Aus-Tex Exploration Inc.

Resource Evaluation Report

Prepared According To National Instrument 51-101

Birch Prospect
Burleson County, Texas

EVALUATION REPORT

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1 INTRODUCTION

1.1. AUTHORIZATION

This report was authorized by Aus-Tex Exploration Inc. to provide an independent estimate of the value of the Aus-Tex Exploration Inc. lease interests located in Burleson County, Texas. This evaluation is based on information either provided by Aus-Tex Exploration Inc., H.H. Howell Inc., or acquired from the Texas Railroad Commission, the Texas Bureau of Economic Geology and other published sources. Aus-Tex Exploration Inc. is currently engaged in acquiring leasehold interests within the Eagle Ford Shale play in Burleson County, Texas.

1.2. INTENDED PURPOSE AND USERS OF THIS REPORT

This Report is to assess the value of the Texas properties and potential for the 2011 / 2012 well drilling program based on application of current geologic, engineering and operational technology and practices.

1.3. OWNER CONTACT AND PROPERTY INSPECTION

The consultants have had frequent contact with the Client including contact up to the date of this report. Mr. Braun has personally inspected the subject properties in the Birch, Texas area.

1.4. SCOPE OF WORK

This Report is intended to describe and quantify the potential value and oil resources contained within the Birch Prospect, Burleson County, Texas, USA.

1.5. APPLICABLE STANDARDS

This Report has been prepared in accordance with Canadian National Instrument 51-101. The National Instrument requires disclosure of specific aspects of the prospects.

1.6. ASSUMPTIONS AND LIMITING CONDITIONS

Aus-Tex Exploration Inc. has negotiated attractive terms for acquiring their interest in the Birch Prospect. Aus-Tex Exploration Inc. will have a majority working (93.5% WI/70.125NRI) interest in the Birch Prospect. This Report is limited to a report on the value and potential of oil resources of the property.

The accuracy of any estimate is a function of time, data, geological information, engineering and commercial interpretation and judgment.

1.7. INDEPENDENCE / DISCLAIMER OF INTEREST

The consultants have acted independently in the preparation of this Report. The consultants have no direct or indirect ownership in the property appraised or the area of study described. Mr. William M.

Mitchell and Mr. Richard F. Braun are signing off on this report which they have prepared as qualified persons.

The consultants' fee for this report and the other services that may be provided are not dependent on the amount of resources estimated.

EXECUTIVE SUMMARY

In 2011 Aus-Tex Exploration Inc. acquired working interest in 915.9353 Acres of oil and gas leases located in the Birch area of Burleson County, Texas and is in the process of acquiring 4085 additional acres for a total of approximately 5000 acres by July 31, 2011. Birch is located approximately half way between Houston and Austin Texas. The Birch Prospect is divided into three units, Krueger, Stern, and Tschoerner. There are multiple formations with potential for commercial production of hydrocarbons. These are the Taylor, Austin Chalk, Eagle Ford, Buda and Georgetown formations. The primary targets are the Eagle Ford and the Austin Chalk. The Taylor, Buda and Georgetown are productive in other parts of the State and represent tertiary targets in the Birch Prospect area. The Eagle Ford formation is one of the most prolific oil/natural gas/liquid fields in the U.S. Estimates indicate it holds 5,000 to 15,000 barrels of oil equivalents per acre in some areas. The Eagle Ford trends North East from South West Texas well beyond the Birch area and has been a known hydrocarbon bearing formation for nearly 100 years. The development of the Eagle Ford is coincidental with the recent innovations in horizontal drilling and fracturing technology. Much of the past drilling and completion work did not have the advantage of new horizontal drilling and fracing technology and in some instances outdated stimulation techniques were used, resulting in an underdevelopment of the formation. The Eagle Ford is currently under development throughout its length by both major and independent oil companies. Four of the biggest leaseholders in the Eagle Ford shale play are Chesapeake Energy Corp. (CHK), EOG Resources Inc. (EOG), Apache Corp. (APA) , and EV Energy Partners LP (EVEP). Similar improvements in technology make the Austin Chalk formation attractive for development through the potential for infill drilling.
The Eagle Ford is pervasive throughout the Birch area as demonstrated by the cross sections presented below and in the appendix (Appendix 1, page 69 and 70). The risk of a dry hole is virtually non- existent. The Eagle Ford and Austin Chalk represent roughly equivalent potential reservoirs. Risk is related to the effectiveness of completion techniques. The available data supports a conclusion that the Eagle Ford Shale and Austin Chalk throughout the extent of the geographic region in which the Birch Prospect exists can be very prolific hydrocarbon producing zones.
Evidence of hydrocarbon potential in Burleson County has been found on multiple wells within the county limits, the key for economic success relies on efficient horizontal drilling and state of the art stimulation techniques for shale reservoirs. Successful economic hydrocarbon recoveries have been found in wells in Burleson County such as the Smalley-Robinson Unit #1, operated by Clayton Williams Energy having an initial production rate of 492 barrels of oil per day. Another relevant well is the Fojtik

Unit 1, drilled in the 1980's, obtaining an IP of 267 BOPD. Below, more information on how performance of wells located within, around or far from the Birch prospect.

"A-A'" line can be seen at page (appendix 1, page 70 & 71) of appendix and it represents wells that are located west-east across the prospect. These wells produced from the Austin Chalk formation have an average initial production of approximately 280 BOPD.

Birch Prospect
A-A' Strike line Production Summary

STRIKE LINE	Well Name	Initial Production		Formation	Cum	Cum
		BOPD	MCFGPD		Gas (MCF)	Oil (BO)
A	M. MAHLMANN UNIT	162	321	Austin Chalk	254828	32324
A	CHMELAR, E.	257	271	Austin Chalk	220567	15585
A	FOJTIK UNIT	267	290	Austin Chalk/Eagleford	21567	10870
A	KRUEGER	456	688	Austin Chalk	66952	28377
A'	RUST	250	2020	Austin Chalk	785052	95558

Average Initial production of 278 BOPD

Figure 1 Birch Prospect A-A' line-Production Data

Similarly, B-B' was generated with wells within Burleson County, and the only one within the Birch Prospect is the Knesek, J., having an IP of 394 BOPD. Going South-West towards the North East the rest of the wells are located between 10 and 20 miles away from the prospect, these wells have an average IP of 283 BOPD. It must be stated that Aus-Tex analysis took into to account wells that had an average performance in order to sustain economic scenario. This is due to the fact of the uncertainties seen on how to develop an unconventional reservoir, in our case the Eagle Ford Shale.

Birch Prospect
B-B' Strike line Production Summary

STRIKE LINE	Well Name	Initial Production			Formation	Cum	Cum
		BOPD	MCFGPD	BWPD		Gas (MCF)	Oil (BO)
B	KNESEK, J.	394	358	45	Austin Chalk	278358	80270
B	E.B. FLENCHER UNIT	372	1028	427	Austin Chalk	351182	61018
B	TATUM, L.	233	512	147	Austin Chalk	116417	318863
B'	GIESENSCHLAG UN	133	120	35	Austin Chalk/EagleFord	1247088	68164

Average Initial production of 283 BOPD

Figure 2 Birch Prospect B-B' line-Production Data

Similarities have been seen in logs, (check appendix 1, pg 73, type log slide between Riedel Well at Gonzales County) from wells in the Birch Prospect with wells drilled in Gonzales County, located South West of the prospect. The Gonzales County field has seen successful production rates from the Eagle Ford formation as seen in the following table.

Birch Prospect
Z-Z' Strike line Production Summary

STRIKE LINE	Well Name	Initial Production			Formation	Cum	Cum
		BOPD	MCFGPD	BWPD		Gas (MCF)	Oil (BO)
Z	RIEDEL, B.J.	575	661	0	Eagle Ford	10957	196678
Z	MAGEE, M.	50	15	21	Austin Chalk	20	627
Z'	BRELSFORD, H.J.	8	1	6	Austin Chalk	8	417

Average Initial production of 211 BOPD
Eagle Ford production 575 BOPD, a vertical well

Figure 3 Birch Prospect Z-Z' line-Production Data

Aus Tex plans to drill a vertical well through the Eagle Ford, thoroughly analyze the data gained from the vertical well and based on the vertical well data make a decision concerning horizontal completion. This procedure will be followed on each unit. It cannot be determined whether the Eagle Ford or Austin Chalk will be the most productive formation prior to drilling the vertical well. It is entirely possible both will be attractive candidates for horizontal completions. The evaluations in this report assume the vertical well data evaluation will demonstrate the presence of reservoir characteristics and hydrocarbon

content sufficient to achieve the expected results from the investment in horizontal completion before such completions are attempted.

The economics in this evaluation reflect well cost estimates prepared by Aus Tex Exploration and Alamo Operating Company. These estimates are considered quite conservative. We believe that careful cost control by Alamo and Aus Tex may materially reduce the drilling and completion costs. A reduction in drilling and completion costs will favorably impact the well economics.

The history of wells drilled within and around the Birch Prospect dates to the late 1970's and 1980's. This history indicates three things. One, the completion technologies were not as efficient as the current completion technologies. Two, due to low production rates (and also oil prices) for the time the Austin Chalk formation lost allure generating a lack of interest in development. Three, in the 1980's shale type reservoirs were not considered economically viable. Taking those three matters into account and adding current technological development, the Eagle Ford shale is an attractive element of the Birch Prospect. The Austin Chalk also shows potential due to remaining oil pockets not developed in the past. The Buda, Georgetown and Taylor formations also give potential to the project.

Within the Birch prospect acreage no Eagle Ford Wells have been perforated, so no production data is available. What is seen is correlation on logs throughout the Birch Prospect units. The wells that were drilled through the Eagle Ford saw oil kicks that suggest that the Eagle Ford has oil potential within the acreage.

We as independent analysts believe all well data should be taken into account in case some of the new technology does not work and therefore we came up with a more conservative analysis which is reflected in the following:

To fully assess this project we have studied two cases the 1st limits the data to that available from the lease units. This is primarily data from Austin Chalk wells, the 2nd case takes available data from all wells drilled in Burleson County. Both data sets yield favorable economics for the project.

Summary for Eagle Ford Wells:

Table 1 All Burleson County Well Data Economics

Eagle Ford Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$327,333.84	$1,853,748.32	$3,380,162.79
IRR	7%	18%	28%
100% Net Present Value (NPV) @4%	$848,203.31	$2,480,732.16	$4,113,261.01

Table 2 Burleson County Production Economics (Excluding probable dry hole equivalence)

Eagle Ford Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$2,615,829.50	$4,438,167.46	$6,260,505.43
IRR	29%	44%	58%
100% Net Present Value (NPV) @4%	$3,295,792.24	$5,244,816.80	$7,193,841.37

Table 3 Wells drilled within Birch Unit only

Eagle Ford Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$4,057,014.54	$5,574,523.11	$7,092,031.68
IRR	25%	34%	42%
100% Net Present Value (NPV) @4%	$4,837,166.62	$6,460,170.44	$8,083,174.26

Summary for Austin Chalk Wells

Table 4 All Burleson County Well Data Economics

Austin Chalk Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$10,075,862.80	$11,977,535.52	$13,879,208.24
IRR	90%	107%	123%
100% Net Present Value (NPV) @4%	$11,079,122.98	$13,112,997.54	$15,146,872.11

For details see tables pages 32 – 56.

Under the acquisition agreement Aus-Tex Exploration Inc. will drill three wells. The initial well will test the Eagle Ford shale formation on the Krueger Unit. Vertical depth of the initial well will be approximately 8500 feet. If data derived from the initial vertical well warrants, a 5,000 foot horizontal leg will be drilled and completed with 10 frac stages. The term of each of the lease tracts is 2 years. The acquisition agreement requires a well to be drilled on each of the three tracts by January till March of 2013. The two additional wells, one on each of the additional tracts, will be drilled to the Eagle Ford if it proves to be commercially viable. If the Eagle Ford proves to be not commercially viable the subsequent wells will be drilled to test one or more of the other potential formations based on findings from the first well.

Alamo Operating Inc., an experienced operator, with offices in San Antonio Texas, will be the contract operator for the Birch Prospect.

The Birch Prospect was acquired from H.H. Howell of San Antonio, Texas. Initially Howell was to receive a 15% carried working interest through the tanks. Aus Tex negotiated an 8.5% reduction in Howell's carried working interest to 6.5%.

Aus-Tex Exploration Inc. authorized this investigation to establish an independent evaluation of the Burleson County, Texas holdings of Aus-Tex Exploration Inc. and to derive a creditable estimate of resources. The primary focus of this report is on the value of the property and reasonable estimate of the production to be realized from a planned three well drilling program.

A minimum of three vertical wells are contractually required. (Cost per well $1,650,000.00, total $4,950,000.00) The vertical well data justifies the wells will subsequently be drilled horizontally. Economics have been based on horizontal wells.

Aus-Tex Exploration Inc. has invested a total of $ 366,345 in the Birch Prospect located in Burleson County, Texas. Additional costs will be incurred to acquire an estimated 4100 additional acres in Burleson County at a cost of approximately $400.00 per Acre. In addition Aus Tex is obligated to drill three wells. The investment is broken down as follows:

Acquisition Three Tracts ---------- $ 366,345
Drill Three Horizontal Eagle Ford Wells ($6,868,000 Per Well) -- ---------- $17,270,250 (with 8.5% carry)
Acquire additional Leases (4100 Acres @$400 Per Acre) ---------- $1,640,000
Total ----------$19,276,595

Production from wells producing from the same formation can vary significantly from well to well. Exact volumes for a given well cannot be predicted because of geologic variation and inconsistencies. Volumes typically vary from very low to quite significant. For this type of report a typical average volume is used. Actual results of the three well drilling program may vary significantly. In actual practice, not all wells will be producers.

2 REQUIRED DISCLOSURES REGARDING PROSPECTS

2.1. OVERVIEW OF AUS-TEX EXPLORATION INC. EXPLORATION LEASE HOLDINGS, LOCATION, BASIN NAMES

Aus-Tex Exploration Inc. has acquired from H.H. Howell, Inc. 915.9353 acres of Oil and Gas Leases in the Birch, Texas area with plans to acquire a possible additional 4100 acres. These oil and gas leases are located in the Birch area of Burleson County, Texas. The Birch Prospect is located in the southwestern part of Burleson County. The study area is located on the USGS 7.5 minute Frenstadt, and Flag Pond Quadrangle maps. The area is approximately 75 miles northwest of Houston or approximately midway between Houston and Austin, Texas. This is in the southeast part of the state near the Upper Gulf Coast region of Texas. The leases are located in a predominantly agricultural area with no unusual environmentally sensitive features present. Existing roads access the leases and Natural Gas Marketing systems are within less than a mile of the tracts. The topography is flat. There are no residences immediately adjacent to potential drill sites and the climate permits drilling 12 months of the year.

Birch Prospect, Burleson County, TX- Acreage Schedule					**Estimated Acquisition**	**Delivered Acquisition**			**Expire**
Krueger Unit	Acres	Lessor	Address	Ownership	Acquisition Cost	$400	Lessee	Date	2 Year Primary
Tract 1	82.18	Dennis Krueger, Sr. & wife, Deborah Krueger	10800 County Rd 410, Somerville, TX 77879	.3333333	$10,957.33		H.H. Howell, Inc.	1/3/2011	1/3/2013
		Jeffry Krueger & wife, Jackie Krueger	9285 County Rd 405, Somerville, TX 77879	.3333333	$10,957.33		(same doc)		
		James V. Kotch, Sr.	11344 County Rd 410, Somerville, TX 77879	.3333333	$10,957.33	$32,872.00	(same doc)		
Tract 2	57.674	Hunter Performance, Inc.	9302 Livernois, Houston, TX 77080	.2500000	$5,767.40	*	open (lease circulating)		
		Edward Schuhmann	225 Fluor Daniel Drive, Apt. 8101, Sugarland, TX 77479	.7500000	$17,302.20	$17,302.20	H.H. Howell, Inc.	1/3/2011	1/3/2013
Tract 3	105.85	Louis J. Lacina	P.O. Box 557 Brenham, TX 77834	1.0000000	$42,340.00	$42,340.00	H.H. Howell, Inc.	3/10/2011	3/10/2013
Tract 4	48.25	J W Heine	8954 FM 60 W, Somerville, TX 77879	1.0000000	$19,300.00	$19,300.00	H.H. Howell, Inc.	1/3/2011	1/3/2013
Unit Total	**293.954**				**$117,581.60**	**$111,814.20**			
Stern Unit	Acres	Lessor	Address	Ownership	Acquisition Cost	$400	Lessee	Date	2 Year Primary
Tract 1	141.2916	Alice Kovasovic	5795 FM 60 W, Somerville, TX 77879	1.0000000	$56,516.64	$56,516.64	H.H. Howell, Inc.	3/14/2011	3/14/2013
Tract 2	128.883	Blanche L. Stern, Life Estate; Ronald Henry Stern & Carol Stern Christian, Remaindermen	1302 Oakcreek, Richmond, TX 77469	1.0000000	$51,553.20	*	open (lease circulating)		
Unit Total	**270.1746**				**$108,069.84**	**$56,516.64**			
Tschoerner Unit	Acres	Lessor	Address	Ownership	Acquisition Cost	$400	Lessee	Date	2 Year Primary
Tract 1	80.7627	Donald Tschoerner	101 County Rd 315, Jarrell, TX 76537	1.0000000	$32,305.08	$32,305.08	H. H. Howell, Inc.	3/9/2011	3/9/2013
Tract 2*	155.214	Dennis Krueger, Sr. & wife, Deborah Krueger	10800 County Rd 410, Somerville, TX 77879	.3333333	$20,695.20		H. H. Howell, Inc.	3/4/2011	3/4/2013
		Jeffry Krueger & wife, Jackie Krueger	9285 County Rd 405, Somerville, TX 77879	.3333333	$20,695.20		(same doc)		
		James V. Kotch, Sr.	11344 County Rd 410, Somerville, TX 77879	.3333333	$20,695.20	$62,085.60	(same doc)		
Tract 3	115.83	Ann Fojtik, a widow	2483 Cumberland St., Houston, TX 77023	1.0000000	$46,332.00	$46,332.00	H. H. Howell, Inc.	3/10/2011	3/10/2013
Unit Total	**351.8067**				**$140,722.68**	**$140,722.68**			
	*All rights save for "shallow rights" above 7071' in southern 80 acres still HBP.								
Birch Total	915.9353				$366,374.12	$309,053.52			
			Less Option Fee			$120,000.00			
			Net Due 5-5-11			$189,053.52			

2.2. EXPIRY DATE OF INTEREST

The leases associated with the three tracts total 915.9353. These leases, acquired in early 2011, have expiration dates in January-March 2013 if no drilling occurs. Negotiations are under way to acquire up to 4100 acres of additional leases in the area. Expiration of the additional acreage is to be determined.

2.3. DESCRIPTION OF TARGET ZONE - GEOLOGIC SETTING

2.4. REGIONAL GEOLOGY

The study area, in Burleson County is located on the upper gulf coastal plain of southeast Texas approximately midway between Austin and Houston (see FIGURE 7, Oil & Gas Map of Texas). The primary target zone is the Eagle Ford Shale. Secondary targets are provided by the Taylor, Austin Chalk, Buda and Georgetown Limestones. The study area and Aus-Tex Exploration Inc.'s lease hold interest in Burleson County, Texas are located in the Eagle Ford Shale play which extends nearly five hundred miles, in more than a fifty mile wide path, from southwestern Texas at the Mexico border, north of Laredo to the Louisiana border northeast of Houston (FIGURE 8, Eagle Ford Play map). The play involves the recent (since 2008) significant oil and gas completions in the Eagle Ford Shale of Upper Cretaceous Age by multiple operators. The Eagle Ford area is bound on the north and northwest by the Eagle Ford outcrop and the Balcones Fault system. The southern boundary with respect to technological depth limits on horizontal drilling is the Lower Cretaceous shelf edge, where Edwards and Sligo reefs are stacked; creating a silled basin in which Eagle Ford sediments were deposited.

