



23 June 2014

Manager of Company Announcements
ASX Limited
Level 8 Exchange Plaza
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By E-Lodgement

Operations Update

Highlights

- **Burruna-3 Well Online**
- **Production from Burruna Oil Field in excess of 1,000 barrels per day**
- **PEL 110 seismic survey identifies 7 “First Pass” leads**
- **Two (2) priority prospects identified**
- **ICE Brent Crude up 5% in past 2 weeks**

Burruna Oilfield

Orca Energy Limited (“Orca” or the “Company”) is pleased to advise that its most recently drilled development well, Burruna-3, is now online and producing oil. Initial flow rates from Burruna-3 are still stabilising as the pump speed is being optimised, however the Burruna Oil Field has now regularly produced over 1,000 barrels of oil per day (200 barrels per day net to Orca) since Burruna-3 was brought online.

After the successful installation of an Electric Submersible Pump (ESP) at Burruna-2 in March, some piping changes were made recently to more efficiently flow the well. These changes, specifically “lowering the gun barrel”, has allowed increased flow rates from Burruna-2. Burruna-3 production from the Birkhead Formation is in-line with expectations and expected to produce clean oil with little to no water for an extended period.

The Burruna Oil Field last month produced its 100,000th barrel of oil, with Orca on average receiving in excess A\$120/barrel due to the premium quality of the oil.

BOARD & MANAGEMENT

Mr Greg Bandy
EXECUTIVE DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Jeremy King
NON-EXECUTIVE DIRECTOR

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ASX CODE

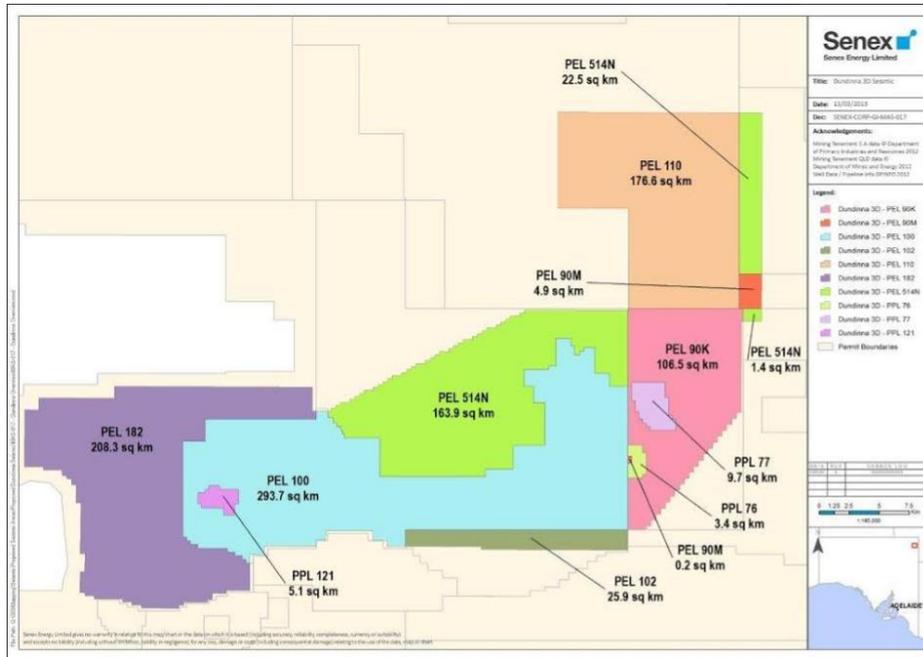
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PEL 110

The PEL 110 block is a 1,453km² exploration license in the Cooper Basin located north of the Keleary and Teloepa oil and gas fields and west of the James oil field.

Last year, a 1,037km² seismic program over 10 exploration blocks (including PEL 110) was carried out by JV partner and Operator, Senex Energy Limited (ASX: SXY), with processing and interpretation now close to completion.



Initial work has identified multiple first pass leads on PEL 110, all with potentially stacked horizons. Of these leads, two (2) are expected to be to be prioritized for drilling in the second half of 2014 with a work program and budget recently approved by the JV for the drilling of two wells.

It is important to note that **all** of the initial first pass leads identified from the 3D seismic program on PEL 110 exhibit 4-way structural closure. An initial review of the seismic data indicates there is additional potential for stratigraphic prospects in block PEL 110 that will be properly delineated once the detailed interpretation of the 3D is complete. The 3D seismic covers a large area, but one that is sparsely explored. Of the 26 wells drilled within the Dundinna 3D seismic area, those interpreted to have been drilled within a valid structural closure have produced oil on 67% of occasions.

	# of Wells	Wells with production	Wells with fluorescence
All	26	7	19
Wells with closure	9	6 (67%)	
Wells barely closed	8	1 (12%)	7 (88%)
Wells with no closure	9	0 (0%)	9 (100%)



Texas - Seabiscuit Project

As previously announced, Orca's Joint Venture partner and Operator, Dan A. Hughes Company (Hughes), has made a decision on the route to access the Seabiscuit well site location. This route, from the south, will involve dredging a channel to bring in equipment by barge. This decision was made after consultation with existing landowners to the north as well as with other JV partners and stakeholders in the well. It is seen as the most cost effective route available as well as being more efficient should more wells be required to be drilled in the future. Dredging approval has been received from the Texas Commission on Environmental Quality with approval from the Corporation of Engineers still pending. Orca still remains optimistic that drilling will begin after the Gulf Coast hurricane season, in Q4 2014.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Greg Bandy', written in a cursive style.

Greg Bandy
Executive Director