



# Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange ("AKK")

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ASX ANNOUNCEMENT

7<sup>TH</sup> July 2011

**For Immediate Release**

The Manager  
Companies Announcements Officer  
Australian Stock Exchange  
Electronic Lodgement

**INDEPENDENT EXPERT CONFIRMS SIGNIFICANT PROSPECTIVITY OF RECENTLY ACQUIRED EAGLE FORD ACREAGE**

- **Independent Report estimates Eagle Ford oil production potential of 179,000 – 810,000 barrels of oil per well, with additional potential from Austin Chalk and Buda/Georgetown Limestone**
- **Independent report suggests potential for 32 development wells on 5,000 acre Birch Prospect**
- **Austin's acreage position increased to approximately 3,097 acres**
- **Austin remains on track to complete 5,000 acre Birch Prospect acquisition by end of July 2011**
- **Drilling programme brought forward to commence in July 2011**

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Dear Sir/Madam,

**The Board of Austin Exploration Limited** (ASX: AKK), on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc, is pleased to announce that having acquired 3,097 of highly prospective Eagle Ford acreage, with 5,000 acres to be acquired by the end of July, Austin has fast-tracked its 3 well drilling programme, with drilling preparations to commence immediately.

In the Company's continuing effort to more clearly identify and prioritize the development and drilling programme at its **Birch Prospect - Burelson County , Texas USA**, Austin been working with third party geologists to further evaluate and validate the underlying oil and gas reserve assumptions for this field.

As part of this strategy, an independent oil and gas reserves evaluation report was commissioned and recently provided to Austin. The reserves report, authored by Mr. William M Mitchell & Mr. Richard F. Braun, P. Geo, provides an assessment and evaluation of the largely contiguous block of approximately 1,000 acres held by Austin at the time of commissioning the report. Since the date of commissioning the report, Austin's acreage position has grown to approximately 3,097 acres, and is on track to expand the Birch Prospect project area to 5,000 acres by the end July 2011.

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At 160 acre spacing, based on a 5,000 acre Birch Prospect project area, this will allow for 32 wells to be drilled horizontally. Austin will first drill 3 vertical wells, with the first well scheduled to commence in July. Based on these results, Austin engineers will select the best well to proceed with drilling a horizontal ten stage multi-frac.

This independent resource evaluation report covers the Eagle Ford Shale, the Austin Chalk and Buda/Georgetown Limestone formations. The findings of the report are supported by electric logs for analogous wells located on surrounding and nearby leases, electric logs for wells drilled on adjacent or proximal leases, as well as reports prepared by various authors including the Texas Railroad Commission.

Guy Goudy, President of Aus-Tex commented "This report has validated the due-diligence that our engineering team has worked on for many months. We are now fully funded to drill 3 wells in quick time and I expect the economic impact to be significant. In particular, we look forward to being the first company in this area to drill using a multi stage fracing technique that has seen excellent results further to the South."

"The Company looks forward to aggressively developing this prospect into production and will provide regular updates to the market as the drilling programme progresses," Mr Goudy said.

## **OIL AND GAS RESERVE ESTIIMATES PER HORIZONTAL WELL**

<b>OBJECTIVE</b>	<b>OIL(BO)</b>	<b>GAS (MCF)</b>
AUSTIN CHALK	60,000-100,000	60,000-100,000
EAGLE-FORD SHALE	179,735-810,000	179,735-810,000
BUDA/GEORGETOWN LIMESTONE	25,000 - 40,000	25,000 - 40,000
<b>Potential reserves per well:</b>	<b>264,735 -950,000</b>	<b>264,735 -950,000</b>

\*\*Oil to gas ratio= 1bbl/1mcf\*\*

## **Oil Production**

The Birch prospect is in an established oil and gas producing area with marketing infrastructure in place.

It is anticipated that the Company's production will be primarily oil, but considerable gas will also be produced.

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The area of interest is located on the southeast flank of Giddings Field which produces oil and gas from the Austin Chalk. Thousands of wells, both vertical and horizontal, have been drilled in Giddings Field, which has produced over 1.2 billion barrels of oil from the Austin Chalk from 1960 to the present. The production from the chalk, like the Eagle Ford Shale beneath it, is fracture controlled, so there is high variability in the productive capacity of individual wells which range from a few hundred barrels to over one million barrels from individual wells.