The Eagle Ford Shale Play, an unconventional reservoir play, was initiated with the discovery of the Hawkville Field, Webb County, Texas by PetroHawk Energy Corporation in October 2008. Hawkville Field is 124 miles long and 25 miles wide and is estimated to contain 68 TCF recoverable gas. The consensus of various recent publications suggest typical Eagle Ford shale completions in the southwestern part of the play, which are made in horizontal well bores with multiple stage fracture completions, to have reserves approximately 6 BCF gas or 200,000 barrels of oil. It is yet to be determined as the play develops to the northeast towards Burleson County if similar reserve volumes will be present.

This play involves drilling horizontal wells (reported costs $6.0 million +/-) into the Eagle Ford shale which ranges in thickness from 100 feet to 300 feet in the areas where it is hydrocarbon productive. The unit outcrops in a crescent shape updip to the Balcones fault system (regional fault system striking NE-SW) from San Antonio to beyond Austin and to the northeast. Some of the early completions in this play have yielded impressive flow rates of either oil or gas and condensate. The horizontal completions involve long laterals of 3000 feet to 5000 feet. Multiple (up to 18) fracture stages are implemented.

The Eagle Ford Shale is a pervasive marine shale unit over the geographic area currently being developed. The Eagle Ford is of Upper Cretaceous Age and is overlain by the Austin Chalk .The Eagle Ford overlies the Buda Limestone. Both the Austin Chalk and the Buda Limestone produce oil and gas in this part of Texas, and the current consensus is that the Eagle Ford serves as the source rock for both the Austin Chalk and the Buda Limestone reservoirs.

Recently published data (Cusack, et el; "The Discovery, Reservoir Attributes and Significance of the Hawkville Field and the Eagle Ford Shale Trend, Texas; 2010, CGAGS Transactions, Vol. 60, p 165-179) on the Hawkville Field located in the southwestern (Webb & Live Oak Counties) part of the trend reveals that the Eagle Ford is unique in its composition. It has a relatively high total organic carbon content (2-5.5%), low clay content (10-20%) and high calcite content (70%). The high calcite content renders the Eagle Ford shale very brittle and amenable to enhancement (for production) by manmade fracturing. It has been reported that the shale exhibits 8-10% gas filled porosity, with gas saturation exceeding 80%. Reserves in place at Hawkville Field are estimated to be 140 to 180 BCf gas in place in each square mile of surface area. Additionally, up to 200 bbls of condensate per mmcfg may be present in each square mile.

The play as currently defined has three distinct hydrocarbon zones (see FIGURE 8). There is an updip band of normal pressure oil, then an intermediate band of higher pressure gas with condensate zone, and a downdip, southernmost band of dry gas only. Aus-Tex Exploration Inc. holdings in the Birch area appear to be either in the oil zone or near the transition from the updip oil band to the condensate rich gas zone.

This play has been active for only three years and is in the very early stages of development. According to information released by the Texas Railroad Commission, the Eagle Ford shale production through February 2011 exceeds 3million barrels oil, 3.2 million barrels of condensate and 103 billion cubic feet of gas (see Appendix 3)

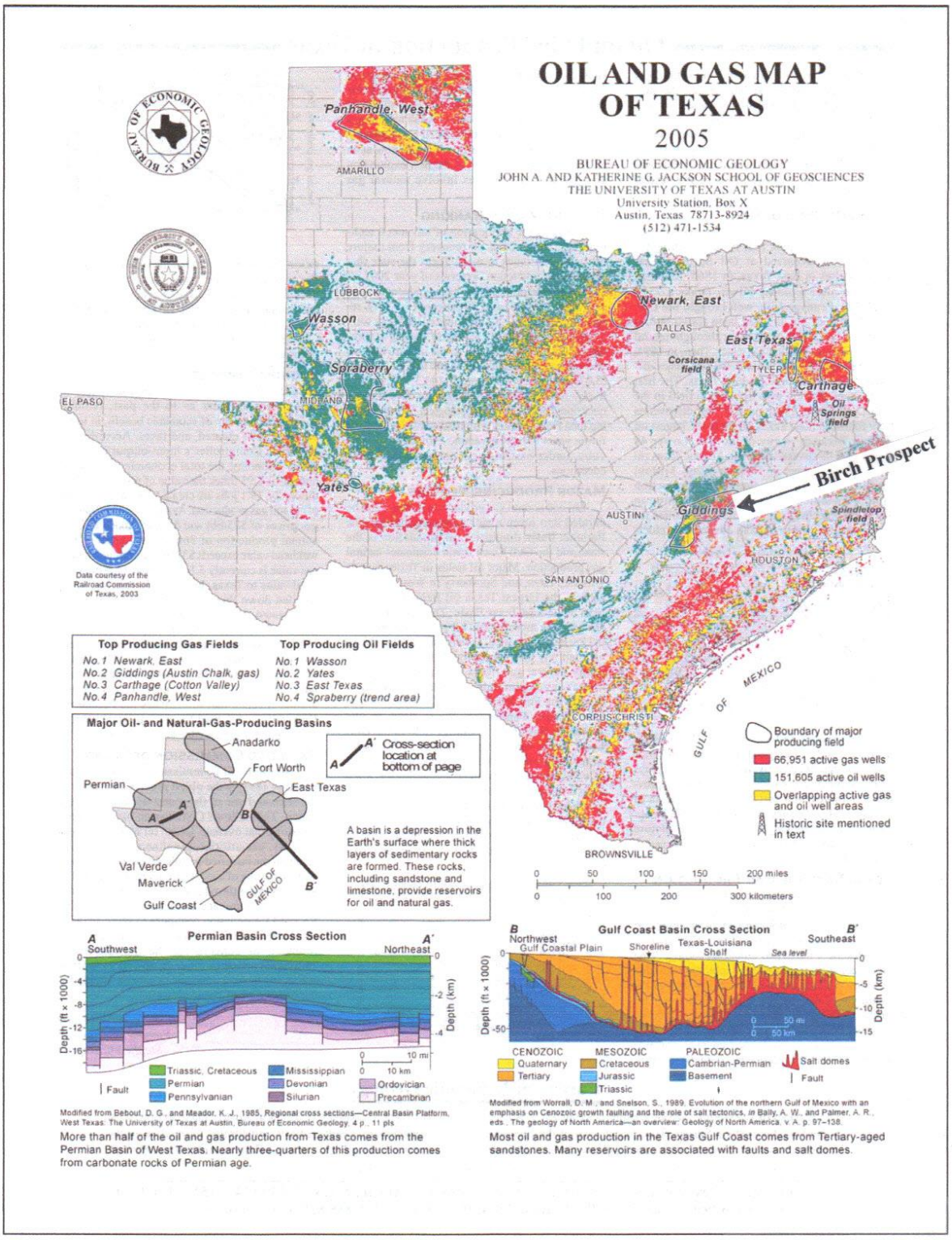


FIGURE 1

Figure 4 Oil and Gas Map of Texas 2005

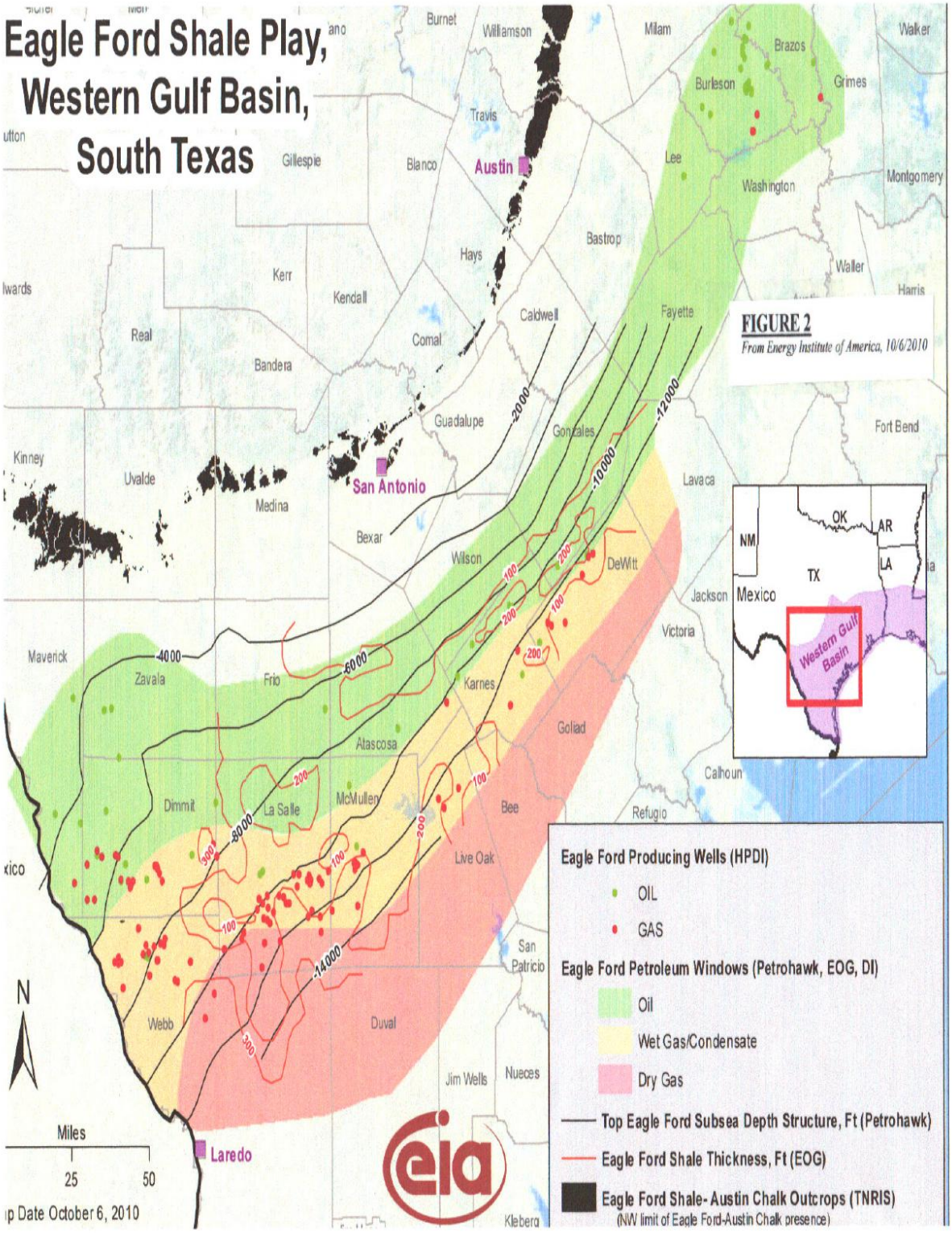


Figure 5 Eagle Ford Shale Play, Western Gulf Basin, South Texas

Stratigraphic Section Showing Eagle Ford Shale and Adjacent Geologic Units

Modified from Hentz & Ruppel, 2010, CGAGS Transactions; "Regional Lithostratigraphy of the Eagle Ford Shale: Maverick Basin to East Texas"; Vol 60, pp 325-337

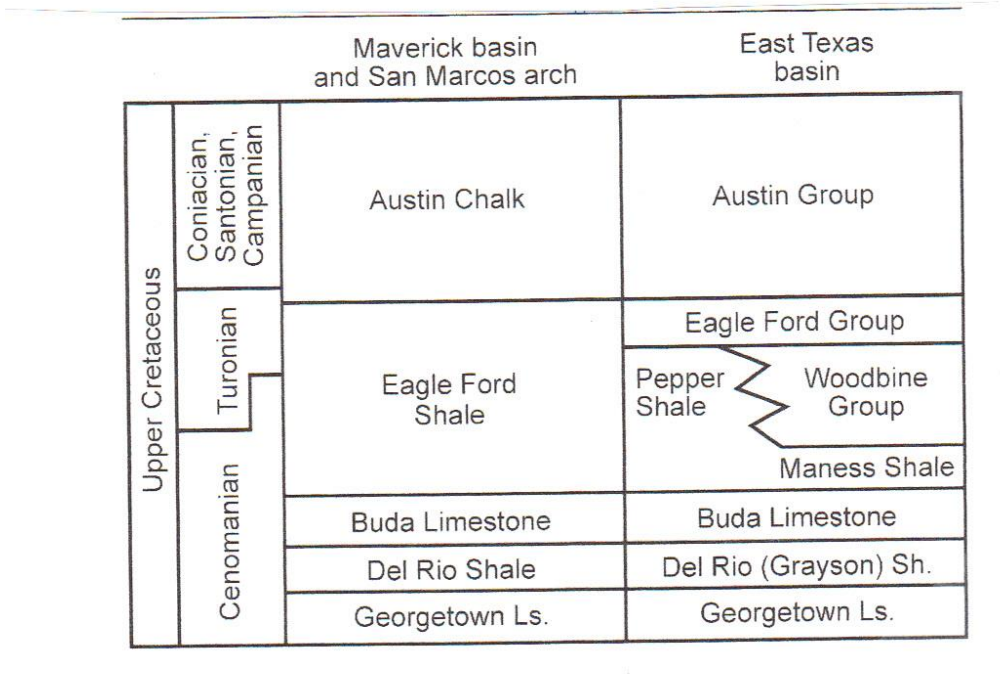


Figure 6 Stratigraphic Section Showing Eagle Ford Shale and Adjacent Geologic Units

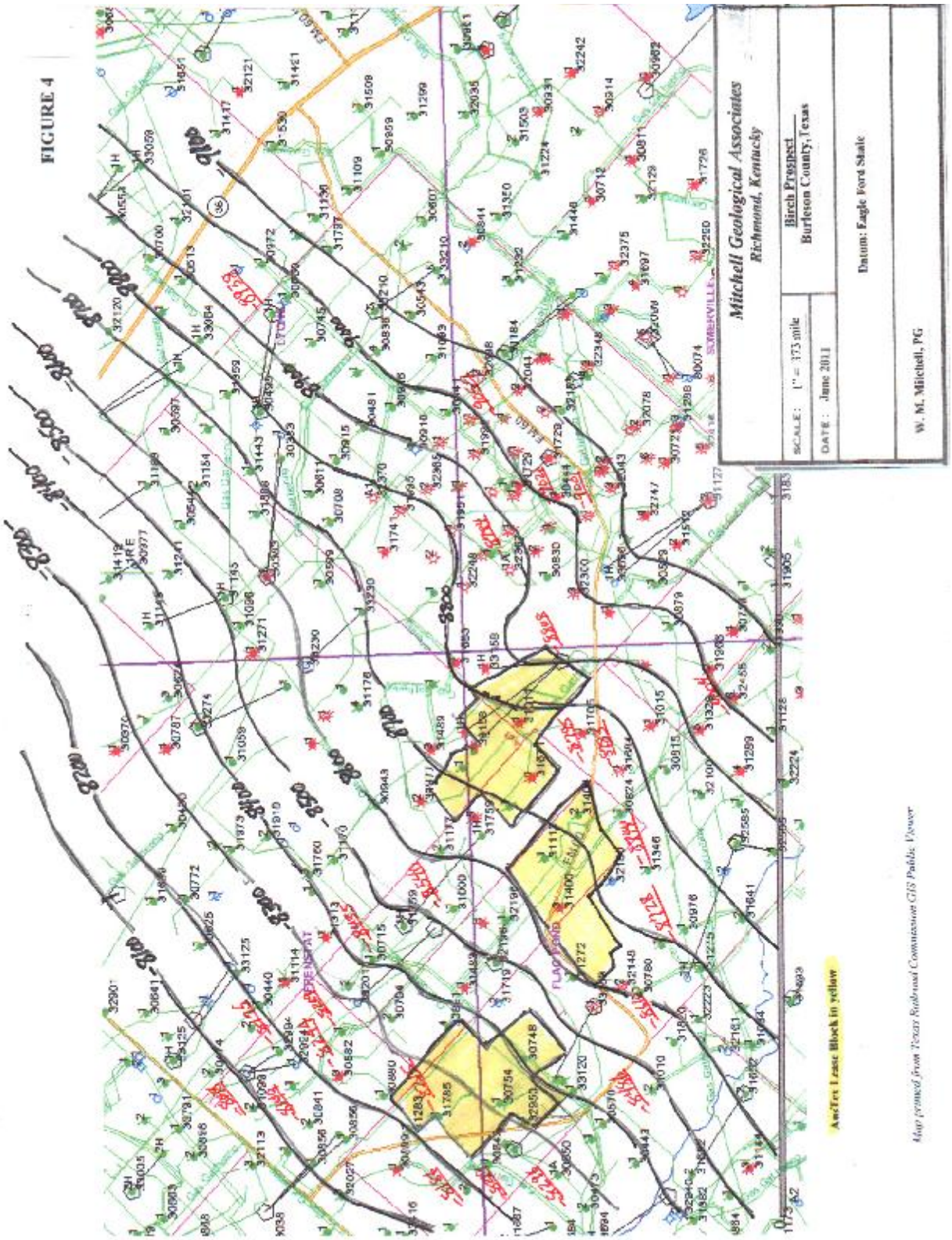
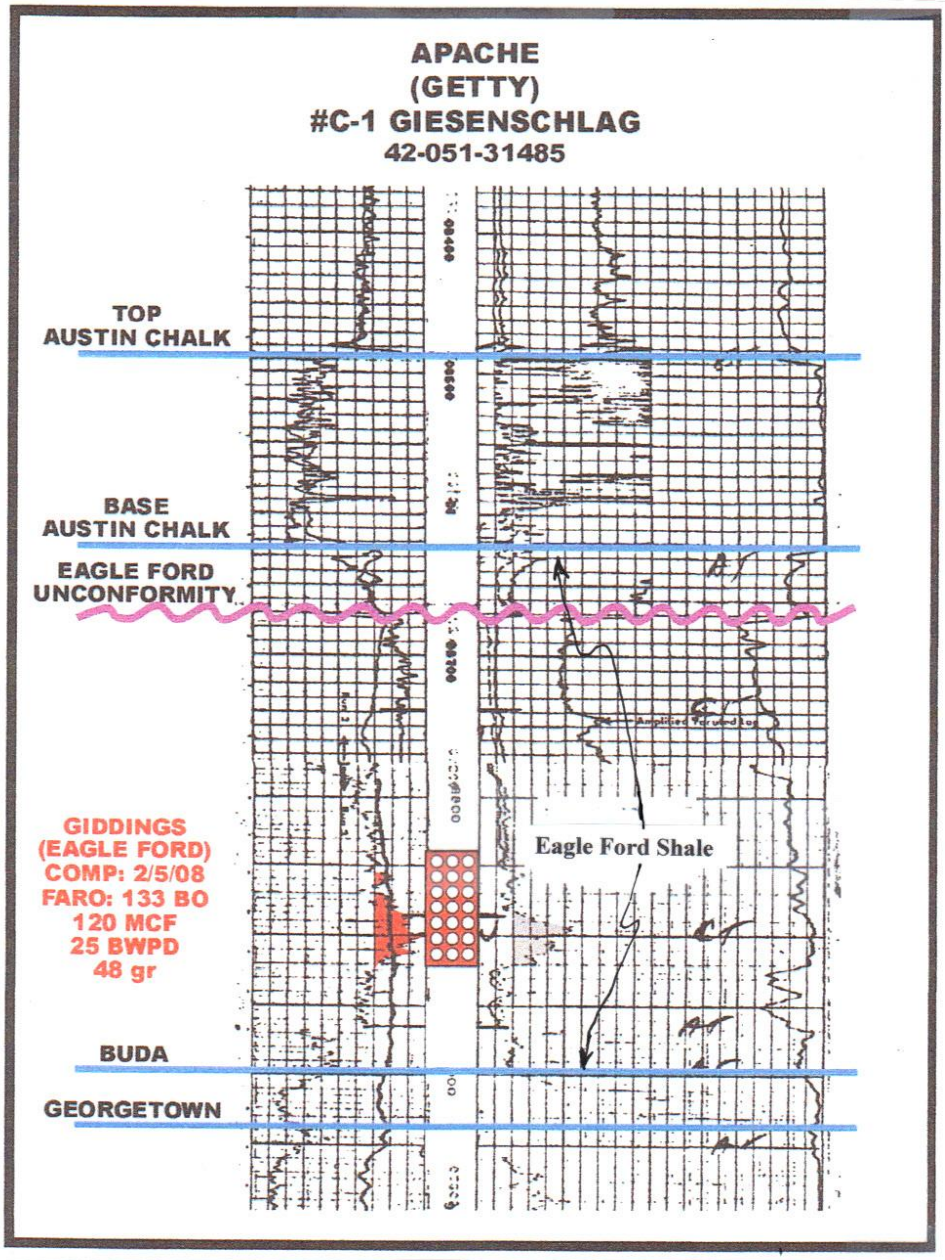


Figure 7 Subsurface Structural Map

TYPE LOG

Figure 5



Adapted under Special Fair Use Permission from: Adams, R.L., and J.P. Carr, 2010, Regional depositional systems of the Woodbine, Eagle Ford, and Tuscaloosa of the U.S. Gulf Coast: Gulf Coast Association of Geological Societies Transactions, v. 60, p. 3-27

Figure 8 APACHE C-1 GIESENSCHLAG TYPE LOG

The subsurface structural map (Fig. 10) generated for the purpose of this study is constructed on the Eagle Ford Shale. The map depicts relatively simple structural conditions with the mapped horizon dipping to the southeast approximately 500 feet per mile in the area of Aus-Tex Exploration Inc.'s leases. The map also reveals that the area of the subject leases has been heavily drilled in the past with wells densely spaced in the area. 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 play is known to have potential in 22 Texas counties where dozens of companies ranging from multinational major oil companies to small local independents are engaged in lease acquisitions and drilling. An estimated five million acres have been leased. A total of 16 fields have been discovered as of May 2011 since the play began in 2008. Since the play's inception in 2008, information obtained from the Texas Railroad Commission, indicates that through February 2011, over 3.6 million barrels of oil, 3.2 million barrels of condensate and 116 billion cubic feet of gas has been produced from wells completed in the Eagle Ford Shale throughout the play (see Appendix 3).

