



# Austin Exploration Limited

Based in Adelaide Australia: listed on the Australian Securities Exchange ("AKK")

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**ASX Announcement**

**Monday July 28 2008**

## **Gas Sales from U.S. Development Field Begins Planning for Second Gas Processing Plant Underway**

Australian oil and gas developer, Austin Exploration Limited (ASX code: "AKK"), today announced that key testing benchmarks for the upstream, midstream and downstream gas systems have been achieved at its United States, Park City development field.

Since July 1, 2008 Austin has delivered varying daily amounts of natural gas through the Park City field infrastructure and has achieved an average daily production of 420 mcf (420 thousand cubic feet) of natural gas. Utilizing a \$10 per mcf gas price this daily production volume represents gross income in excess of USD \$1.5M annually. Testing of the infrastructure has been underway since drilling was paused on June 27, 2008.

"Our recent decision to temporarily pause our drilling program and shift our resources toward well completion and production has proven to be the right strategy and a rewarding one for the Company and its shareholders. Austin will continue the current drilling pause to focus on the completion of our 17 already drilled wells, only one of which has been acid stimulated or undergone a frac procedure." Mr. Schuette said.

All gas production has been sold to the [Texas Gas Transmission Company](#) by the operator Resource Energy Technologies, LLC (RET) through an established sales agreement with [Atmos Energy Marketing](#), a division of America's largest gas only utility. Austin anticipates receiving first income for its net revenue interest from these sales within 60 to 90 days.

"While I am excited to have our first gas sales from this project, it represents only a small fraction of what this field is capable of. We know that to adequately recover the estimated 39BCF to 73BCF of estimated gas in place for this field, we will need to drill for several years and add new processing plant capacity along the way." Austin Exploration's Managing Director, Mr. David Schuette, said today.

The company also announced today that with a proven gas field now in place, it has begun discussions with the operator and Atmos Gathering Company to more than double the capacity of the existing plant. More details will be announced as they become available.

"As plant operations and processing capacity are further improved we will begin increasing the flow rate of each well and thus move more gas from our wells to the plant. We intend to stimulate and/or Frac every well we have drilled, but do so at a pace that maintains manageable gas pressures into the delivery system and the processing plant." Mr. Schuette said.

Mr. Schuette went on to further outline how the company now strategically views the ongoing development of Park City.

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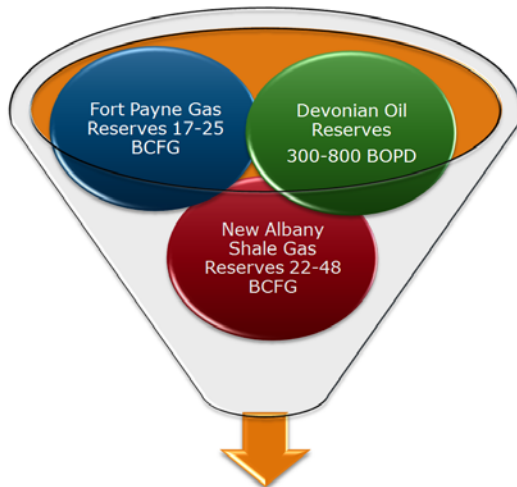
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## Strategic Focus and Operational Approach Going Forward

1. A review of independent geologic studies of the field indicates that hydrocarbon reserve estimates are large enough to require several years of drilling to adequately produce them. The operator in conjunction with Austin Exploration must use the latest drilling and extraction techniques to optimize oil and gas flows from this field.



**Several Years of Development Drilling  
Required to Produce the Field**

### Independent Geologic Studies performed over the last 10 years

1. Estimate Ultimate Recovery of 39 BCF to 73 BCF of natural gas
2. With additional potential of 300 to 800 barrels of crude oil production per day.

2. Capital investment return is favorable regardless of the varying nature of individual well flows. By utilizing the lower end recoverable gas in place estimate of 39BCF (New Albany + Fort Payne) for this field and a production lifetime per well that can exceed 30 years, we view this field as a long term income producing annuity that should cumulatively deliver millions of dollars to AKK.

- a. Every well will undergo multiple formation stimulation events during the lifetime of the wells anticipated production.
- b. Each stimulation event will be determined on an individual well basis dependant on formation thickness, porosity and flow decline rates

#### ▶ Natural Gas In Place at 39 BCF

- Initial 10,000 acres will require 3-7 years to drill enough wells capable of extracting the gas
- Gas flow that can exceed 30 yrs per well
- Expansion of delivery and processing plants will also take place
- AKK earns 56.25% NRI

**\$239M to AKK @ \$11mcf**

#### ▶ Crude Oil at 300 Barrels per day

- Small percentage of wells will have oil present
- Production can be as little as 5 and as high as 50 barrels per day from each well with oil present
- AKK earns 56.25% NRI

**\$2.7M to AKK Per Year @ \$125 Per Barrel**

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- c. Individual well pressure into the pipeline can cause lower producing wells to hold at the wellhead. This requires extensive well head pressure monitoring to insure that gas from every well will flow into the delivery system. Daily flows at the well head will be computer adjusted to optimize throughput at the processing plant.
3. Original projections of 44 wells drilled for calendar year 2008 should be adjusted downward to 35 and then increased as the operations and downstream capacity are expanded.
4. Human capital both at RET and Austin Exploration will scale at rates slightly faster than the demand at Park City requires, primarily technical specialists that can aid with the extensive planning needed to properly develop upstream and downstream infrastructure.

The company maintains an undivided 75% Working Interest and a 65.625% Net Revenue Interest in every well it drills at Park City, moving to a 56.25% Net Revenue Interest from January 1 next year.

## **MEDIA CONTACT:**

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## **About Austin Exploration Limited**

Austin Exploration (Austin) is an oil and gas development company with assets in Australia and the United States. Utilizing a broad industry network developed from over 30 years of noteworthy investment and acquisition experience by its executive team, Austin seeks to identify suitable development prospects, conduct thorough geological and engineering evaluations and then identify suitable farm-in partners for long-term development of these prospects. Austin is listed on the Australian Securities Exchange (ASX code: AKK). For more information, visit [www.austinexploration.com](http://www.austinexploration.com)

## **Henry Hub Energy Prices**

For a complete listing of daily trading prices for oil and gas please visit the Bloomberg index at <http://www.bloomberg.com/markets/commodities/energyprices.html>.

## **Other Shareholder Resources**

For more information regarding the types of drilling techniques and well stimulation methods used to increase gas flow from wells at Park City, [please visit our oil and gas learning center](#). The company has also provided a [Glossary of Terms](#) that may be helpful to some of our readers. Austin's website hosts a number of data sources and video that provide valuable learning tools for those interested in increasing their understanding of this sector.

## **Competent Persons Statement:**

*In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. Stanley L. Lindsey, Chief Geologist, Austin Exploration Limited. Mr. Lindsey holds a Bachelor of Science Degree in Geology with a minor in Chemistry. Mr. Lindsey has over 28 years of experience including prospect generation, operations, deal appraisal and recommendation, economics, and development. His background also includes mapping, utilizing integration of 2-D and 3-D seismic with subsurface data and reserve calculations. He is a Certified Petroleum Geologist and has been a member of the American Association of Petroleum Geologists and the Houston Geological Society since 1979. Mr. Lindsey also belongs to the Society of Independent Professional Earth Scientists (SIPES). Mr. Lindsey has relevant experience within the industry and consents to the information in the form and context in which it appears.*

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