



# AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)  
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ASX ANNOUNCEMENT

18 August 2014

## High Impact drilling program to advance Colorado potential

- **Two Pierre shale wells to be drilled in 2014**
- **Pierre wells have produced more than 15 million barrels of oil on contiguous acreage**
- **Work on debt financing facility is progressing well**

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**Austin Exploration ("Austin" or "the Company") (ASX: AKK)** today announced preparation is underway for the drilling of two new shallow, low cost wells targeting the prolific Pierre formation as their primary target as the next step in the development of its flagship 11,560 acre Pathfinder oil and gas property in Colorado. Austin has a 100% working interest in this property.

The decision to drill two Pierre wells follows the analysis of the oil discovered at its C-18#1 well in June, which further de-risked the Fremont County project, and the announcement of the commissioning of the Gas Processing of America (GPA) gas processing plant on the same acreage. It also reflects Austin's confidence in Colorado offering greater potential than the recent Eagle Ford success.

Austin Managing Director and CEO Dr. Mark Hart said work on these two wells has begun with access roads, pad-site construction and the surface and conductor holes currently being drilled and cased.

The wells, to be named C-01#1 and C-25#1, will be drilled in section 1 and section 25 to a depth of approximately 4000ft, unless the Company decides to explore the Niobrara and other deeper formations in these sections. Earlier discoveries have confirmed that hydrocarbons are present throughout the acreage that Austin has drilled, and as such provides a significant uplift to the prospectivity and overall value of this project.

The two well locations were selected using a combination of well data from previously drilled off-set wells, geochemical prospecting and exploration geophysics (Figure 1). This process identified areas that would show oil potential as well as dense natural fracture zones.

The Pierre shale has a strong history, having produced more than 15 million barrels of oil on the directly adjoining acreage to Austin's Pathfinder property in Fremont County. Prior to Austin acquiring the Pathfinder project in 2011, this property was held by mining companies and as such Austin believes that the oil and gas reserves remain in virgin territory.

These two wells are expected to be completed in the fourth quarter 2014, meeting Austin’s primary drilling obligations in Colorado required to hold its acreage under its 28 year lease.

The Company is fully funded to meet the costs of its current drilling programs.

Dr. Hart said: “Following the success of our exploration well in section 18 we will apply what we learnt from the lithology and plan to intersect the formation at a deviated angle into the Pierre which will allow for maximum oil liberation and production. Our recent oil discovery from our section 18 vertical exploration well is highly encouraging and we are planning to stimulate the well towards the end of the year. Each step reduces risk, improves targeting, and accelerates the move towards production and maximising revenue”, Dr. Hart said.

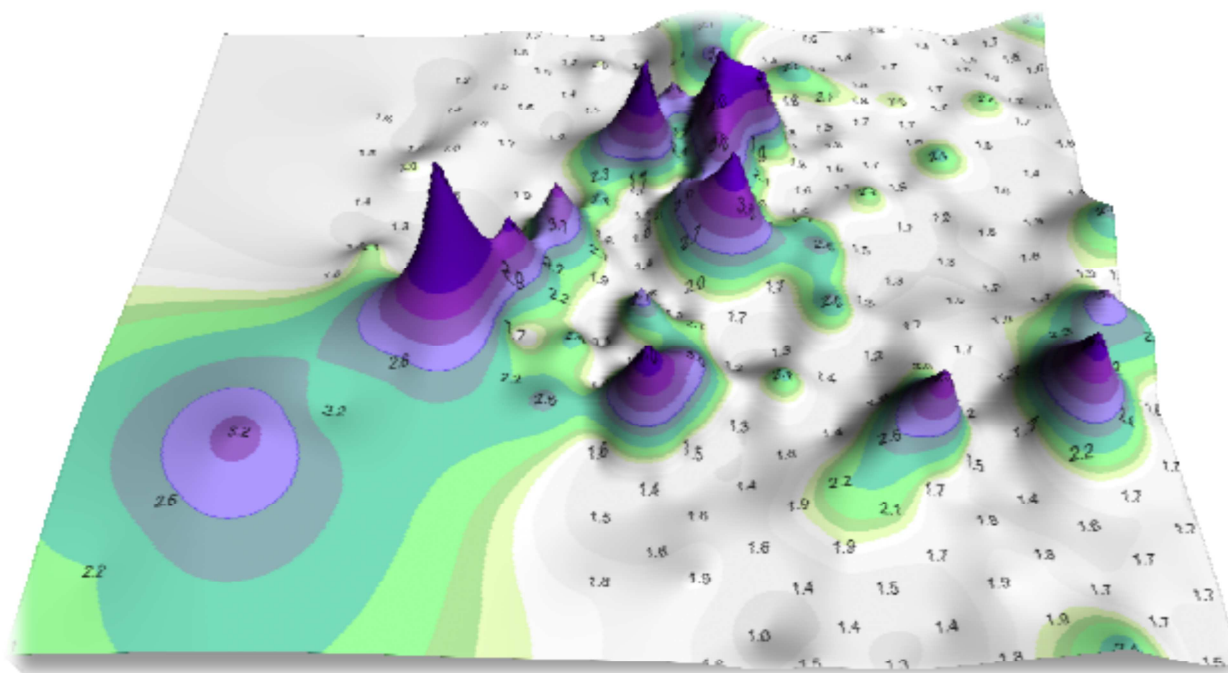


Figure #1: Surface Geochemical studies indicate the presence of hydrocarbon accumulations in the Pathfinder Project

### **ABOUT THE PIERRE FORMATION**

In the 1870’s the area around the town of Florence was rich in natural resources, and due to oil seeps, it is the 2<sup>nd</sup> oldest oil field in US. In 1862, the first deep well was drilled. The oil discovered is good API quality with low water production. The Pierre formation is from the Cretaceous age, 15.5 million barrels of oil have been produced in the Pierre formation from over 1,000 wells.

Notably, ASX-listed Comet Ridge Resources (ASX: COI) drilled 25 wells in the adjoining field from 2008-2012. Of these 25 wells, 22 were commercial producers and the average production from these 22 wells has been approximately 31,700 barrels of oil per well. The best well had a 30 day average initial production rate of 523 bopd, has produced over 180,000 barrels of oil, and is still producing. The 22 wells averaged 112 bopd for an initial 30 day period. This data is publicly available. Drilling areas that are known to be naturally fractured have proved to be highly successful.

Hydrocarbon production from the Pierre formation is believed to be from natural fractures in the Upper Cretaceous. The fractures are irregular in shape and sizes, in the order of 200 ft in width and 1000 ft in length, and the drive mechanism is known to be gravity drainage.

### **Debt Facility**

Work on a debt financing facility is progressing well with the Company confident of having debt facilities in place to meet the requirements of the next stage of development.

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### **ABOUT AUSTIN EXPLORATION:**

Austin Exploration is an Oil and Gas Company with a portfolio of oil and gas assets in the United States. In 2010, Austin strategically shifted its core focus towards non-conventional shale exploration and production. The Company has now established a major presence in two of America's most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and has an interest in over 5,000 acres in Texas in the Eagle Ford Shale and the Austin Chalk. Austin has producing oil and gas wells in Colorado, Texas, Mississippi and Kentucky. Austin has built a world class Board and Management team with proven company builders to derive maximum value from its oil and gas properties. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC-QX International in the United States (AUN-XY).

### **DISCLAIMER:**

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Oil production rates fluctuate over time due to reservoir pressures, depletion or down time for maintenance. The Company does not represent that quoted production rates will continue indefinitely.