The same variability in producing characteristics for the Eagle Ford Shale play can be expected to be revealed as the Eagle Ford play continues to be developed regionally. The lease area is located on gently southeast dipping strata with no recognized surface or subsurface faulting in the immediate area. Some researchers (Tucker Hentz, Texas Bureau of Economic Geology, personal communication, 2011) believe that unfaulted areas hold more potential for ultimate Eagle Ford reserves, since the absence of faults and minimal natural fractures eliminate possible vertical conduits for reserves to migrate out of the Eagle Ford Shale.

## **Gas Production**

Based on data from other Eagle Ford wells in the Birch area the ratio of gas to oil is expected to be 1 MCF of gas per Barrel of oil. Infrastructure maps that can be viewed online at the Texas Railroad Commission show sufficient pipelines and gathering lines within 1km of the Birch prospect. The onsite inspection confirmed the presence of natural gas gathering infrastructure in the immediate area.

## **Multi-Stage Fraccing Technology**

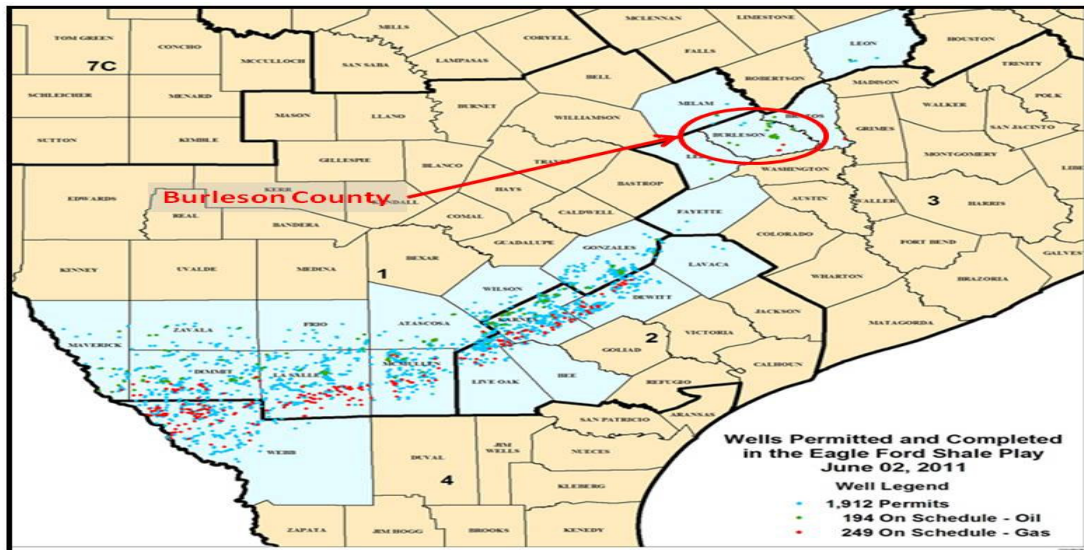
In the Aus-Tex Exploration Inc. lease area, the Eagle Ford occurs at depths of 8,200 to 8,900 feet and the formation is approximately 300 feet thick. The production established from the Eagle Ford in Burleson County by Apache Corporation is, with limited exceptions, vertical wells. Only two long horizontal wells have been drilled and neither has utilized state of the art fracture stimulation of the Eagle Ford Shale.

The company will employ fracture technology used by Petrohawk Energy in the southwestern part of the play at Hawkville Field.

Based on discussion with Schlumberger Well Services, Austin believes a rate of 125 barrels of initial production per stage of horizontal fracture is reasonable. Schlumberger claims their "Hiway" fracture protocol will increase production by 35% for each fracture stage executed, thus in a horizontal well with ten fracture stages, we expect a possible  $125\text{bbl} \times 10 \text{ Stages} \times 1.35 = 1,687.5$  barrels of oil per day initial production.

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The full 96 page Independent Resource Evaluation report will be released immediately following this ASX release.

## COMPETENT PERSONS STATEMENT

In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. David T. Greene, Sr. Reservoir Engineer, Fidelity Exploration and Production Company. Mr. Greene holds a Bachelor of Science Degree in Earth Science and a Master of Science Degree in Petroleum Engineering and has over 30 years of oil and gas experience including exploration drilling, completion and production. His background also includes evaluation, design and implementation of improved and enhanced oil recovery projects as well as pressure transient analysis, fluid properties and petrophysics. He is a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr. Greene has the relevant experience within the industry and consents to the information in the form and context in which it appears.

## MEDIA INVESTOR CONTACT:

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