



# Austin Exploration Limited

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

## ASX Announcement

13 May 2010

### For Immediate Release

The Manager  
Companies Announcements Officer  
Australian Stock Exchange  
Electronic Lodgement

## USA, Austin Chalk Prospect Acquired

- **Austin subsidiary acquires North Carrizo oil prospect in USA**
- **North Carrizo is supported by proprietary 3D seismic mapping**
- **Operator has extensive experience and excellent success record**
- **Drilling of the prospect scheduled to commence in June**

Dear Sir/Madam,

The Board of Austin Exploration Limited (ASX: "AKK") is pleased to provide the following information regarding the North Carrizo oil prospect acquired recently by Austin's 100% owned USA subsidiary, Aus-Tex Exploration, Inc, in Dimmitt County, Texas.

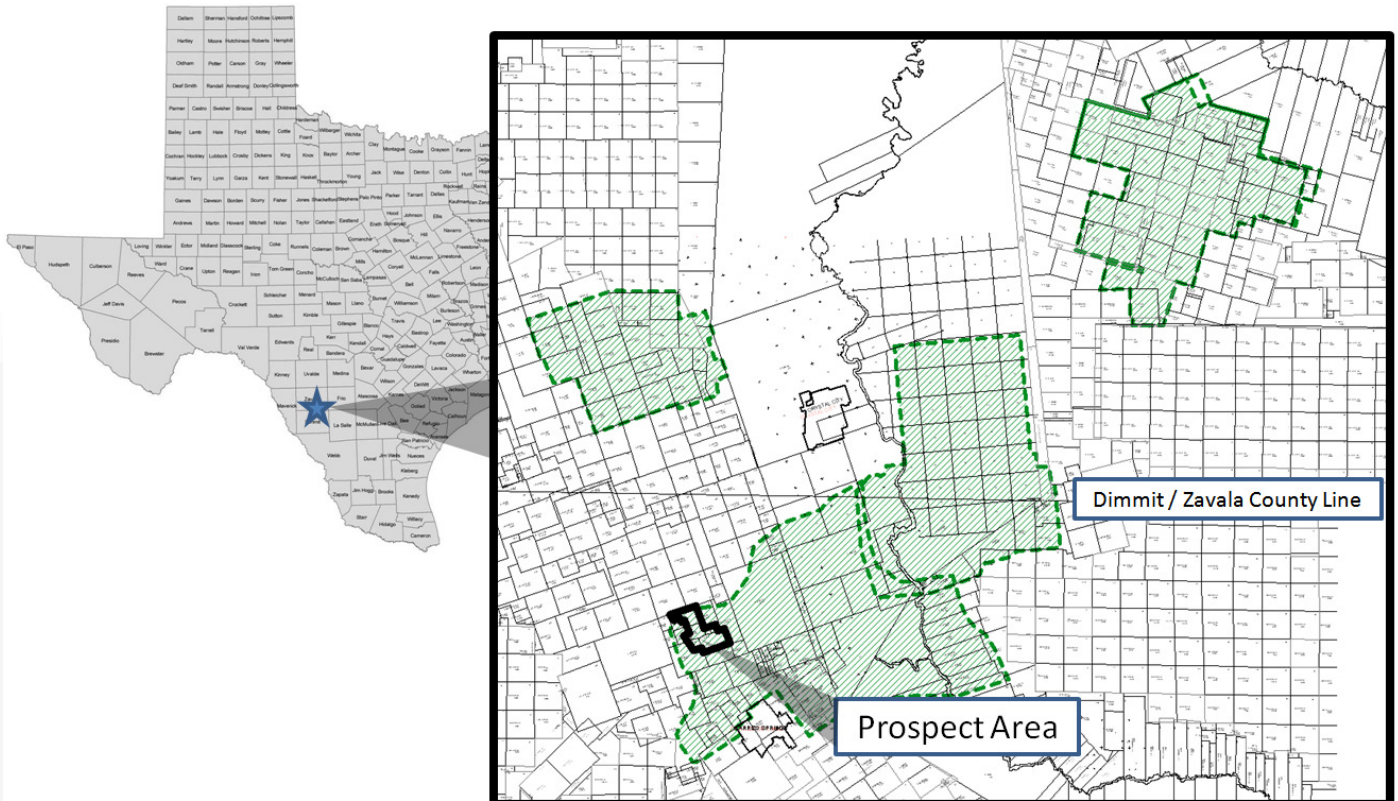
- The North Carrizo Prospect is an Austin Chalk formation prospect which has been identified on proprietary 3D seismic data set, comprising two target zones, the B Zone (Upper Austin Chalk) & the E Zone (Lower Austin Chalk).
- The prospect will have a single well that is to be drilled as a dual lateral horizontal. Vertical target depth is estimated at 5,000 feet. Two horizontal laterals are anticipated to be completed each at lengths between 2,000 and 2,500 feet.
- By comparison, a structural analog that is adjacent to the North Carrizo prospect is contained within this same proprietary 3D seismic data set. This adjacent analogous well has produced from E Zone (Lower Austin Chalk), current cumulative production: 338,000 BO & 1.2 BCFG and is still in production today.
- Based on studies conducted from the 3D seismic interpretation and data collected from adjacent leases and analogous wells on trend, reservoir engineers have calculated a reserve potential of approx 200,000-250,000 barrels of oil.
- The operator on the North Carrizo prospect has extensive experience with drilling in Austin Chalk formations and an excellent success record. They have been involved in a continuous drilling program since 2004 in adjacent and surrounding areas. That program has produced 15 drilled locations of which 14 are in production. Lowest production from any single well is 250 barrels of oil per day and the highest 950 barrels per day.
- The North Carrizo prospect is currently scheduled to spud in early June.
- Aus-Tex will control a 45% WI through casing point, a 40% WI after casing point and a 27.36% NRI