Since the Eagle Ford Shale Play is in the early stages of exploration, it is highly likely, as new information is developed, that the productive capability of the play will vary to a certain extent geographically. Research published in 2010 (Adams, R.L. & Carr, J.P., 2010, "Regional depositional systems of the Woodbine, Eagle Ford, and Tuscaloosa of the US Gulf Coast", Gulf Coast Association of Geological Societies Transactions, v. 60, p.3-27) discusses a paleo incised valley fill (see FIGURE 12) If this interpretation is correct, the presence of this paleo feature in much of Burleson County has the possibility of impacting the productive capability of the Eagle Ford. It is anticipated that a decrease in calcite content with an increase in clay content will degrade the brittle nature of the unit and reduce the brittle nature of the shale. Thus, the Eagle Ford productive capability may not be as amenable to manmade fracture enhancement. On a positive note the probability of increase sand present in the unit could yield prolific reservoirs. Aggieland Field, in Brazos County, depicted on Figure 9, is oil productive from Woodbine sands within the Eagle Ford interval.

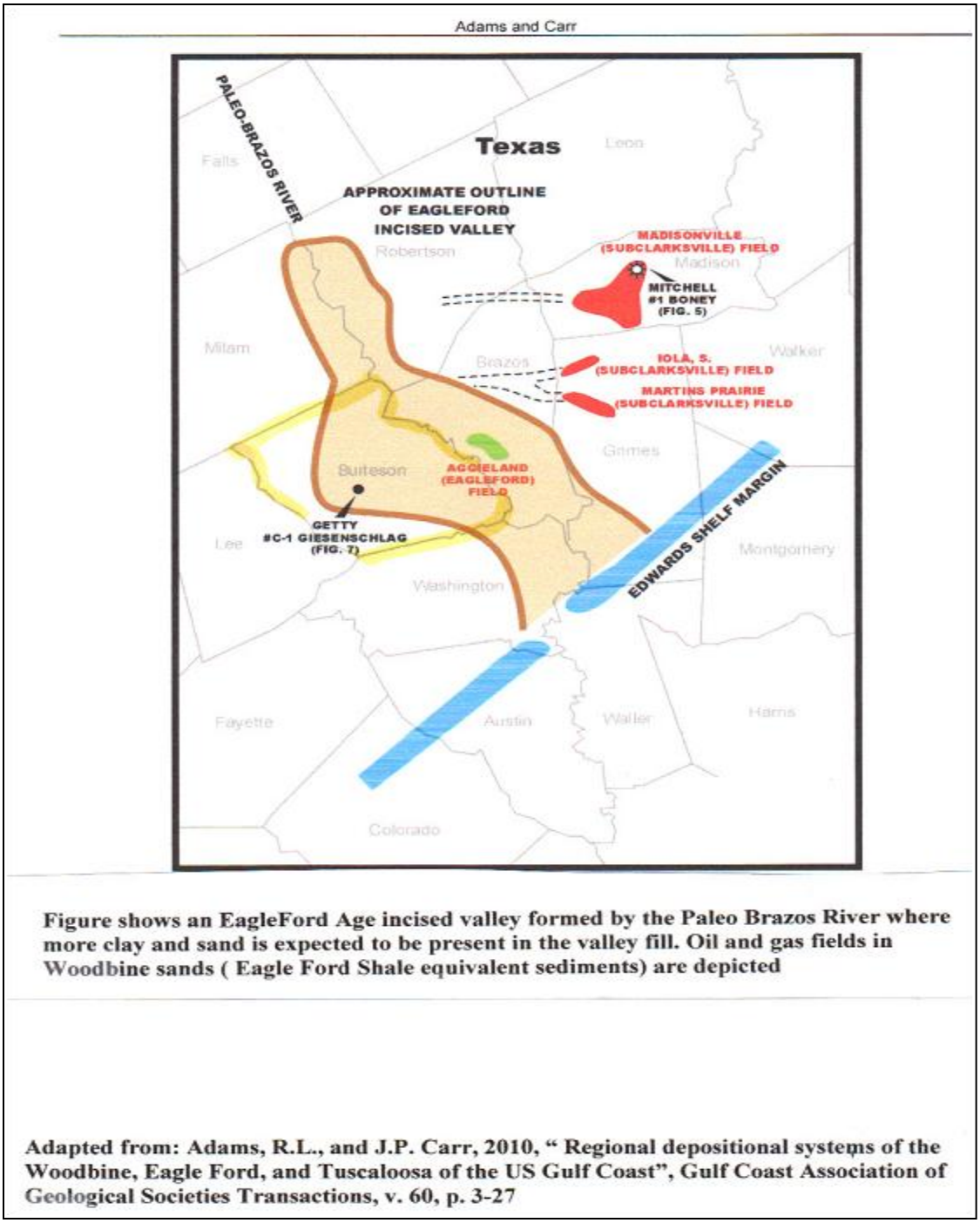


Figure 9 Eagle Ford Paleo map

2.5. BIRCH AREA

The area in which the Aus-Tex Exploration Inc. oil and gas leases are located is in the southwestern part of Burleson County, Texas near the town of Birch. The leases designated as Birch Prospect are located between Farm to Market Road 60 (FM 60) and Texas Highway 36.

2.6. DISTANCE TO THE NEAREST COMMERCIAL PRODUCTION

2.7. BIRCH PROSPECT

The area in which the Aus-Tex Exploration Inc. lease block is situated is on the southeast flank of Giddings Field and has been densely drilled (Figure 8). A minimum of twelve wells have been drilled and produced from the Austin Chalk on the lease block. Records reviewed at the Texas Railroad Commission website indicate the wells have been plugged. The production bubble map shows that twenty four wells are located within 1/3 of a mile from the Aus-Tex Exploration Inc. leases were or are productive. These wells all produced from the Austin Chalk and produced a total of 1.4 million barrels of oil and 4.7 billion cubic feet of gas. Based on these production volumes, the wells around the Aus-Tex Exploration Inc. lease block averaged 59,026 barrels of oil and 196 mmcf gas per well. Many of the wells in this area and elsewhere in Burleson County had mudlog oil and gas shows in the Eagle Ford Shale. Additionally, Apache Corporation has drilled twenty wells in the Burleson County area (10 to 20 miles northeast of the Birch Prospect, Appendix 1, page 67) that have been oil and gas productive from the Eagle Ford Shale. Production decline curves, a well plot and an Eagle Ford map are located in Appendix 4.

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.

In the Aus-Tex Exploration Inc. lease area, the Eagle Ford occurs at depths of 8200 to 8900 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. A telephone conversation with a Schlumberger sales engineer in Houston determined that using the fracture technology employed by Petrohawk Energy in the southwestern part of the play at Hawkville Field, one could expect at a minimum to double production volumes over outdated fracture technology. Based on discussion with Schlumberger and a major Company engineer we believe a rate of 125 Bbl 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 125bbl times 10 Stages times 1.35 = 1687.5 Bbl initial production.

Production (through Dec 2010) from the Apache Eagle Ford wells is summarized in Table 1.

TABLE 1- Summary of Burleson County Eagle Ford Production since 2008 (as of 12/10)

Operator	Lease Name	Oil (bbls)	Gas (MCF)	comments
Apache Corp.	D.A. Novosad	4012	3606	
Apache Corp.	C.O. Fick	5736	7971	
Apache Corp.	W.H. Giesenschlag "C"	23424	22924	
Apache Corp.	W. Helweg	3161	299	
Apache Corp.	J. R. Groce Unit	1184	1185	
Apache Corp.	Kovar Porter Unit	2760	2160	
Apache Corp.	W.H. Giesenschlag	8173	6337	
Apache Corp.	Willie Lee Tarver Unit C	6000	13729	
Apache Corp.	W.H. Giesenschlag C	12756	16258	
Apache Corp.	F. Boulden	410	7359	
Apache Corp.	Don Dillon et el	10258	10416	
Apache Corp.	**Giesenschlag-Groce**	47918	34440	Horizontal leg 3000'; 100' frac
Apache Corp.	Elsik	12796	10880	horizontal
Apache Corp.	A.B. Childers	19166	8574	
Apache Corp.	Hazel J. Chachere oil unit	25159	8306	
Apache Corp.	Reveille	23847	31843	
Apache Corp.	Broesche Unit	16402	0	
Apache Corp.	Smalley-Robinson Unit	11855	0	
Apache Corp.	Santa Fe A	410	4552	
Apache Corp.	Santa Fe "A"	701	17787	
	Total Production	236,128	177,626	
	Average production	11806	8881	
	Ultimate average per well*	13313	10,014	

* Ultimate average well production assumes 12.76% yet to be produced based on decline curves

One well stands out in the above Table, the Apache Giesenschlag-Groce, which by now has made approximately 50,000 barrels of oil. It is probable that this well will produce 60,000 barrels of oil. This well is a horizontal Eagle Ford well. It was completed using a single stage fracture of 106 feet over the interval 8944-9050 (10 to 18 stages are common) Estimates of the per well Eagle Ford

production for ten stage fracture protocol in a horizontal well in the study area would range from 179,735 (conservative) to over 800,000 (optimistic) barrels of oil .

2.8. PRODUCT TYPES REASONABLY EXPECTED

Oil and Natural Gas are expected from the Austin Chalk and the Eagle Ford Shale at Birch Prospect. Additionally, oil and gas are possible from the Buda and Georgetown Limestones which underlie the Eagle Ford Shale as well as from the Taylor Formation which is located above the Austin Chalk.

2.9. RANGE OF POOL OR FIELD SIZES

2.9.1. BIRCH PROSPECT

Aus-Tex Exploration Inc. currently controls 915.9353 acres within the Birch Prospect study area. The leases are from fourteen different landowners and were acquired in March and April of 2011. The leases have a two year primary term and will expire in early 2013 if production is not established by the expiration date. The current lease block is summarized in Figure 10. Aus-Tex Exploration Inc. is negotiating to acquire additional leases in the area. The additional leases may total as much as 4100 Acres. Total lease costs to date are $366,345.

Birch Prospect, Burleson County, TX- Acreage Schedule					**Estimated Acquisition**	**Delivered Acquisition**			**Expire**
Krueger Unit	Acres	Lessor	Address	Ownership	Acquisition Cost	$400	Lessee	Date	2 Year Primary
Tract 1	82.18	Dennis Krueger, Sr. & wife, Deborah Krueger	10800 County Rd 410, Somerville, TX 77879	.3333333	$10,957.33		H.H. Howell, Inc.	1/3/2011	1/3/2013
		Jeffry Krueger & wife, Jackie Krueger	9285 County Rd 405, Somerville, TX 77879	.3333333	$10,957.33		(same doc)		
		James V. Kotch, Sr.	11344 County Rd 410, Somerville, TX 77879	.3333333	$10,957.33	$32,872.00	(same doc)		
Tract 2	57.674	Hunter Performance, Inc.	9302 Livernois, Houston, TX 77080	.2500000	$5,767.40	*	open (lease circulating)		
		Edward Schuhmann	225 Fluor Daniel Drive, Apt. 8101, Sugarland, TX 77479	.7500000	$17,302.20	$17,302.20	H.H. Howell, Inc.	1/3/2011	1/3/2013
Tract 3	105.85	Louis J. Lacina	P.O. Box 557 Brenham, TX 77834	1.0000000	$42,340.00	$42,340.00	H.H. Howell, Inc.	3/10/2011	3/10/2013
Tract 4	48.25	J W Heine	8954 FM 60 W, Somerville, TX 77879	1.0000000	$19,300.00	$19,300.00	H.H. Howell, Inc.	1/3/2011	1/3/2013
Unit Total	**293.954**				**$117,581.60**	**$111,814.20**			
Stern Unit	Acres	Lessor	Address	Ownership	Acquisition Cost	$400	Lessee	Date	2 Year Primary
Tract 1	141.2916	Alice Kovasovic	5795 FM 60 W, Somerville, TX 77879	1.0000000	$56,516.64	$56,516.64	H.H. Howell, Inc.	3/14/2011	3/14/2013
Tract 2	128.883	Blanche L. Stern, Life Estate; Ronald Henry Stern & Carol Stern Christian, Remaindermen	1302 Oakcreek, Richmond, TX 77469	1.0000000	$51,553.20	*	open (lease circulating)		
Unit Total	**270.1746**				**$108,069.84**	**$56,516.64**			
Tschoerner Unit	Acres	Lessor	Address	Ownership	Acquisition Cost	$400	Lessee	Date	2 Year Primary
Tract 1	80.7627	Donald Tschoerner	101 County Rd 315, Jarrell, TX 76537	1.0000000	$32,305.08	$32,305.08	H. H. Howell, Inc.	3/9/2011	3/9/2013
Tract 2*	155.214	Dennis Krueger, Sr. & wife, Deborah Krueger	10800 County Rd 410, Somerville, TX 77879	.3333333	$20,695.20		H. H. Howell, Inc.	3/4/2011	3/4/2013
		Jeffry Krueger & wife, Jackie Krueger	9285 County Rd 405, Somerville, TX 77879	.3333333	$20,695.20		(same doc)		
		James V. Kotch, Sr.	11344 County Rd 410, Somerville, TX 77879	.3333333	$20,695.20	$62,085.60	(same doc)		
Tract 3	115.83	Ann Fojtik, a widow	2483 Cumberland St., Houston, TX 77023	1.0000000	$46,332.00	$46,332.00	H. H. Howell, Inc.	3/10/2011	3/10/2013
Unit Total	**351.8067**				**$140,722.68**	**$140,722.68**			
Birch Total	*All rights save for "shallow rights" above 7071' in southern 80 acres still HBP. 915.9353				$366,374.12	$309,053.52			
			Less Option Fee			$120,000.00			
			Net Due 5-5-11			$189,053.52			

Figure 10 Birch Prospect Leases

In accordance with the Memorandum of Understanding (MOU) between Aus-Tex Exploration Inc. and H. H. Howell, Inc., Aus-Tex Exploration Inc. assumes the obligation of drilling an initial well in the Krueger Unit. The lease block is divided into three units, Krueger, Stern and Tschoerner of 293.9 acres, 270.17 acres and 351.8067 acres. Operators drilling in other geographic areas of the play have reported drilling costs in the $6,000,000 plus or minus range. Drilling the Eagle Ford beneath the Aus-Tex Exploration Inc. leases will require an approximate TVD of 8800 feet. Alamo Operating Company (Aus Tex contract operator) estimates the cost of an Eagle Ford well with 5,000 foot lateral and 10 stimulation stages to be $6,868,000. The vertical portion of the well to be $1,875,375.

Oil Production

It is anticipated that the production that will be established will be primarily oil, but considerable gas will also be produced. The Birch prospect is in an established oil and gas producing area with marketing infrastructure in place.

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. The onsite inspection confirmed the presence of natural gas gathering infrastructure in the immediate area.

Reserve Analysis

Data made public indicates wells drilled in the southwestern most part of the play will be prolific, with anticipation of per well cumulative production of 6 BCF gas and 200,000 plus bbls of condensate. The available data supports a conclusion that the Eagle Ford Shale throughout the extent of the geographic region in which it exists can be a very prolific hydrocarbon producing zone. The key to a commercial success of the play in Burleson County is to minimize drilling and completion costs to the maximum extent possible and to employ the most recent generation of fracture technology. That will require close coordination with service providers and other vendors involved in the play.

Based on the average Eagle Ford production discussed in section 2.41, a conservative estimate of total oil production on an individual horizontal well basis is 179,735 barrels of oil. The Austin Chalk, Eagle Ford Shale and the Buda-Georgetown Limestone's are considered to have a high probability of oil present. There is an additional potential objective, the Taylor sand, which when present, is found in the unit that overlies the Austin Chalk. The occurrence of this sand is only possible because of its stratigraphic nature and no reserves are attributed to that zone. In the areas in which the Taylor sand is present, individual wells have produced up to 6 BCF gas. Based on available data, a conservative and optimistic oil reserve estimate on a per well basis is as follows:

Objective	**Oil (bbls)** **Low- high**	**Gas (mcf)**
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
Total potential reserves per well:	**264,735 -950,000**	**264,735 -950,000**

2.10. DEPTH OF THE TARGET ZONE

The Austin Chalk in the Study area ranges from subsea depth of 7800 feet to 8600 feet; the Eagle Ford Shale ranges from 8200 feet to 9000 feet, and the Buda and Georgetown limestones are at 8500 feet to 9300 feet.

Deeper Potential

Deeper potential in the study area is not considered significant at this time, due to the lack of evidence for structural traps to be present. As drilling increases, other geological units, particularly potential unconventional reservoirs, such as the Pearsall Formation, which occurs approximately 1800 to 2000 feet below the Eagle Ford Shale, may prove to be legitimate exploration targets. The shale interval in the Pearsall Formation has been proven to be gas (dry) productive in the southwest part of the Eagle Ford Shale Play near the border with Mexico.

