

# AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)  
ACN 114 198 471

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ASX ANNOUNCEMENT

28 November 2012

## November Operations Update

- **Pathfinder #1 completed a 16 stage frac over the 4100ft horizontal leg and recovered 600 barrels of oil since 20 November**
  - **Birch #3 oil cut is steadily increasing**
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### ***PATHFINDER C 11-12 #1 WELL UPDATE***

The Company has successfully completed a 16 stage frac in the Niobrara formation over the 4,100 ft horizontal leg of the Pathfinder C-11-12 #1HZ well.

A Weatherford jet pump was installed on Tuesday 20<sup>th</sup> of November and is currently pumping at an average rate of 600 barrels a day to flowback the frac fluids. Since then, approximately 600 barrels of good quality (37- 39 API) oil has been recovered along with the flowback fluids, which is highly encouraging. In addition, unexpected gas volumes were produced and are currently being flared. The Company has immediately moved forward with designing permanent production facilities. Company policy allows for 100 days to complete and bring a well into production.

Austin's General Manager for Colorado, Ms Ola Akrad, is encouraged by the volumes of oil that were witnessed in the early days of the flowback process. Ms. Akrad advises that with the oil cut increasing daily, and the flowback frac fluid rates decreasing, an Initial Production (IP test) will be performed after recovering more of the injected frac fluids. Currently, about 8% of the injected frac fluids have been recovered.

### ***BIRCH #3 PRODUCTION UPDATE***

The Texas Birch #3 well continues to increase its daily production rate of oil and gas as the drilling fluids flow back from the well. Birch #3 is currently producing at an average daily rate of 15.5 BOPD and gas at a rate of 150 MCF/D. Gas flow rates and quality are monitored consistently to determine a stable rate of production prior to finalizing a gas gathering agreement.

Currently the well has produced 5,000 Bbls of fluid, which accounts for approximately 10% of the fluid used during the drilling process. The Company expects that as more drilling fluids are recovered the oil cut will continue to increase, consistent with the currently experienced increase in daily production.

To assist drilling fluid recovery the Birch #3 well has been placed on a pump at a rate of 7 strokes per minute (SPM). The pump motor is currently being modified in order to incrementally increase the

rate to 9 SPM, which will facilitate an increase to the fluid recovery rate. At a rate of 9 SPM the Company expects to generate 250 to 300 Bbls of fluid per day.

General Manager for Texas, Mr Aaron Goss, advises that the balance of oil to water is increasing steadily. Whilst Birch #3 is taking longer than expected to clear drilling fluids, it is starting to produce as expected. The Company remains confident that oil and gas production will continue increasing over coming months and optimal production will be reached in due course.

The Company is highly encouraged by the potential of these two wells and looks forward to reporting the initial production figures when they come to hand.

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***ABOUT AUSTIN EXPLORATION:*** *Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non-conventional shale exploration in the United States. 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 over 5,000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company's wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC-QX International in the United States (AUN-XY)*