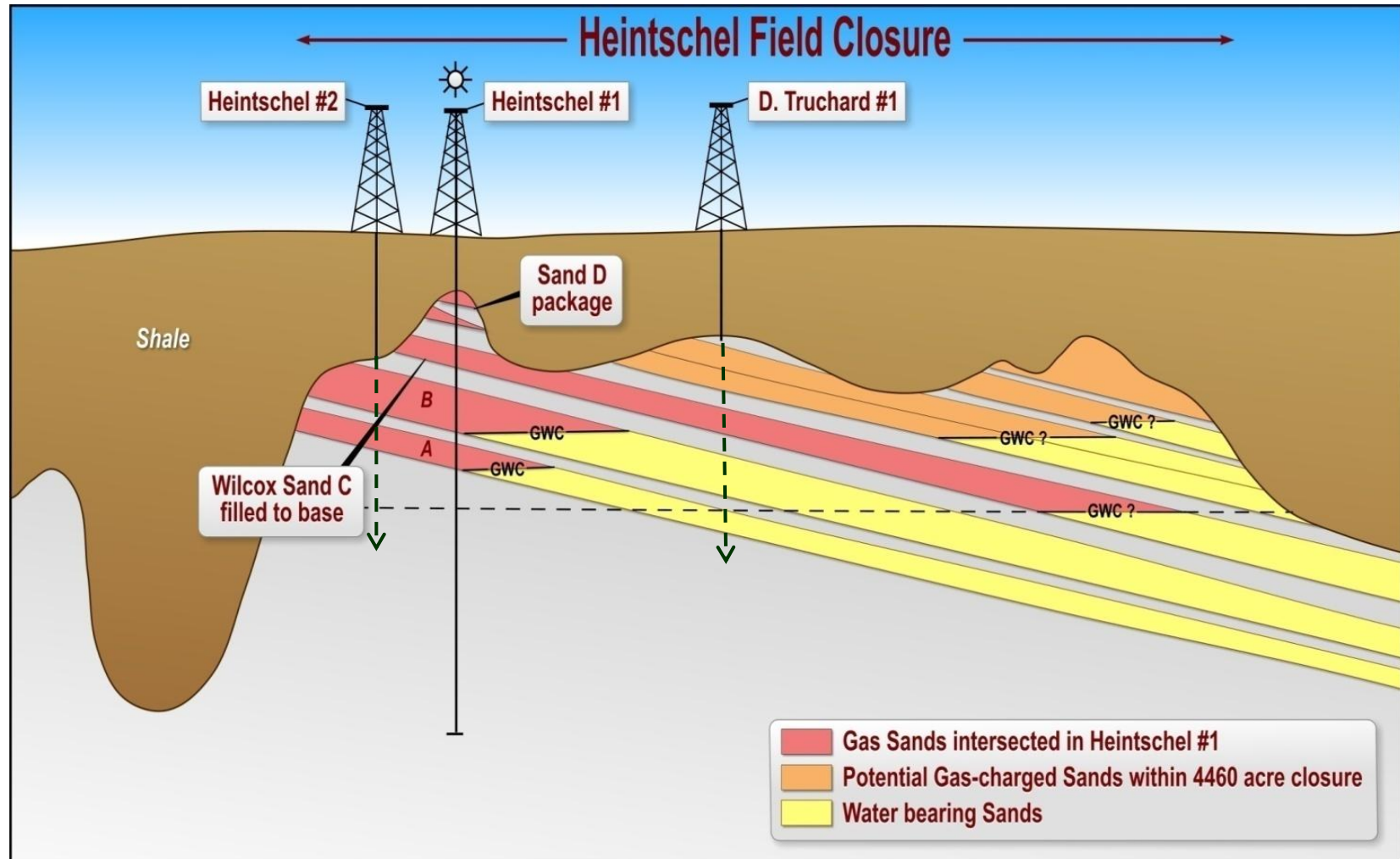
**Success** = Two more sources of production and cash flow

Firming-up of reserve and resource estimates for the Heintschel field.



# Heintschel Field Schematic

**Two wells in most recent program:  
D. Truchard #1 and Heintschel #2**



# Results: Other, Earlier, Discoveries

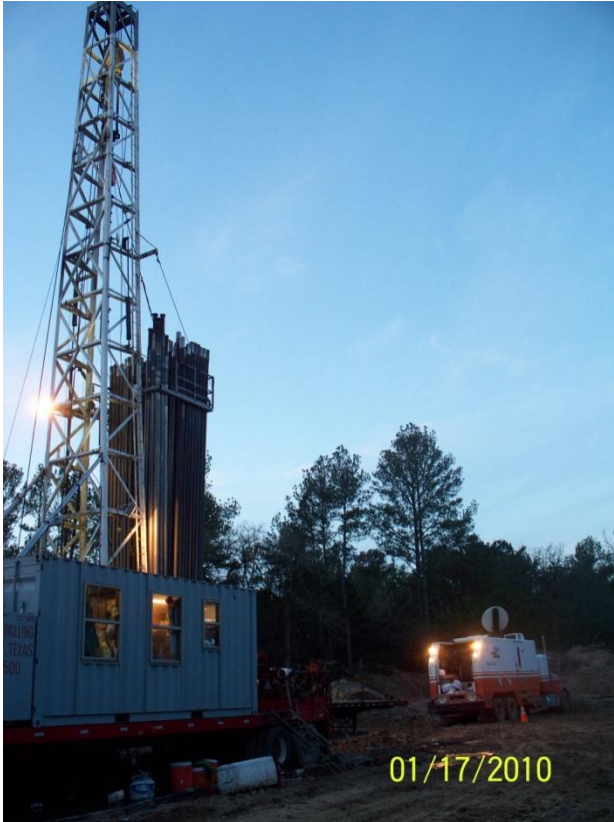
## Brasher #1 Snapshot

- Located within main CC3D area (BUR WI 38%, NRI 29.77%)
- 1<sup>st</sup> well in program
- Low cost shallow well to **Yegua** sandstone reservoir target
  - Cost: US\$0.6 million
  - Depth: 1500 metres
- Spudded February 2010
- Gas discovery with gas sales commencing March 2010
- Currently shut-in, undergoing remedial work.

## Joann #1 Snapshot

- Located within main CC3D area (BUR WI 39.4%, NRI 30.73%)
- 4<sup>th</sup> well in 2010 exploration program
- Spudded June 2010
- Gas & condensate discovery in **Wilcox**
  - Flowed 2.1 mmcf/day of gas plus 38 bbl/day condensate
    - Represents restricted flow through small choke.
    - Measured flow from just one zone – 3 other untested gas zones in the well.
  - Anticipate higher rates when well opened up to sales.
- Expect well to be connected to sales by mid February 2011.
- Reserves in Joann accumulation to be determined.

# Burleson Contacts



Brasher #1 well

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D. Truchard #1 well