2.11. ESTIMATED DRILLING AND COMPLETION COSTS

Vertical Eagle Ford	$1,365,810	
	Adjusted for 8.5% ORR purchase	$1,481,903
Horizontal Eagle Ford	$5,562,520	
	Adjusted for 8.5% ORR purchase	$6,035,334
Vertical Austin Chalk	$1,165,810	
	Adjusted for 8.5% ORR purchase	$1,264,903
Horizontal Austin Chalk	$3,662,520	
	Adjusted for 8.5% ORR purchase	$3,973,834

2.12. ESTIMATED TIMING OF COMPLETION

The estimated timing is through 2011 and 2012.

2.13.

2.14. EXPECTED PRICES

Oil prices are estimated at $80/barrel and held constant.
Natural Gas Prices are based on the 12 month average of Henry Hub futures ($5.03 / MCF) less $.50 / MCF gathering fees. Net Gas price is $4.53 / MCF.

2.15. EXPECTED MARKETING AND TRANSPORTATION ARRANGEMENTS

Oil will be sold on the local market and average haulage costs are estimated at $7.25/bbl
Gas will be sold into a local distribution system.

2.16. RISKS AND PROBABILITY OF SUCCESS

The Eagle Ford is pervasive throughout the Birch area as demonstrated by the cross sections presented in the appendix. The risk of a dry hole is virtually non- existent. The Eagle Ford and Austin Chalk represent roughly equivalent potential reservoirs. Risk is related to the effectiveness of completion techniques. Based on vertical well initial production experience we expect the initial production variance to be approximately on standard deviation or +/= 10%. Expected initial production ranges are based on a +/- 10% range.

3 PROBABILISTIC RESOURCE ESTIMATES

3.1. INPUT PARAMETERS

All oil and gas wells typically decline in production rates as they produce. A 10 Year life has been assumed for the Eagle Ford and Austin Chalk evaluation. Both type of wells decline rapidly and have a fairly long stable flow at low rates. It is possible to re-stimulate the wells after the steep decline. This procedure has been used to advantage in recent years and may be adaptable to wells on the Birch Prospect. Due to the uncertainty of the recompletion technique no value has been assigned to this process.

Pricing for the evaluation is based on the assumption that the price of oil will retreat from the current high price to a conservative and more sustainable level of $80 / Barrel. Natural gas pricing is based on the average of the Henry Hub futures for the next 12 months ($5.03) less $.50 for gathering fees.

3.2. ASSUMPTIONS

Overriding Royalty 25% ORR
Aus Tex Working Interest
- 100% for Cost of First Well through tanks on each tract
- 93.50% after tanks and subsequent wells

Payment for increasing Aus Tex Working Interest 8.5% from 85% to 93.5%, 8.5% of well cost through tanks on first three wells
Horizontal extension for Eagle Ford will be 5,000 feet
5,000 foot extension will contain 10 frac stages utilizing Schlumberger HiWay fracs
Each frac stage will yield 125 Bbl per day Initial Production
HiWay frac will increase initial production 35%
Production from 10 Stages = 125*10*1.35 = 1350Bbl = 16.8 times increase
Decline of Horizontal wells approximates decline of vertical wells
For Austin Chalk wells horizontal wells horizontal extension will be 5,000 feet
Austin Chalk completions will be open hole
Well Cost

Vertical Eagle Ford $1,481,903.00

Lease Acquisition ----------	$122,115	$122,115.00
Vertical Drilling ----------	$604,405	$640,405.00
Vertical Completion ----------	$603,290	$603,290.00
Total ----------		$1,365,810.00
Adjusted for 8.5% ORR purchase		$1,481,903.00

Horizontal Eagle Ford $6,053,334.00

Lease Acquisition ----------$122,115 $122,115.00
Verticle Drilling ----------$640,405 $640,405.00
Horizontal Drilling ----------$2,300,000 $2,300,000.00
Horizontal Completion ----------$2,500,000 $2,500,000.00

Total ---------- $5,562,520.00
Adjusted for 8.5% ORR purchase $6,035,334.20

Vertical Austin Chalk $1,264,903.00

Lease Acquisition ---------- $122,115 $122,115.00
Vertical Drilling ---------- $ 640,405 $640,405.00
Vertical Completion ---------- $403,290 $403,290.00
Total ---------- $1,165,810.00
Adjusted for 8.5% ORR purchase $1,264,903.85

Horizontal Austin Chalk

Lease Acquisition ---------- $122,115 $122,115.00
Vertical Drilling ---------- $ 640,405 $640,405.00
Horizontal Drilling ---------- $ 2,300,000 $2,300,000.00
Horizontal Completion-------- $600000 $600,000.00
Total ---------- $3,662,520.00
Adjusted for 8.5% ORR purchase $3,973,834.20

Austin Chalk completions will increase initial production by a factor of two
The initial production range for the sample wells is assumed to be +/- 10%
Operating cost $3,000 / month
Use average initial production from 17 Eagle Ford and 14 Austin Chalk Burleson County wells
Operating days per year 340
Severance Tax Natural Gas – 7.5%
Severance Tax Oil – 4.6%

Oil/Gas Price

Oil price $80 per Bbl – Conservative
Gas price based on 12 month Henry Hub average less $.50 for gathering.
Henry Hub 12 Month average = $5.03 / MCF - $.50 / MCF = $4.53 / MCF

Eagle Ford Decline 17 Burleson County Wells located 10 miles away from Birch Prospect:

17 Well Average		
Month	Bbl/Day	MCF/Day
1	31.29	38.98
2	29.15	31.66
3	21.78	26.74
4	19.47	20.11
5	24.48	17.97
6	19.54	19.02
7	19.68	18.81
8	19.01	22.04
9	16.30	22.56
10	14.50	20.12
11	13.97	18.09
12	12.37	14.04
13	12.15	12.08
14	12.57	12.29
15	11.41	12.41
16	11.31	12.09
17	10.73	11.94
18	10.54	11.44
19	9.55	9.60
20	9.95	8.84
21	9.38	8.77
22	8.65	8.18
23	8.97	8.09
24	7.99	7.45
25	7.99	7.53
26	7.26	6.42
27	6.94	5.95

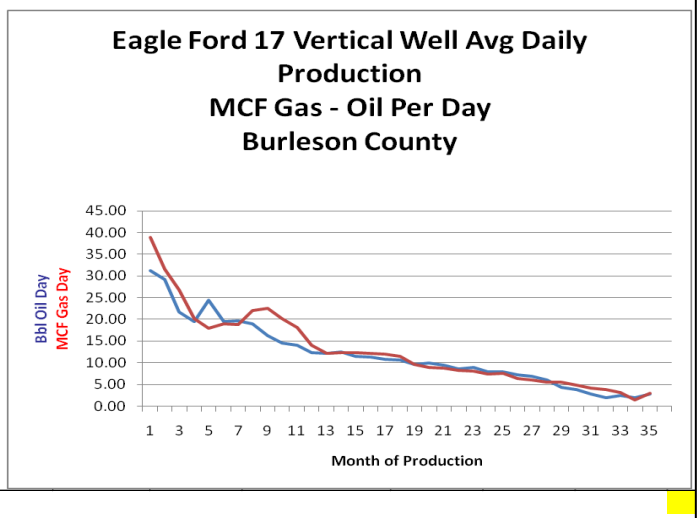


Figure 11 Eagle Ford 17 Well Daily Ave. production Burleson County

Austin Chalk production from offset wells within and around Birch Prospect:

Austin Chalk Oil Gas Chart Most Likely Case

14 Well Average		
Month	BOPD	MCFD
1.00	91.85	217.89
2.00	131.12	325.60
3.00	93.34	308.32
4.00	102.28	227.75
5.00	98.83	250.18
6.00	113.22	285.61
7.00	123.05	403.01
8.00	115.77	401.55
9.00	108.87	505.56
10.00	106.84	457.59
11.00	95.88	397.27
12.00	91.42	378.21
13.00	85.54	382.13
14.00	74.21	321.60
15.00	74.61	289.90
16.00	67.13	274.42
17.00	62.65	228.96
18.00	59.56	276.47
19.00	55.28	254.62
20.00	40.45	227.04
21.00	34.68	198.49
22.00	31.44	164.85
23.00	28.98	193.94
24.00	27.82	185.32
25.00	25.39	227.54
26.00	24.97	271.87

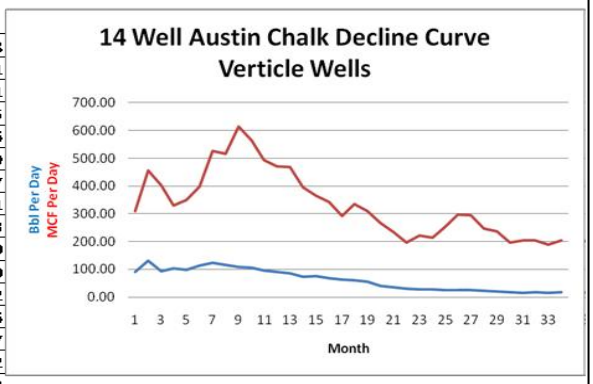


Figure 12 Austin Chalk Ave. Production

4 TYPE WELL ECONOMICS

4.1. SUMMARY FOR EAGLE FORD WELLS:

Table 5 All Burleson County Well Data Economics

Eagle Ford Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$327,333.84	$1,853,748.32	$3,380,162.79
IRR	7%	18%	28%
100% Net Present Value (NPV) @4%	$848,203.31	$2,480,732.16	$4,113,261.01

Table 6 Burleson County Production Economics (Excluding probable dry hole equivalence)

Eagle Ford Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$2,615,829.50	$4,438,167.46	$6,260,505.43
IRR	29%	44%	58%
100% Net Present Value (NPV) @4%	$3,295,792.24	$5,244,816.80	$7,193,841.37

Table 7 Wells drilled within Birch Unit only

Eagle Ford Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$4,057,014.54	$5,574,523.11	$7,092,031.68
IRR	25%	34%	42%
100% Net Present Value (NPV) @4%	$4,837,166.62	$6,460,170.44	$8,083,174.26

Summary for Austin Chalk Wells

Table 8 All Burleson County Well Data Economics

Austin Chalk Horizontal Well			
	Pessimistic	Base	Optimistic
Aus Tex NPV 4%	$10,075,862.80	$11,977,535.52	$13,879,208.24
IRR	90%	107%	123%
100% Net Present Value (NPV) @4%	$11,079,122.98	$13,112,997.54	$15,146,872.11

For details see tables below:

Table 1 EAGLE FORD Base Case

NET CASH FLOW HORIZONTAL Eagle Ford WELL (10 Year Life)								
Assume 100% Working Interest - Average 25% Royalty								
16.8 Fold Production Increase for Horizontal well								
Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0	0		0.00	0.00	0.00	0.00
1	21.53	7320.2	24.07	8158.28	558,677.66	34,185.23	592,862.90	53,071.45
2	10.98	3733.2	10.98	3732.65	284,917.82	15,640.74	300,558.56	27,065.70
3	4.53	1540.2	4.74	1610.96	117,548.06	6,750.33	124,298.39	11,166.45
4	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
5	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
6	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
7	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
8	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
9	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
10	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
	5.594	19019.6			1451575.872			137892.1
10Year Total		19019.6		18261.89				
10 Yr Prod x 16.8		256764.6		246535.52				
NPV 4%	$2,480,732.16							
IRR	18%							
AUS TEX NPV 4%	$1,853,748.32							

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 16.8	Aus-Tex Cash Flow @93.5% WI $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
7,451,780.00	0.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	148,215.72	355,575.72	5,973,672.14	5,585,383.45	-1,478,107.86	-1,382,030.85
36,000.00	75,139.64	162,353.22	2,727,534.10	2,550,244.39	1,249,426.24	1,168,213.54
36,000.00	31,074.60	46,057.34	773,763.34	723,468.73	2,023,189.59	1,891,682.26
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	2,225,257.42	2,080,615.69
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	2,427,325.26	2,269,549.12
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	2,629,393.10	2,458,482.55
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	2,831,460.94	2,647,415.98
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	3,033,528.78	2,836,349.41
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	3,235,596.61	3,025,282.83
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	3,437,664.45	3,214,216.26

Table 1 EAGLE FORD Pessimistic Case

NET CASH FLOW HORIZONTAL EAGLE FORD WELL (10 Year Life)										
PESSIMISTIC										
Average 25% Royalty										
16.8 Fold Production Increase for Horizontal well										
Year	Production	Production	Pess Prodn	Production	Production	Pess Prodn	AnnualRevenue	Annual Revenue	Annual Revenue	Annual Hauling
	BBL Oil/Day	BBl Oil / Year	BBl Oil / Year	MCF Gas/Day	MCF Gas/Year	MCF Gas/Year	at $80 Barrel	at $4.53/MCF	Total Gas Oil	Cost
	Per Vert Well	Per Vert Well	Per Vert Well	Per Vert Well	Per Vert Well	Per Vert Well	4.6% Sev Tax	7.5% Sev Tax	Horizontal Well	$
0	0	0		0			0.00	0.00	0.00	0.00
1	21.53	7320.2	6588.18	24.07	8158.28	7342.45	502,809.90	30,766.71	533,576.61	53,071.45
2	10.98	3733.2	3359.88	10.98	3732.65	3359.39	256,426.04	14,076.66	270,502.70	27,065.70
3	4.53	1540.2	1386.18	4.74	1610.96	1449.86	105,793.26	6,075.29	111,868.55	11,166.45
4	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
5	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
6	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
7	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
8	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
9	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
10	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
10Year Total		19019.6	17117.64		18261.89	16435.70				
Total x16.8 Pessimistic			231088.14		231088.14					
100%NRI IRR	11%									
100%NRI NPV 4%	$848,203.31									
Aus Tex IRR	7%									
Aus TexNPV 4%	$327,333.84									

Annual Operating Cost	Royalty At 25%Avg	Total Cash Flow	Total Cash Flow Inc	Aus-Tex Cash Flow @93.5% WI	Cumulative Cash Flow	Aus-Tex Cum Net Cash Flow @93.5% WI
$	$	$	16.8	$	$	$
7,451,780.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	133,394.15	311,111.01	5,226,664.89	4,886,931.67	-2,225,115.11	-2,080,482.63
36,000.00	67,625.68	139,811.33	2,348,830.32	2,196,156.35	123,715.21	115,673.72
36,000.00	27,967.14	36,734.96	617,147.37	577,032.79	740,862.58	692,706.51
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	851,062.39	795,743.34
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	961,262.21	898,780.16
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	1,071,462.02	1,001,816.99
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	1,181,661.84	1,104,853.82
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	1,291,861.65	1,207,890.64
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	1,402,061.47	1,310,927.47
36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	1,512,261.28	1,413,964.30

Table 1 EAGLE FORD Optimistic Case

NET CASH FLOW HORIZONTAL EAGLE FORD WELL (10 Year Life)										
OPTIMISTIC										
Average 25% Royalty										
16.8 Fold Production Increase for Horizontal well										
Year	Production	Production	Optim Prodn	Production	Production	Optim Prodn	AnnualRevenue	Annual Revenue	Annual Revenue	Annual Hauling
	BBL Oil/Day	BBl Oil / Year	BBl Oil / Year	MCF Gas/Day	MCF Gas/Year	MCF Gas/Year	at $80 Barrel	at $4.53/MCF	Total Gas Oil	Cost
	Per Vert Well	Per Vert Well	Per Vert Well	Per Vert Well	Per Vert Well	Per Vert Well	4.6% Sev Tax	7.5% Sev Tax	Horizontal Well	$
0	0	0		0			0.00	0.00	0.00	0.00
1	21.53	7320.2	8052.22	24.07	8158.28	8974.11	614,545.43	37,603.76	652,149.19	53,071.45
2	10.98	3733.2	4106.52	10.98	3732.65	4105.92	313,409.61	17,204.81	330,614.42	27,065.70
3	4.53	1540.2	1694.22	4.74	1610.96	1772.06	129,302.87	7,425.36	136,728.23	11,166.45
4	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
5	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
6	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
7	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
8	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
9	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
10	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
10Year Total		19019.6	20921.56		18261.89	20088.08				
Total x16.8 Optimistic			282441.06			271189.07				
100% WI IRR	34%									
100% NPV 4%	$4,113,261.01									
Aus Tex IRR	28%									
Aus Tex NPV 4%	$3,380,162.79									

Annual Operating Cost	Royalty At 25%Avg	Total Cash Flow	Total Cash Flow Inc	Aus-Tex Cash Flow @93.5% WI	Cumulative Cash Flow	Aus-Tex Cum Net Cash Flow @93.5% WI
$	$	$	16.8	$	$	$
7,451,780.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	163,037.30	400,040.44	6,720,679.39	6,283,835.23	-731,100.61	-683,579.07
36,000.00	82,653.60	184,895.11	3,106,237.89	2,904,332.43	2,375,137.28	2,220,753.36
36,000.00	34,182.06	55,379.72	930,379.31	869,904.66	3,305,516.59	3,090,658.01
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	3,599,452.46	3,365,488.05
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	3,893,388.32	3,640,318.08
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	4,187,324.18	3,915,148.11
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	4,481,260.04	4,189,978.14
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	4,775,195.90	4,464,808.17
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	5,069,131.76	4,739,638.20
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	5,363,067.63	5,014,468.23

Table 2 EAGLE FORD Base Case

NET CASH FLOW HORIZONTAL Eagle Ford WELL (10 Year Life)								
Assume 100% Working Interest - Average 25% Royalty								
16.8 Fold Production Increase for Horizontal well								
Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0	0		0.00	0.00	0.00	0.00
1	32	10880	24.07	8158.28	830,361.60	34,185.23	864,546.83	78,880.00
2	11	3733.2	10.98	3732.65	284,917.82	15,640.74	300,558.56	27,065.70
3	5	1540.2	4.74	1610.96	117,548.06	6,750.33	124,298.39	11,166.45
4	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
5	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
6	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
7	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
8	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
9	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
10	2.7	918	2.00	680.00	70,061.76	2,849.37	72,911.13	6,655.50
	6.641	22579.4			1723259.808			163700.65
10Year Total		22579.4		18261.89				
10 Yr Prod x 16.8		304821.9		246535.52				
NPV 4%	$5,244,816.80							
IRR	44%							
AUS TEX NPV 4%	$4,438,167.46							

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 16.8	Aus-Tex ash Flow @93.5% W $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
7,451,780.00	0.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	216,136.71	533,530.12	8,963,306.09	8,380,691.20	1,511,526.09	1,413,276.90
36,000.00	75,139.64	162,353.22	2,727,534.10	2,550,244.39	4,239,060.20	3,963,521.28
36,000.00	31,074.60	46,057.34	773,763.34	723,468.73	5,012,823.54	4,686,990.01
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	5,214,891.38	4,875,923.44
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	5,416,959.22	5,064,856.87
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	5,619,027.05	5,253,790.30
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	5,821,094.89	5,442,723.72
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	6,023,162.73	5,631,657.15
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	6,225,230.57	5,820,590.58
36,000.00	18,227.78	12,027.85	202,067.84	188,933.43	6,427,298.41	6,009,524.01

Table 2 EAGLE FORD Pessimistic Case

NET CASH FLOW HORIZONTAL EAGLE FORD WELL (10 Year Life)

PESSIMISTIC

Average 25% Royalty

16.8 Fold Production Increase for Horizontal well

Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Pess Prodn BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	Pess Prodn MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0		0			0.00	0.00	0.00	0.00
1	32	10880	9792	24.07	8158.28	7342.45	747,325.44	30,766.71	778,092.15	78,880.00
2	11	3733.2	3359.88	10.98	3732.65	3359.39	256,426.04	14,076.66	270,502.70	27,065.70
3	5	1540.2	1386.18	4.74	1610.96	1449.86	105,793.26	6,075.29	111,868.55	11,166.45
4	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
5	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
6	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
7	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
8	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
9	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
10	2.7	918	826.2	2.00	680.00	612.00	63,055.58	2,564.43	65,620.02	6,655.50
10Year Total		22579.4	20321.46		18261.89	16435.70				
Total x13.5 Pessimistic			274339.71		274339.71					