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- Total drilling costs to the 100% Working Interest (WI) of all parties is estimated at USD \$1,933,290
- Drilling, completion and full production operations are anticipated to take 60 days from spud to complete.

## Regional Map



## Aus-Tex - Chief Geologist Observations

- The use of 3-D data results in cumulative production from the Austin Chalk is 300% higher than horizontal wells drilled without 3-D data. The seismic allows for much more accurate targeting of fracture zones, which provide the porosity in the Austin Chalk. The San Antonio Texas-based operating company will drill a single lateral from northwest to southeast, which will adequately drain the feature. If the Austin Chalk "B" is also found productive, a second lateral could be drilled to target this porosity.
- The operating company has extensive experience drilling horizontal wells. In addition, it has expertise in drilling underbalanced. This lessens invasion and resulting formation damage as opposed to drilling overbalanced. By drilling underbalanced, the well will be producing oil as it is being drilled. This

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cleans out the fracture porosity for a better completion. The oil is caught in frac tanks and sold at the end of the operation. In some cases, the well will pay out while it is being drilled. It typically takes 1 to 2 months to install surface equipment and tie into pipelines. There is a pipeline immediately adjacent to the North Carrizo prospect leases.

- The risk associated with the project is primarily mechanical risk associated with drilling a horizontal well.

## **HELD INTEREST**

Interest Holder	WI BCP	WI ACP	Net Revenue Interest
Aus-Tex Exploration, Inc.	45%	40%	27.36%
Other Investors	55%	60%	48.64%
Prior Mineral Owners	0%	0%	24.00

## **COMPETENT PERSON'S 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 and has over 30 years of oil and gas experience including exploration, development, operations, acquisitions and divestitures. 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. He also belongs to the Society of Independent Professional Earth Scientists (SIPES). Mr. Lindsey has the relevant experience within the industry and consents to the information in the form and context in which it appears.

## **MEDIA AND INVESTOR CONTACT:**

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Please visit the company web site for more information on this property and other projects that the company maintains an interest in. <http://www.austinexploration.com/>

**ENDS**