100%NRI IRR	35%
100%NRI NPV 4%	$3,295,792.24
Aus Tex IRR	29%
Aus TexNPV 4%	$2,615,829.50

Annual Hauling Cost $	Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 16.8	Aus-Tex Cash Flow @93.5% WI $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
0.00	7,451,780.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
78,880.00	36,000.00	194,523.04	468,689.11	7,873,977.08	7,362,168.57	422,197.08	394,754.27
27,065.70	36,000.00	67,625.68	139,811.33	2,348,830.32	2,196,156.35	2,771,027.40	2,590,910.62
11,166.45	36,000.00	27,967.14	36,734.96	617,147.37	577,032.79	3,388,174.77	3,167,943.41
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	3,498,374.59	3,270,980.24
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	3,608,574.40	3,374,017.07
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	3,718,774.22	3,477,053.89
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	3,828,974.03	3,580,090.72
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	3,939,173.85	3,683,127.55
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	4,049,373.66	3,786,164.37
6,655.50	36,000.00	16,405.00	6,559.51	110,199.81	103,036.83	4,159,573.47	3,889,201.20

Table 2 EAGLE FORD Optimistic Case

NET CASH FLOW HORIZONTAL EAGLE FORD WELL (10 Year Life)

OPTIMISTIC

Average 25% Royalty

16.8 Fold Production Increase for Horizontal well

Year	Production BBL Oil/Day Per Vert Well	Production Bbl Oil / Year Per Vert Well	Optim Prodn Bbl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	Optim Prodn MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0		0			0.00	0.00	0.00	0.00
1	32	10880	11968	24.07	8158.28	8974.11	913,397.76	37,603.76	951,001.52	78,880.00
2	11	3733.2	4106.52	10.98	3732.65	4105.92	313,409.61	17,204.81	330,614.42	27,065.70
3	5	1540.2	1694.22	4.74	1610.96	1772.06	129,302.87	7,425.36	136,728.23	11,166.45
4	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
5	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
6	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
7	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
8	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
9	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
10	2.7	918	1009.8	2.00	680.00	748.00	77,067.94	3,134.31	80,202.24	6,655.50
10Year Total		22579.4	24837.34		18261.89	20088.08				
Total x13.5 Optimistic			335304.09			271189.07				
100% WI IRR	67%									
100% NPV 4%	$7,193,841.37									
Aus Tex IRR	58%									

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 16.8	Aus-Tex ash Flow @93.5% W $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
7,451,780.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	237,750.38	598,371.14	10,052,635.10	9,399,213.82	2,600,855.10	2,431,799.52
36,000.00	82,653.60	184,895.11	3,106,237.89	2,904,332.43	5,707,092.99	5,336,131.95
36,000.00	34,182.06	55,379.72	930,379.31	869,904.66	6,637,472.31	6,206,036.61
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	6,931,408.17	6,480,866.64
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	7,225,344.03	6,755,696.67
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	7,519,279.89	7,030,526.70
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	7,813,215.75	7,305,356.73
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	8,107,151.62	7,580,186.76
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	8,401,087.48	7,855,016.79
36,000.00	20,050.56	17,496.18	293,935.86	274,830.03	8,695,023.34	8,129,846.82

Table 3 EAGLE FORD Base Case

NET CASH FLOW HORIZONTAL Eagle Ford WELL (10 Year Life)								
Assume 100% Working Interest - Average 25% Royalty								
16.8 Fold Production Increase for Horizontal well								
Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0	0		0.00	0.00	0.00	0.00
1	200	68000	24.07	8158.28	5,189,760.00	34,185.23	5,223,945.23	493,000.00
2	72	24480	10.98	3732.65	1,868,313.60	15,640.74	1,883,954.34	177,480.00
3	46	15640	4.74	1610.96	1,193,644.80	6,750.33	1,200,395.13	113,390.00
4	34	11560	2.00	680.00	882,259.20	2,849.37	885,108.57	83,810.00
5	28	9520	2.00	680.00	726,566.40	2,849.37	729,415.77	69,020.00
6	28	9520	2.00	680.00	726,566.40	2,849.37	729,415.77	69,020.00
7	24	8160	2.00	680.00	622,771.20	2,849.37	625,620.57	59,160.00
8	21	7140	2.00	680.00	544,924.80	2,849.37	547,774.17	51,765.00
9	18	6120	2.00	680.00	467,078.40	2,849.37	469,927.77	44,370.00
10	16	5440	2.00	680.00	415,180.80	2,849.37	418,030.17	39,440.00
	48.7	165580			12637065.6			1200455
10Year Total		165580		18261.89				
10 Yr Prod x 13.5		2235330		246535.52				
NPV 4%	$6,460,170.44							
IRR	34%							
AUS TEX NPV 4%	$5,574,523.11							

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 2	Aus-Tex ash Flow @93.5% W $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
7,451,780.00	0.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	1,305,986.31	3,388,958.92	6,777,917.85	6,337,353.19	-673,862.15	-630,061.11
36,000.00	470,988.58	1,199,485.75	2,398,971.50	2,243,038.36	1,725,109.35	1,612,977.25
36,000.00	300,098.78	750,906.34	1,501,812.69	1,404,194.86	3,226,922.04	3,017,172.11
36,000.00	221,277.14	544,021.43	1,088,042.86	1,017,320.07	4,314,964.90	4,034,492.18
36,000.00	182,353.94	442,041.83	884,083.66	826,618.22	5,199,048.55	4,861,110.40
36,000.00	182,353.94	442,041.83	884,083.66	826,618.22	6,083,132.21	5,687,728.61
36,000.00	156,405.14	374,055.43	748,110.86	699,483.65	6,831,243.06	6,387,212.26
36,000.00	136,943.54	323,065.63	646,131.26	604,132.72	7,477,374.32	6,991,344.99
36,000.00	117,481.94	272,075.83	544,151.66	508,781.80	8,021,525.97	7,500,126.78
36,000.00	104,507.54	238,082.63	476,165.26	445,214.51	8,497,691.23	7,945,341.30

Table 2 EAGLE FORD Pessimistic Case

NET CASH FLOW HORIZONTAL EAGLE FORD WELL (10 Year Life)

PESSIMISTIC

Average 25% Royalty

16.8 Fold Production Increase for Horizontal well

Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Pess Prodn BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	Pess Prodn MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0		0			0.00	0.00	0.00	0.00
1	200	68000	61200	24.07	8158.28	7342.45	4,670,784.00	30,766.71	4,701,550.71	493,000.00
2	72	24480	22032	10.98	3732.65	3359.39	1,681,482.24	14,076.66	1,695,558.90	177,480.00
3	46	15640	14076	4.74	1610.96	1449.86	1,074,280.32	6,075.29	1,080,355.61	113,390.00
4	34	11560	10404	2.00	680.00	612.00	794,033.28	2,564.43	796,597.71	83,810.00
5	28	9520	8568	2.00	680.00	612.00	653,909.76	2,564.43	656,474.19	69,020.00
6	28	9520	8568	2.00	680.00	612.00	653,909.76	2,564.43	656,474.19	69,020.00
7	24	8160	7344	2.00	680.00	612.00	560,494.08	2,564.43	563,058.51	59,160.00
8	21	7140	6426	2.00	680.00	612.00	490,432.32	2,564.43	492,996.75	51,765.00
9	18	6120	5508	2.00	680.00	612.00	420,370.56	2,564.43	422,934.99	44,370.00
10	16	5440	4896	2.00	680.00	612.00	373,662.72	2,564.43	376,227.15	39,440.00
	48.7									
10Year Total		165580	149022		18261.89	16435.70				
Total x13.5 Pessimistic			2011797		2011797					

100%NRI IRR	30%
100%NRI NPV 4%	$4,837,166.62
Aus Tex IRR	25%
Aus TexNPV 4%	$4,057,014.54

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 2	Aus-Tex Cash Flow @93.5% WI $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
7,451,780.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	1,175,387.68	2,997,163.03	5,994,326.06	5,604,694.87	-1,457,453.94	-1,362,719.43
36,000.00	423,889.73	1,058,189.18	2,116,378.35	1,978,813.76	658,924.42	616,094.33
36,000.00	270,088.90	660,876.71	1,321,753.42	1,235,839.45	1,980,677.84	1,851,933.78
36,000.00	199,149.43	477,638.28	955,276.57	893,183.59	2,935,954.41	2,745,117.37
36,000.00	164,118.55	387,335.64	774,671.29	724,317.66	3,710,625.70	3,469,435.03
36,000.00	164,118.55	387,335.64	774,671.29	724,317.66	4,485,296.99	4,193,752.68
36,000.00	140,764.63	327,133.88	654,267.77	611,740.36	5,139,564.76	4,805,493.05
36,000.00	123,249.19	281,982.56	563,965.13	527,307.40	5,703,529.89	5,332,800.44
36,000.00	105,733.75	236,831.24	473,662.49	442,874.43	6,177,192.37	5,775,674.87
36,000.00	94,056.79	206,730.36	413,460.73	386,585.78	6,590,653.10	6,162,260.65

Table 2 EAGLE FORD Optimistic Case

NET CASH FLOW HORIZONTAL EAGLE FORD WELL (10 Year Life)

OPTIMISTIC

Average 25% Royalty

16.8 Fold Production Increase for Horizontal well

Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Optim Prodn BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	Optim Prodn MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil Horizontal Well	Annual Hauling Cost $
0	0	0		0			0.00	0.00	0.00	0.00
1	200	68000	74800	24.07	8158.28	8974.11	5,708,736.00	37,603.76	5,746,339.76	493,000.00
2	72	24480	26928	10.98	3732.65	4105.92	2,055,144.96	17,204.81	2,072,349.77	177,480.00
3	46	15640	17204	4.74	1610.96	1772.06	1,313,009.28	7,425.36	1,320,434.64	113,390.00
4	34	11560	12716	2.00	680.00	748.00	970,485.12	3,134.31	973,619.43	83,810.00
5	28	9520	10472	2.00	680.00	748.00	799,223.04	3,134.31	802,357.35	69,020.00
6	28	9520	10472	2.00	680.00	748.00	799,223.04	3,134.31	802,357.35	69,020.00
7	24	8160	8976	2.00	680.00	748.00	685,048.32	3,134.31	688,182.63	59,160.00
8	21	7140	7854	2.00	680.00	748.00	599,417.28	3,134.31	602,551.59	51,765.00
9	18	6120	6732	2.00	680.00	748.00	513,786.24	3,134.31	516,920.55	44,370.00
10	16	5440	5984	2.00	680.00	748.00	456,698.88	3,134.31	459,833.19	39,440.00
10Year Total		165580	182138		18261.89	20088.08				
Total x13.5 Optimistic			2458863.00			271189.07				
100% WI IRR	48%									
100% NPV 4%	$8,083,174.26									
Aus Tex IRR	42%									
Aus Tex NPV 4%	$7,092,031.68									

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 2	Aus-Tex ash Flow @93.5% W $	Cumulative Cash Flow $	Aus-Tex Cum Net Cash Flow @93.5% WI $
7,451,780.00	0.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00	-7,451,780.00
36,000.00	1,436,584.94	3,780,754.82	7,561,509.63	7,070,011.51	109,729.63	102,597.21
36,000.00	518,087.44	1,340,782.33	2,681,564.66	2,507,262.95	2,791,294.29	2,609,860.16
36,000.00	330,108.66	840,935.98	1,681,871.96	1,572,550.28	4,473,166.25	4,182,410.44
36,000.00	243,404.86	610,404.57	1,220,809.14	1,141,456.55	5,693,975.39	5,323,866.99
36,000.00	200,589.34	496,748.01	993,496.02	928,918.78	6,687,471.41	6,252,785.77
36,000.00	200,589.34	496,748.01	993,496.02	928,918.78	7,680,967.43	7,181,704.54
36,000.00	172,045.66	420,976.97	841,953.94	787,226.93	8,522,921.37	7,968,931.48
36,000.00	150,637.90	364,148.69	728,297.38	680,958.05	9,251,218.75	8,649,889.53
36,000.00	129,230.14	307,320.41	614,640.82	574,689.17	9,865,859.57	9,224,578.70
36,000.00	114,958.30	269,434.89	538,869.78	503,843.24	10,404,729.35	9,728,421.94

AUSTIN CHALK Base Case

NET CASH FLOW AUSTIN CHALK VERT WELL (10 Year Life)								
Assume 100% Working Interest - Average 25% Royalty								
1 Well								
Assume Three Fold Increase								
Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil	Annual Hauling Cost $
0	0	0	0		0.00	0.00	0.00	0.00
1	113.4	38556.00	370.60	126004.00	2,942,593.92	527,988.26	3,470,582.18	279,531.00
2	82.21	27951.40	267.15	90831.00	2,133,250.85	380,604.60	2,513,855.45	202,647.65
3	25.97	8829.80	219.29	74558.60	673,890.34	312,419.17	986,309.51	64,016.05
4	22.97	7809.80	191.79	65208.60	596,043.94	273,240.34	869,284.27	56,621.05
5	19.97	6789.80	164.29	55858.60	518,197.54	234,061.50	752,259.03	49,226.05
6	16.97	5769.80	136.79	46508.60	440,351.14	194,882.66	635,233.80	41,831.05
7	13.97	4749.80	109.29	37158.60	362,504.74	155,703.82	518,208.56	34,436.05
8	10.97	3729.80	81.79	27808.60	284,658.34	116,524.99	401,183.32	27,041.05
9	7.97	2709.80	54.29	18458.60	206,811.94	77,346.15	284,158.08	19,646.05
10	4.97	1689.80	26.79	9108.60	128,965.54	38,167.31	167,132.85	12,251.05
10Year Total		325757.40		1654511.40				
Aus Tex NPV	$11,977,535.52							
IRR	107%							

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 3	Aus-Tex Cumulative Cash Flow@93.5WI $	Cumulative Net Cash Flow $	Aus-Tex Cumulative Net Cash Flow@93.5WI $
4,529,875.00	0.00	-4,529,875.00	-4,529,875.00	-4,529,875.00	-4,529,875.00	-4,529,875.00
36,000.00	867,645.55	2,287,405.64	6,862,216.91	6,416,172.81	2,332,341.91	2,180,739.68
36,000.00	628,463.86	1,646,743.93	4,940,231.80	4,619,116.74	7,272,573.71	6,799,856.42
36,000.00	246,577.38	639,716.08	1,919,148.25	1,794,403.61	9,191,721.96	8,594,260.03
36,000.00	217,321.07	559,342.15	1,678,026.46	1,568,954.74	10,869,748.42	10,163,214.77
36,000.00	188,064.76	478,968.23	1,436,904.68	1,343,505.87	12,306,653.10	11,506,720.65
36,000.00	158,808.45	398,594.30	1,195,782.89	1,118,057.01	13,502,435.99	12,624,777.65
36,000.00	129,552.14	318,220.37	954,661.11	892,608.14	14,457,097.10	13,517,385.79
36,000.00	100,295.83	237,846.44	713,539.32	667,159.27	15,170,636.42	14,184,545.06
36,000.00	71,039.52	157,472.51	472,417.54	441,710.40	15,643,053.97	14,626,255.46
36,000.00	41,783.21	77,098.59	231,295.76	216,261.53	15,874,349.72	14,842,516.99

AUSTIN CHALK Pessimistic Case

NET CASH FLOW AUSTIN CHALK VERT WELL (10 Year Life)										
PESSIMISTIC										
Average 25% Royalty										
1 Well										
Assume Three Fold Increase										
Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Pess Prodn BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	Pess Prodn MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil	Annual Hauling Cost $
0	0	0		0			0.00	0.00	0.00	0.00
1	113.4	38556.00	34700.40	370.60	126004.00	113403.60	2,648,334.53	475,189.43	3,123,523.96	279,531.00
2	82.21	27951.40	25156.26	267.15	90831.00	81747.90	1,919,925.76	342,544.14	2,262,469.90	202,647.65
3	25.97	8829.80	7946.82	219.29	74558.60	67102.74	606,501.30	281,177.26	887,678.56	64,016.05
4	22.97	7809.80	7028.82	191.79	65208.60	58687.74	536,439.54	245,916.30	782,355.84	56,621.05
5	19.97	6789.80	6110.82	164.29	55858.60	50272.74	466,377.78	210,655.35	677,033.13	49,226.05
6	16.97	5769.80	5192.82	136.79	46508.60	41857.74	396,316.02	175,394.40	571,710.42	41,831.05
7	13.97	4749.80	4274.82	109.29	37158.60	33442.74	326,254.26	140,133.44	466,387.70	34,436.05
8	10.97	3729.80	3356.82	81.79	27808.60	25027.74	256,192.50	104,872.49	361,064.99	27,041.05
9	7.97	2709.80	2438.82	54.29	18458.60	16612.74	186,130.74	69,611.53	255,742.28	19,646.05
10	4.97	1689.80	1520.82	26.79	9108.60	8197.74	116,068.98	34,350.58	150,419.56	12,251.05
10Year Total		108585.80	97727.22		1654511.40	1654511.40				
10 Year Totalx 3		325757.40	293181.66		4963534.20	4963534.20				
100% WI IRR	99%									
NPV @4%	$11,079,122.98									
Aus Tex IRR	90%									
Aus TexNPV @4%	$10,075,862.80									

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 3	Aus-Tex Cash Flow@93.5WI $	Cumulative Net Cash Flow $	Aus-Tex Cumulative Net Cash Flow@93.5WI $
4,529,875.00	0.00	-4,529,875.00	-4,529,875.00	-4,529,875.00	-4,529,875.00	-4,529,875.00
36,000.00	780,880.99	2,027,111.97	6,081,335.92	5,686,049.08	1,551,460.92	1,450,615.96
36,000.00	565,617.48	1,458,204.78	4,374,614.33	4,090,264.40	5,926,075.24	5,540,880.35
36,000.00	221,919.64	565,742.87	1,697,228.61	1,586,908.75	7,623,303.85	7,127,789.10
36,000.00	195,588.96	494,145.83	1,482,437.50	1,386,079.06	9,105,741.35	8,513,868.16
36,000.00	169,258.28	422,548.80	1,267,646.40	1,185,249.38	10,373,387.75	9,699,117.54
36,000.00	142,927.60	350,951.76	1,052,855.29	984,419.70	11,426,243.04	10,683,537.24
36,000.00	116,596.93	279,354.73	838,064.18	783,590.01	12,264,307.22	11,467,127.25
36,000.00	90,266.25	207,757.69	623,273.08	582,760.33	12,887,580.30	12,049,887.58
36,000.00	63,935.57	136,160.66	408,481.97	381,930.64	13,296,062.27	12,431,818.22
36,000.00	37,604.89	64,563.62	193,690.87	181,100.96	13,489,753.13	12,612,919.18

AUSTIN CHALK Optimistic Case

NET CASH FLOW AUSTIN CHALK VERT WELL (10 Year Life)										
OPTIMISTIC										
Average 25% Royalty										
1 Well										
Assume Three Fold Increase										
Year	Production BBL Oil/Day Per Vert Well	Production BBl Oil / Year Per Vert Well	Optim Prodn BBl Oil / Year Per Vert Well	Production MCF Gas/Day Per Vert Well	Production MCF Gas/Year Per Vert Well	Optim Prodn MCF Gas/Year Per Vert Well	AnnualRevenue at $80 Barrel 4.6% Sev Tax	Annual Revenue at $4.53/MCF 7.5% Sev Tax	Annual Revenue Total Gas Oil	Annual Hauling Cost $
0	0	0		0			0.00	0.00	0.00	0.00
1	113.4	38556.00	42411.60	370.60	126004.00	138604.40	3,236,853.31	580,787.09	3,817,640.40	279,531.00
2	82.21	27951.40	30746.54	267.15	90831.00	99914.10	2,346,575.93	418,665.06	2,765,240.99	202,647.65
3	25.97	8829.80	9712.78	219.29	74558.60	82014.46	741,279.37	343,661.09	1,084,940.46	64,016.05
4	22.97	7809.80	8590.78	191.79	65208.60	71729.46	655,648.33	300,564.37	956,212.70	56,621.05
5	19.97	6789.80	7468.78	164.29	55858.60	61444.46	570,017.29	257,467.65	827,484.94	49,226.05
6	16.97	5769.80	6346.78	136.79	46508.60	51159.46	484,386.25	214,370.93	698,757.18	41,831.05
7	13.97	4749.80	5224.78	109.29	37158.60	40874.46	398,755.21	171,274.21	570,029.42	34,436.05
8	10.97	3729.80	4102.78	81.79	27808.60	30589.46	313,124.17	128,177.48	441,301.65	27,041.05
9	7.97	2709.80	2980.78	54.29	18458.60	20304.46	227,493.13	85,080.76	312,573.89	19,646.05
10	4.97	1689.80	1858.78	26.79	9108.60	10019.46	141,862.09	41,984.04	183,846.13	12,251.05
10Year Total		108585.80	119444.38		1654511.40	1654511.40				
10 Year Totalx 3		325757.40	358333.14		4963534.20	4963534.20				
100% WI IRR	134%									
NPV @4%	$15,146,872.11									
Aus Tex IRR	123%									
Aus TexNPV @4%	$13,879,208.24									

Annual Operating Cost $	Royalty At 25%Avg $	Total Cash Flow $	Total Cash Flow Inc 3	Aus-Tex Cash Flow@93.5WI $	Cumulative Net Cash Flow $	Aus-Tex Cumulative Net Cash Flow@93.5WI $
4,529,875.00	0.00	-4,529,875.00	-4,529,875.00	-4,529,875.00	-4,529,875.00	-4,529,875.00
36,000.00	954,410.10	2,547,699.30	7,643,097.90	7,146,296.53	3,113,222.90	2,910,863.41
36,000.00	691,310.25	1,835,283.09	5,505,849.28	5,147,969.08	8,619,072.18	8,058,832.48
36,000.00	271,235.12	713,689.30	2,141,067.89	2,001,898.47	10,760,140.06	10,060,730.96
36,000.00	239,053.17	624,538.47	1,873,615.42	1,751,830.42	12,633,755.49	11,812,561.38
36,000.00	206,871.23	535,387.65	1,606,162.96	1,501,762.37	14,239,918.45	13,314,323.75
36,000.00	174,689.29	446,236.83	1,338,710.50	1,251,694.32	15,578,628.94	14,566,018.06
36,000.00	142,507.35	357,086.01	1,071,258.04	1,001,626.26	16,649,886.98	15,567,644.33
36,000.00	110,325.41	267,935.19	803,805.57	751,558.21	17,453,692.55	16,319,202.54
36,000.00	78,143.47	178,784.37	536,353.11	501,490.16	17,990,045.66	16,820,692.69
36,000.00	45,961.53	89,633.55	268,900.65	251,422.10	18,258,946.31	17,072,114.80

Table 9 Data Source limited to prior wells drilled only on Birch Prospect lease Units

Birch Prospect 10 year Well Depreciation at 200 BOPD and $80 WTI									0.04
Year	**Bbls/day**	**340 day/y**	**WTI = $80**	**$ Before ORI**	**ORI Value (25%)**	**ORI Value (75%)**	**Minus Cost ($36000/y)**	**NRI = 70.125 (AKK)**	**Discounted Cash Flow**
1	200	340	$ 80.00	$ 5,440,000.00	$ 1,360,000.00	$ 4,080,000.00	$ 4,044,000.00	$ 1,160,946.00	$ 1,116,294.23
2	72	340	$ 80.00	$ 4,896,000.00	$ 1,224,000.00	$ 3,672,000.00	$ 3,636,000.00	$ 2,549,745.00	$ 2,357,382.58
3	46	340	$ 80.00	$ 4,352,000.00	$ 1,088,000.00	$ 3,264,000.00	$ 3,228,000.00	$ 2,263,635.00	$ 2,012,363.27
4	34	340	$ 80.00	$ 3,808,000.00	$ 952,000.00	$ 2,856,000.00	$ 2,820,000.00	$ 1,977,525.00	$ 1,690,396.66
5	28	340	$ 80.00	$ 3,264,000.00	$ 816,000.00	$ 2,448,000.00	$ 2,412,000.00	$ 1,691,415.00	$ 1,390,219.84
6	28	340	$ 80.00	$ 2,720,000.00	$ 680,000.00	$ 2,040,000.00	$ 2,004,000.00	$ 1,405,305.00	$ 1,110,632.95
7	24	340	$ 80.00	$ 2,176,000.00	$ 544,000.00	$ 1,632,000.00	$ 1,596,000.00	$ 1,119,195.00	$ 850,496.22
8	21	340	$ 80.00	$ 1,632,000.00	$ 408,000.00	$ 1,224,000.00	$ 1,188,000.00	$ 833,085.00	$ 608,727.05
9	18	340	$ 80.00	$ 1,088,000.00	$ 272,000.00	$ 816,000.00	$ 780,000.00	$ 546,975.00	$ 384,297.38
10	16	340	$ 80.00	$ 544,000.00	$ 136,000.00	$ 408,000.00	$ 372,000.00	$ 260,865.00	$ 176,231.05
				$ 29,920,000.00	**$ 7,480,000.00**	**$ 22,440,000.00**	**$ 22,080,000.00**	**$ 13,808,691.00**	**$ 11,697,041.23**

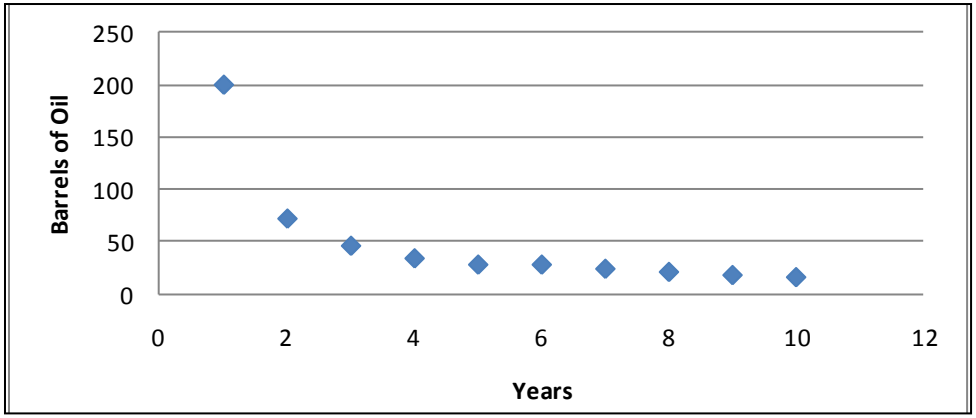


Figure 13 Decline Curve Vertical well Economics from table 5 (Birch Prospect Wells only)

5 FORM-51-101F2

REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RRESERVES
EVALUATOR OR AUDITOR

This is the form referred to in item 2 of section 2.1 of National Instrument 51-101 *Standards of disclosure for Oil and Gas Activities ("NI 51-101")*

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.
2. The report on *reserves data* referred to in item 2 of section2.1 of *NI 51-101* to be executed by one or more *qualified reserves evaluators or auditors independent of the reporting issuer,* shall in all respects be as follows:

5.1 Report on Reserves Data

To the Board of Directors of Aus Tex Exploration Inc.

1. We have evaluated the Company's resources data as of June 15, 2011. There is insufficient data to calculate reserves. The resources data consists of prospective oil resources.

2. The resources data is the responsibility of the Company's management. Our responsibility is to express an opinion on the resources data based on our evaluation.

   We carried out our evaluation in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society)

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the resources and data are free of material misstatement .An evaluation also includes preparing estimates of resources data in accordance with the principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated resources of the company evaluated by us as of June 1st, 2011 and identifies the respective portions thereof we have evaluated and reported on to the Company's management.

Eagle Ford

Table 1 All Burleson County Well Data

Independent Qualities Reserves Evaluator or Auditor	Description and date of Report	Location of Reserves (Country or Foreign Geographic Area)	Audited	Prospective Evaluated	Resources Reviewed	Total
William M. Mitchel Richard F. Braun	Evaluation Report June 1st, 2011	Burleson County, Texas, USA	0	Low $327,333 Base $ 1,853,748 High $ 3,380,162 Spent $ 366,345	0	Low $327,333 Base $ 1,853,748 High $ 3,380,162 Spent $ 366,345
Totals			0	Low $327,333 Base $ 1,853,748 High $ 3,380,162 Spent $ 366,345	0	Low $327,333 Base $ 1,853,748 High $ 3,380,162 Spent $ 366,345

Table 2 Burleson County Production (Excluding probable dry hole equivalence)

Independent Qualities Reserves Evaluator or Auditor	Description and date of Report	Location of Reserves (Country or Foreign Geographic Area)	Audited	Prospective Evaluated	Resources Reviewed	Total
William M. Mitchel Richard F. Braun	Evaluation Report June 1st, 2011	Burleson County, Texas, USA	0	Low $2,615,829 Base $ 4,438,167 High $ 6,260,505 Spent $ 366,345	0	Low $2,615,829 Base $ 4,438,167 High $ 6,260,505 Spent $ 366,345
Totals			0	Low $2,615,829 Base $ 4,438,167 High $ 6,260,505 Spent $ 366,345	0	Low $2,615,829 Base $ 4,438,167 High $ 6,260,505 Spent $ 366,345

Table 3 Wells drilled within Birch unit only

Independent Qualities Reserves Evaluator or Auditor	Description and date of Report	Location of Reserves (Country or Foreign Geographic Area)	Audited	Prospective Evaluated	Resources Reviewed	Total
William M. Mitchel Richard F. Braun	Evaluation Report June 1st, 2011	Burleson County, Texas, USA	0	Low $4,057,014 Base $ 5,547,523 High $ 7,092,031 Spent $ 366,345	0	Low $ 4,057,014 Base $ 5,547,523 High $ 7,092,031 Spent $ 366,345
Totals			0	Low $ 4,057,014 Base $ 5,547,523 High $ 7,092,031 Spent $ 366,345	0	Low $4,057,014 Base $ 5,547,523 High $7,092,031 Spent $ 366,345

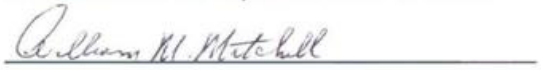
Austin Chalk

Independent Qualities Reserves Evaluator or Auditor	Description and date of Report	Location of Reserves (Country or Foreign Geographic Area)	Audited	Prospective Evaluated	Resources Reviewed	Total
William M. Mitchel Richard F. Braun	Evaluation Report June 1st, 2011	Burleson County, Texas, USA	0	Low $10,075,862 Best $11,977,535 High $ 13,879,208 Spent $ 366,345	0	Low $10,075,862 Best $11,977,535 High $ 13,879,208 Spent $ 366,345
Totals			0	Low $10,075,862 Best $11,977,535 High $ 13,879,208 Spent $ 366,345	0	Low $10,075,862 Best $11,977,535 High $ 13,879,208 Spent $ 366,345

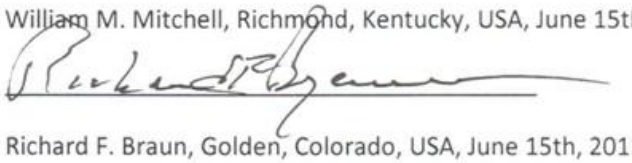
5. In our opinion, the resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the resources data that we reviewed but did not audit or evaluate; however, to our knowledge, all data were evaluated.
6. We have no responsibility to update our reports referred to in paragraph4 for events and circumstances occurring after their respective preparation dates.

7. Because the resources data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:



William M. Mitchell, Richmond, Kentucky, USA, June 15th, 2011



Richard F. Braun, Golden, Colorado, USA, June 15th, 2011

6 CONSENT LETTER

6. CONSENT LETTER

Mitchell and Braun here by consent to the use of all or any part of this Resource Evaluation report for the Birch prospect located in Burleson County, Texas, USA as of June 15, 2011.

William M. Mitchell

Richard F. Braun

7 CERTIFICATE OF QUALIFICATION

7. CERTIFICATE OF QUALIFICATION

I Richard F. Braun, SPE #3517494 of 1723 Sand Lily Dr., Golden, Colorado, USA hereby certify:

1. **I am an independent consultant and have participated in the preperation of a detailed analysis of the Resources of Aus Tex Exploration Inc., Birch Prospect, Texas, Oil and Gas properties. The effective date of this evaluation is June 15, 2011.**
2. **I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Aus Tex Exploration Inc., or its affiliated companies, nor any interest in the subject properties.**
3. **I attended Stanford University and I gradurated with a Bachelor of Science Degree in Mechanical Engineering. I am a member of the Society of Petroleum Engineers and have more than 30 years experience in the conduct of management, evaluation and engineering studies relating to oil and gas fields.**
4. **I made a field inspection of the Birch Prospect Units that are the subject of this evaluation. Mr. Mitchell, Co Author of this evaluation did not personally inspect the Birch Prospect.**

Richard F. Braun

SPE #3517494

7. **Certificate of Qualification**

I, William M. Mitchell, Registered Geologist # 1426 (Kentucky), #1529 (Indiana) of 3025 Woodfield Circle, Richmond, Kentucky 40475, USA hereby certify:

1. I am an independent consultant and have participated in the preparation of a detailed analysis of the Resources of Austin Exploration Ltd. Burleson County, Texas properties. The effective date of this evaluation is June 15, 2011.

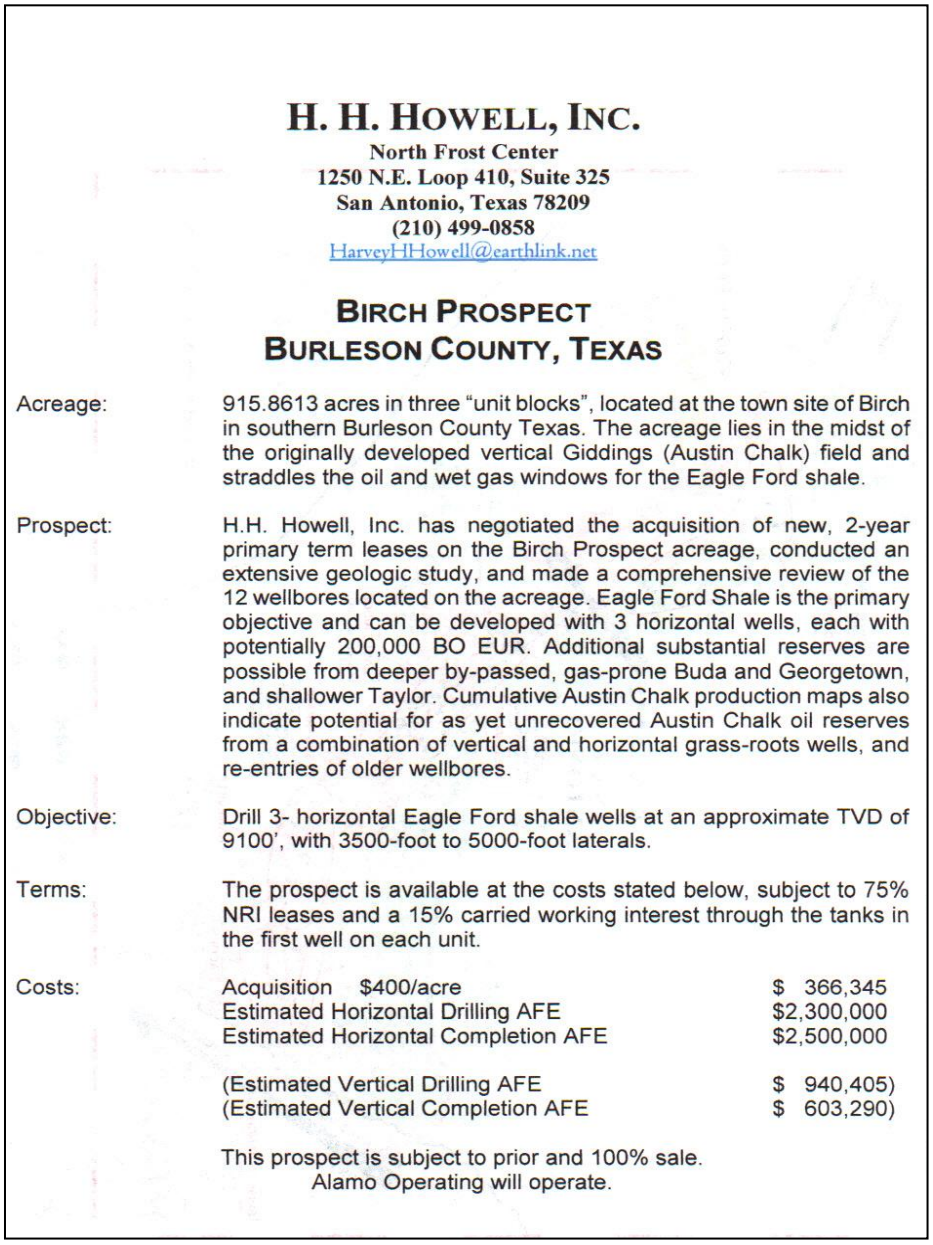
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Austin Exploration Ltd. or its affiliated companies, nor any interest in the subject properties.

3. I attended Hanover College, Hanover, Indiana and graduated with a bachelor of Science degree in geology and I have more than 25 years experience in the conduct of evaluation and engineering studies relating to oil and gas fields.

William M. Mitchell

William M. Mitchell, PG
Kentucky Registered Geologist # 1426
Indiana Registered Geologist # 1529

Appendix 1-Selected Data from H.H. Howell, Inc



H. H. HOWELL, INC.

North Frost Center
1250 N.E. Loop 410, Suite 325
San Antonio, Texas 78209
(210) 499-0858
HarveyHHowell@earthlink.net

BIRCH PROSPECT
BURLESON COUNTY, TEXAS

Acreage:	915.8613 acres in three "unit blocks", located at the town site of Birch in southern Burleson County Texas. The acreage lies in the midst of the originally developed vertical Giddings (Austin Chalk) field and straddles the oil and wet gas windows for the Eagle Ford shale.
Prospect:	H.H. Howell, Inc. has negotiated the acquisition of new, 2-year primary term leases on the Birch Prospect acreage, conducted an extensive geologic study, and made a comprehensive review of the 12 wellbores located on the acreage. Eagle Ford Shale is the primary objective and can be developed with 3 horizontal wells, each with potentially 200,000 BO EUR. Additional substantial reserves are possible from deeper by-passed, gas-prone Buda and Georgetown, and shallower Taylor. Cumulative Austin Chalk production maps also indicate potential for as yet unrecovered Austin Chalk oil reserves from a combination of vertical and horizontal grass-roots wells, and re-entries of older wellbores.
Objective:	Drill 3- horizontal Eagle Ford shale wells at an approximate TVD of 9100', with 3500-foot to 5000-foot laterals.
Terms:	The prospect is available at the costs stated below, subject to 75% NRI leases and a 15% carried working interest through the tanks in the first well on each unit.

Costs:		
	Acquisition $400/acre	$ 366,345
	Estimated Horizontal Drilling AFE	$2,300,000
	Estimated Horizontal Completion AFE	$2,500,000
	(Estimated Vertical Drilling AFE	$ 940,405)
	(Estimated Vertical Completion AFE	$ 603,290)

This prospect is subject to prior and 100% sale.
Alamo Operating will operate.

Figure 14 H.H Howell, Inc. Birch Prospect details

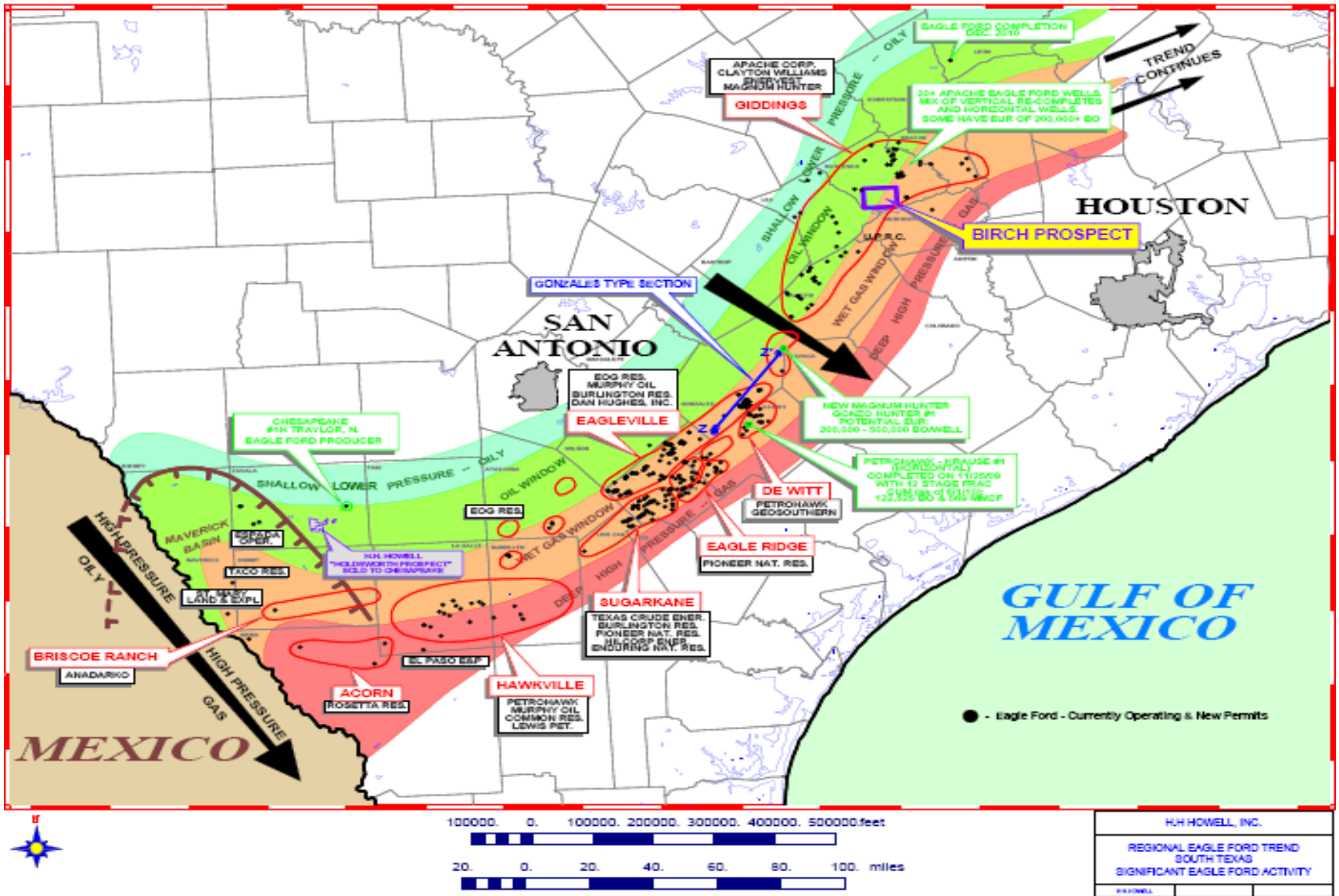


Figure 15 Eagle Ford trend Map, South Texas

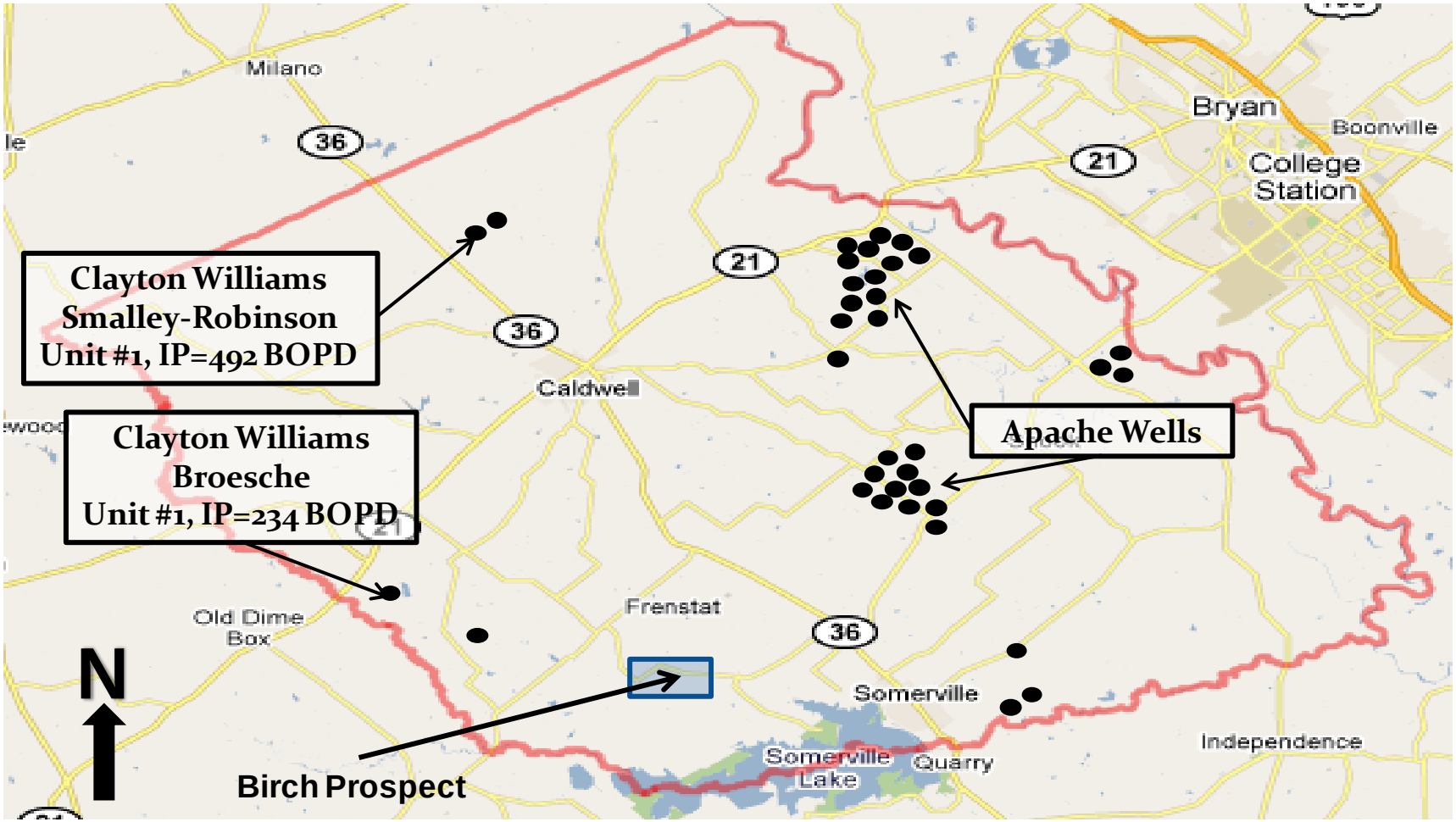


Figure 16 Burleson County, Texas – Birch Prospect and adjacent wells

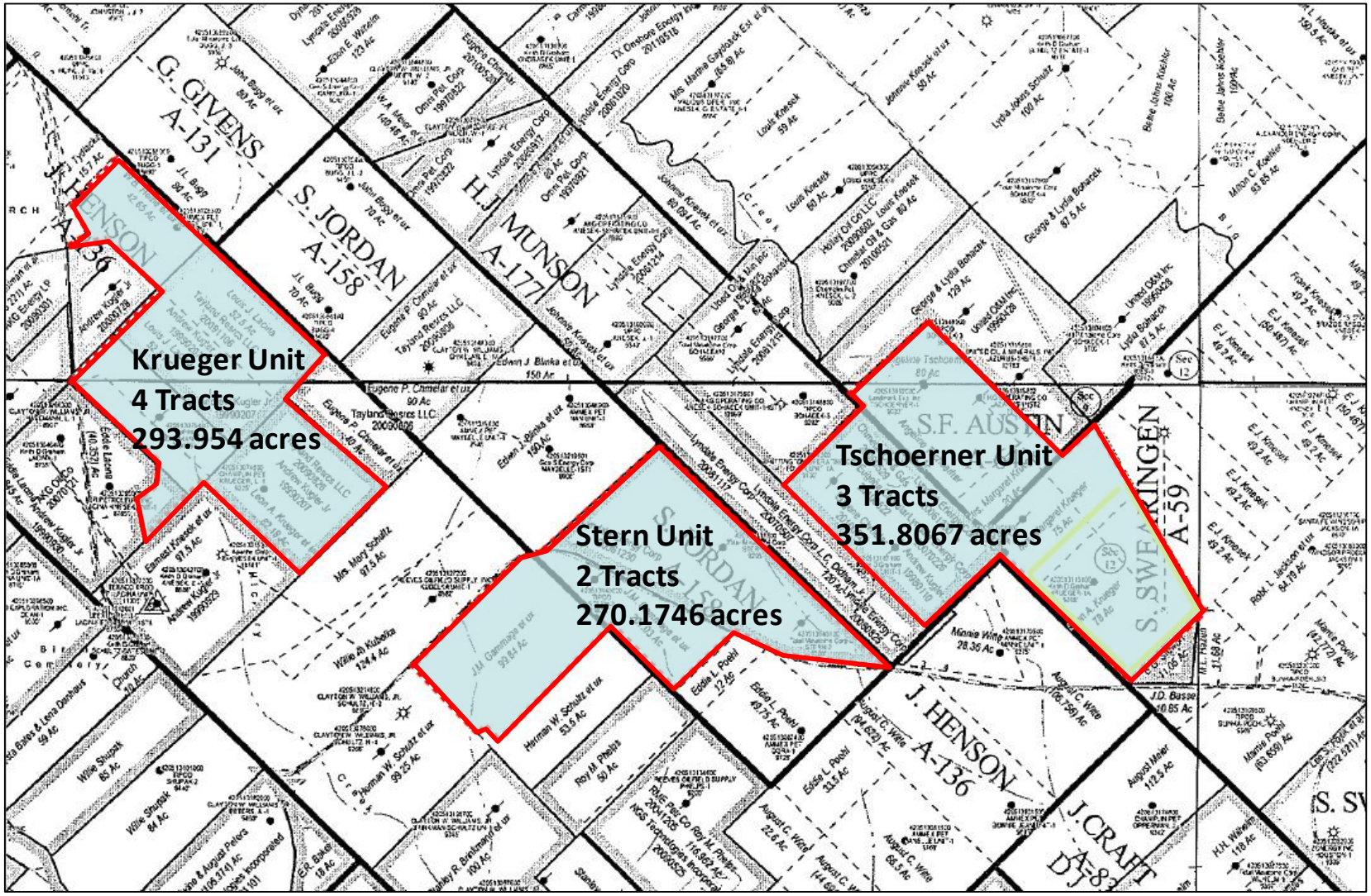


Figure 17 Birch Prospect Units-Burleson County

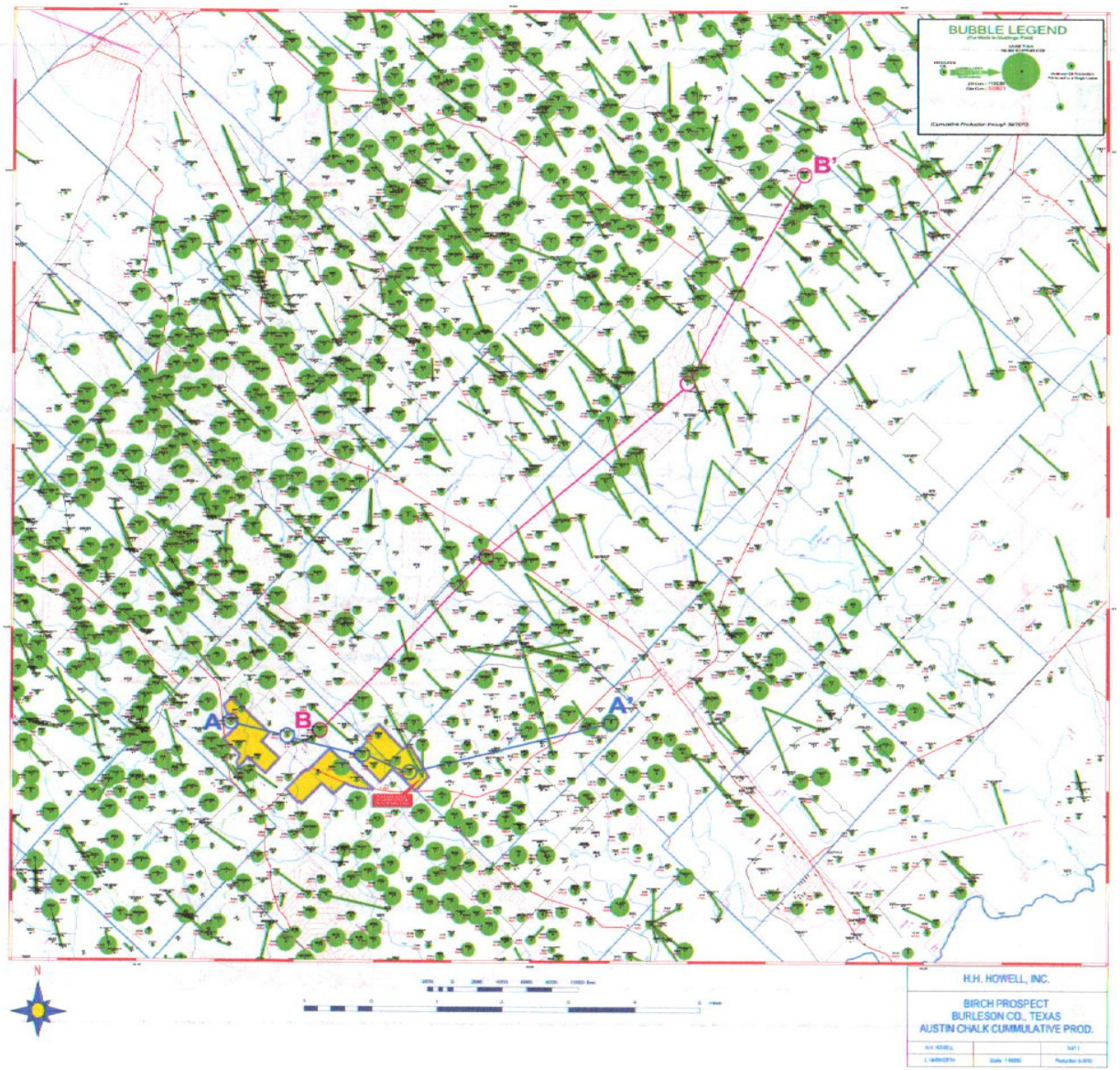


Figure 18 Austin Chalk production Bubble Map, Burleson County

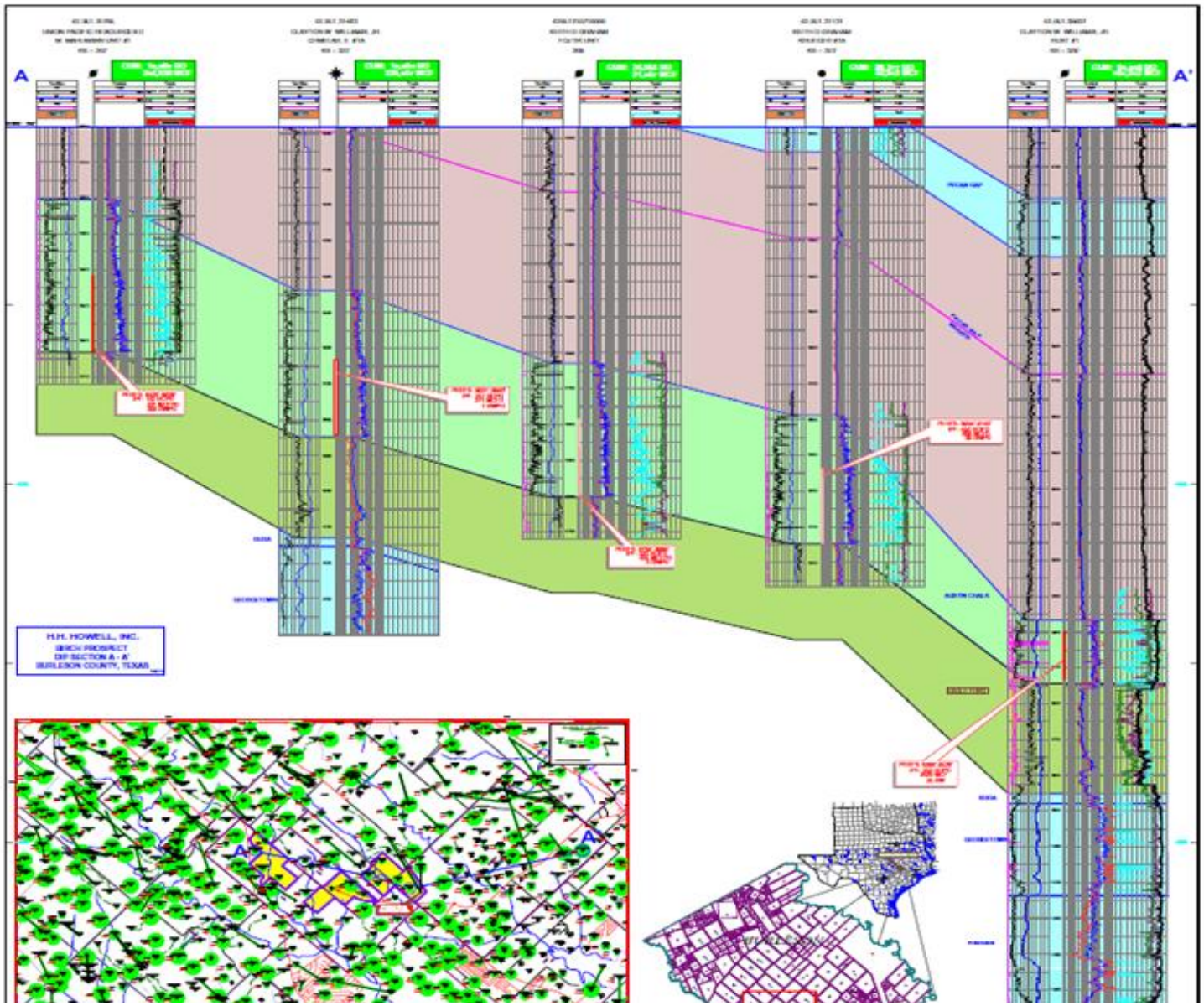


Figure 19 A-A' Cross Section (West-East) Birch Prospect

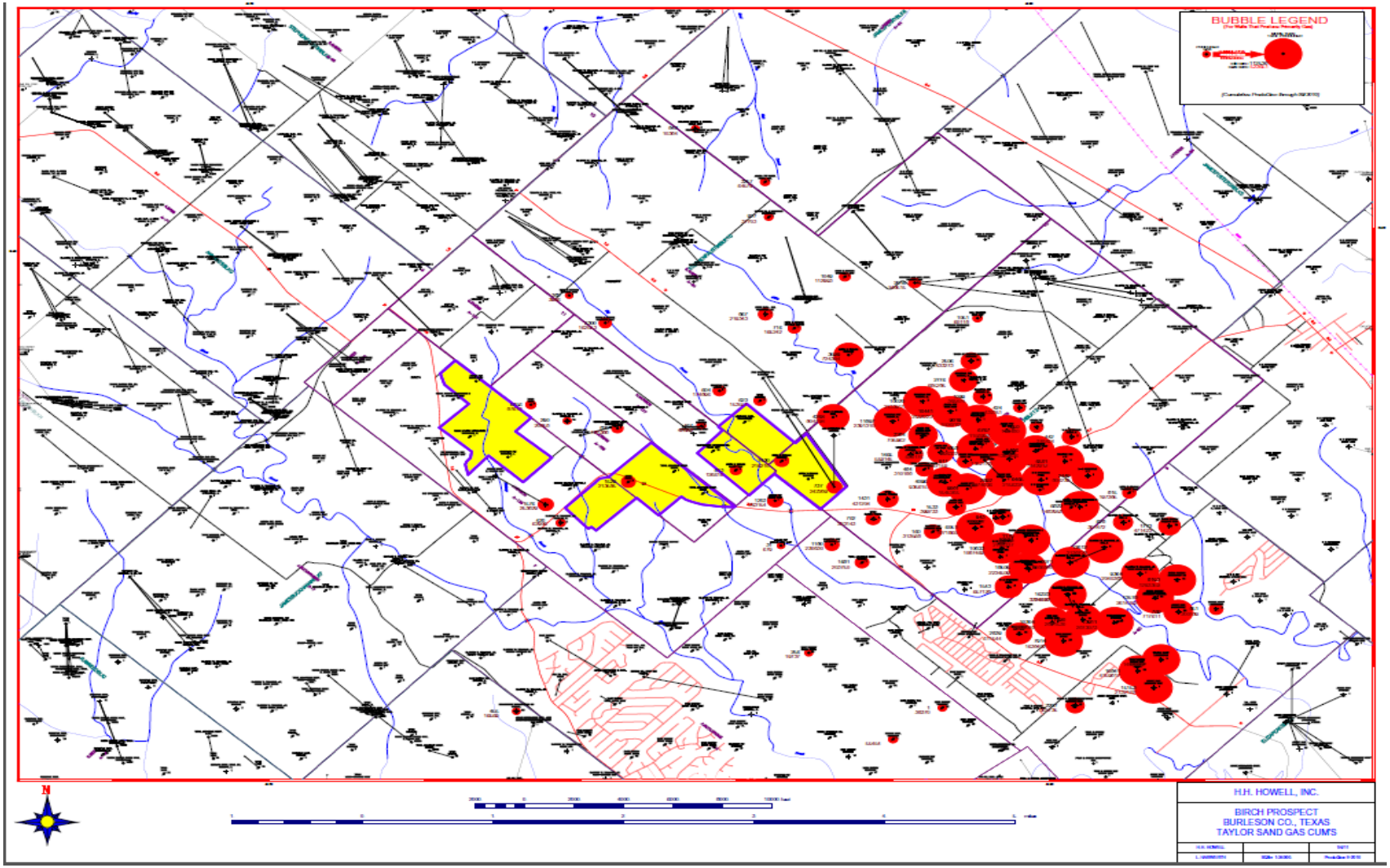


Figure 20 B-B' Cross Section (SouthWest-NorthEast) Birch Prospect

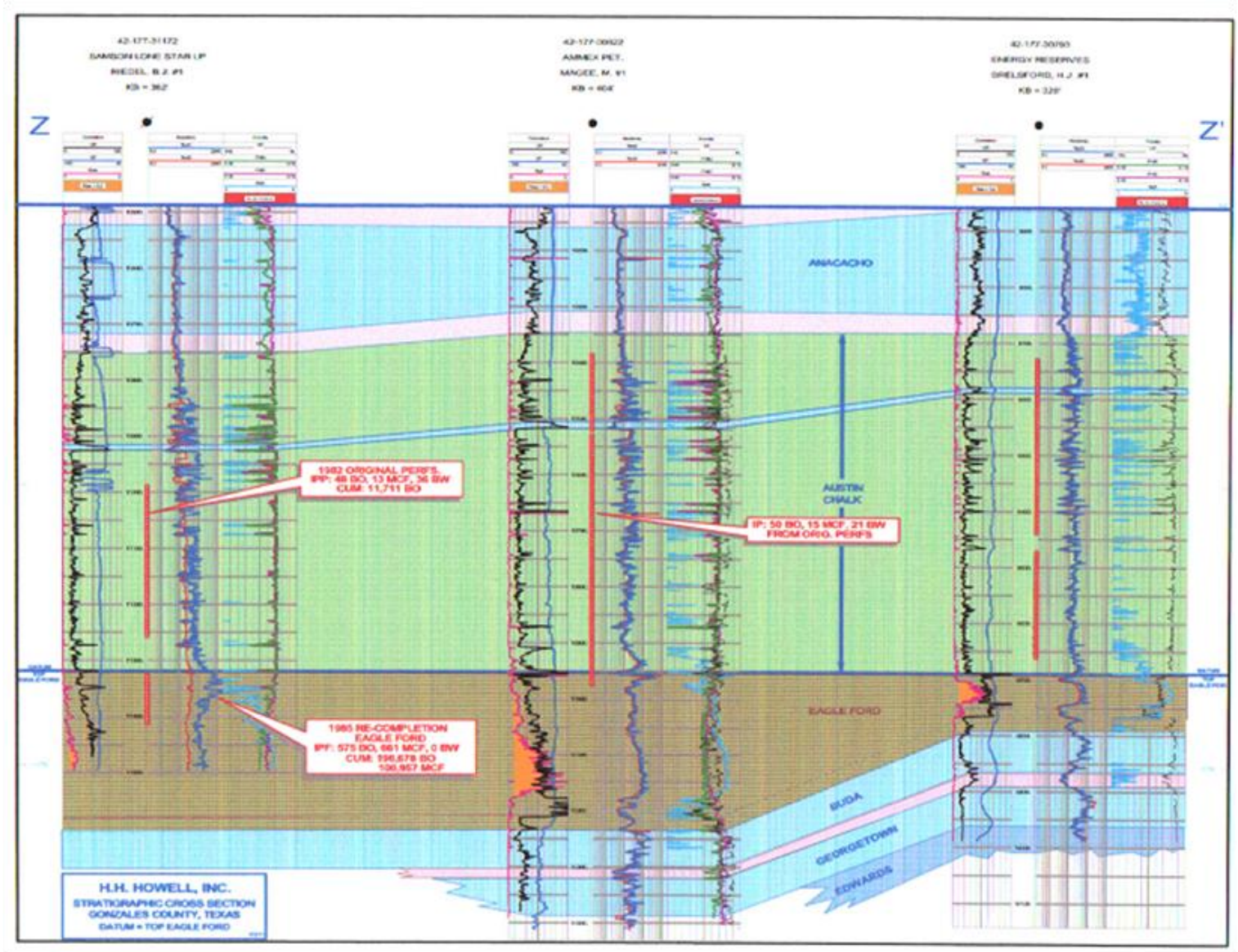
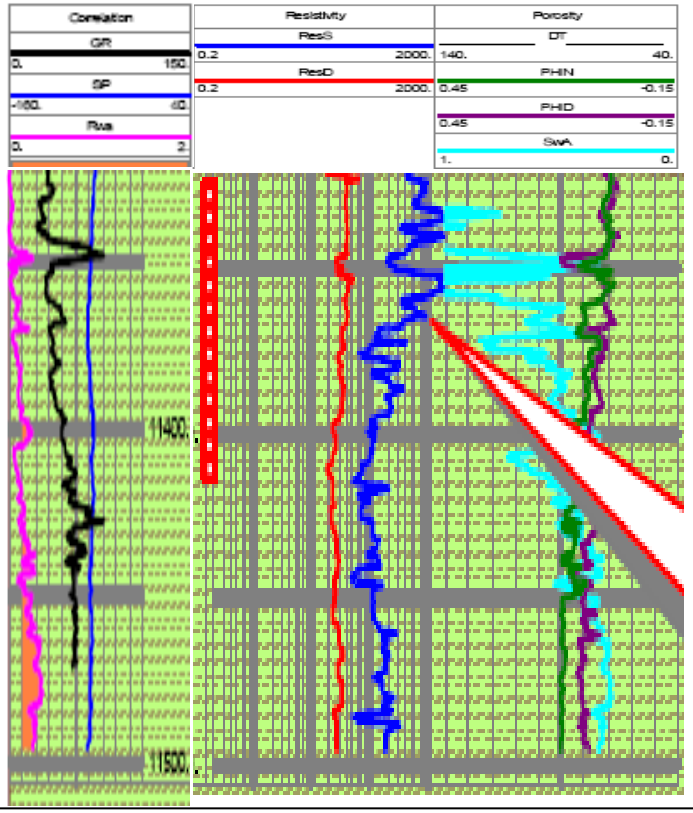


Figure 21 Z-Z' Cross Section at Gonzales County

Type Logs

RIEDEL, BJ. #1 (IP=575 BOPD)
Gonzales County (South West of AKK Lease)



KRUEGER, L. #1
At AKK lease

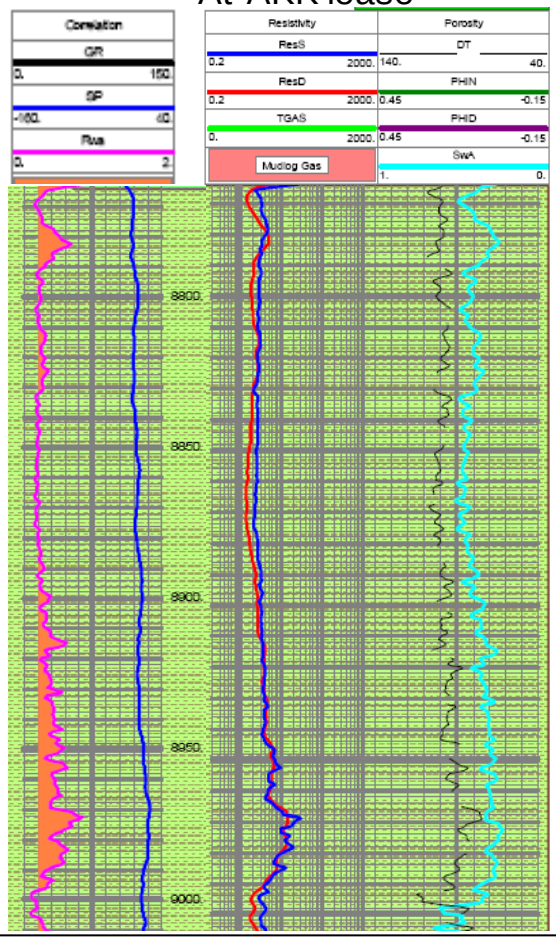


Figure 22 Log Comparison: Log from Gonzales County vs Log at Birch Prospect

Birch Prospect – Pressure Data

From 3 wells mud log data (within AKK lease):

- CHMELAR, E. . #1A
  - "Gas kick @ 8940', Increasing Gas @ 9000', High sustained gas kicks: @9090'-9116' & @9125'-9140'."
- FOJTIK UNIT #1
  - "Gas kick @ 9075'-9085', Mud weight 9.4# to 8.7# and 9095'-TD."
- RUST #1
  - "Gas kick @ 9760'-9800', Mud weight 9.5# to 9.3# and 9810'-9830'."
- Pressure gradient of 0.488-0.494 psi/ft>0.465 psi/ft making the Eagle Ford an abnormally pressured formation.

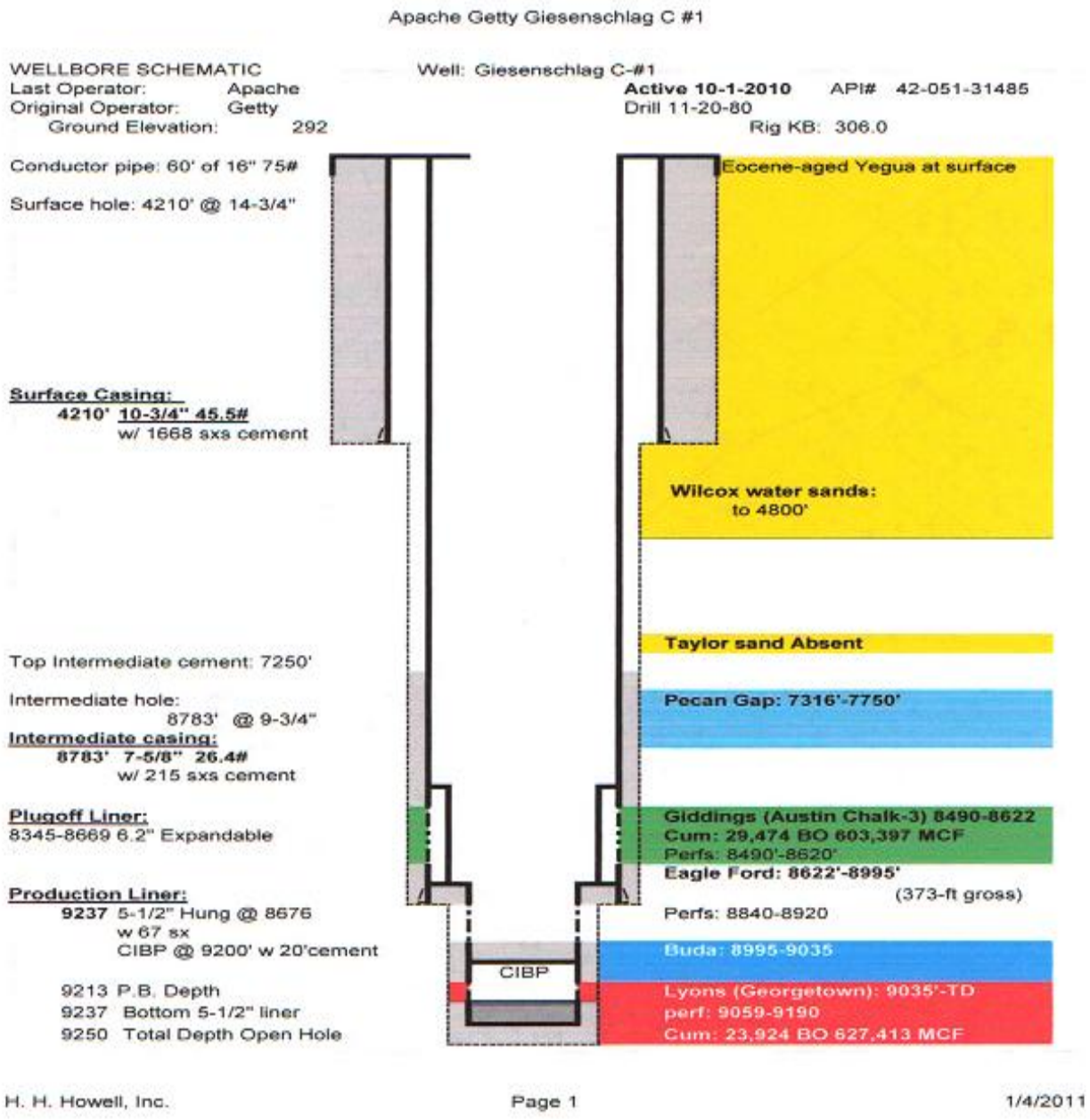


Figure 23 Well Mechanical Diagram from Apache Well Getty Giesenschlag C#1

Appendix 2 - ABBREVIATIONS AND CONVERSIONS

In this document, the abbreviations set forth below have the following meanings:
Oil and Natural Gas Liquids Natural Gas Natural Gas
Bbl - barrel Mcf thousand cubic feet
Bbls - barrels MMcf million cubic feet
Mbbls - thousands of barrels Mcf/d thousand cubic feet per day
MMbbls - million barrels MMcf/d million cubic feet per day
Mstb - 1,000 stock tank barrels MMBTU million British Thermal Units
bbls/d - barrels per day Bcf billion cubic feet
bopd - barrels of oil per day GJ gigajoule
NGLs - natural gas liquids
stb - stock tank barrels
API - American Petroleum Institute
°API an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
BOE barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
BOE/d - barrel of oil equivalent per day
m3 - cubic meters
$000s - thousands of dollars
WTI - West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

NOTES AND DEFINITIONS

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

“Undeveloped” reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed nonproducing. This allocation should be based on the estimator’s assessment as to the reserves that will be recorded from specific wells, facilities and completion intervals in the pool and their respective development and production status.

“Probable” reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

“**Probability**” refers to the degree of certainty associated with the estimates of reserves. Reported reserves should target the following levels of certainty under a specific set of economic conditions: Pessimistic, Base and Optimistic.

“Undiscovered Resources” are defined as those quantities of oil or gas estimated on a given date to be contained in accumulations yet to be discovered. The estimated potentially recoverable portion of undiscovered resources is classified as prospective resources.

“Prospective Resources “are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. They are technically viable and economic to recover.

The following terms, used in the preparation of the Report (as defined herein) and this document have the following meanings:

“Associated gas” means the gas cap overlying a crude oil accumulation in a reservoir.

“Constant prices and costs” means prices and costs used in an estimate that are:
(a) the Company’s prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;
(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).
For the purpose of paragraph (a), the reporting issuer’s prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors

“**Company ”** or **“Aus-Tex .”** means Aus-Tex Resources Inc.

“Crude oil” or **“Oil”** means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

“Development costs” means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary

in developing the reserves;
(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
(d) provide improved recovery systems.

"Development well" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"Exploration costs" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(a) Costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists,

"Exploratory well" means a well that is not a development well, a service well or a stratigraphic test well.
(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defense, and maintenance of land and lease records;
(c) dry hole contributions and bottom hole contributions;
(d) costs of drilling and equipping exploratory wells; and
(e) costs of drilling exploratory type stratigraphic test wells.

"Field" means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".

"Future prices and costs" means future prices and costs that are:
(a) Generally accepted as being a reasonable outlook of the future;
(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"Future income tax expenses" means future income tax expenses estimated (generally, year-by-year):
(a) Making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
(b) Without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
(c) Taking into account estimated tax credits and allowances (for example, royalty tax credits); and
(d) Applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

"Future net revenue" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs.

"Gross" means:
(a) in relation to the Company's interest in production or reserves, its "Company gross reserves", are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company;
(b) in relation to wells, the total number of wells in which the Company has an interest; and
(c) in relation to properties, the total area of properties in which the Company has an interest.

"Natural gas" means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

"Natural gas liquids" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of nonhydrocarbons.

"Net" means:
(a) in relation to the Company's interest in production or reserves its working interest (operating or non operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;
(b) in relation to the Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and
(c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

"Non-associated gas" means an accumulation of natural gas in a reservoir where there is no crude oil.

"Operating costs" or "production costs" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

"Production" means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

"Property" includes:
(a) Fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;
(b) Royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and
(c) An agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer). A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.
"Property acquisition costs" means costs incurred to acquire a property (directly by purchase or lease or indirectly by acquiring another corporate entity with an interest in the property), including:
(a) Costs of lease bonuses and options to purchase or lease a property;
(b) The portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;
(c) Brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

“Proved property” means a property or part of a property to which reserves have been specifically attributed.

“Reservoir” means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

“Service well” means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

“Solution gas” means natural gas dissolved in crude oil.

“Stratigraphic test well” means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) exploratory type” if not drilled into a proved property; or (b)“development type”, if drilled into a proved property. Development type stratigraphic wells are also referred to as “evaluation wells”.

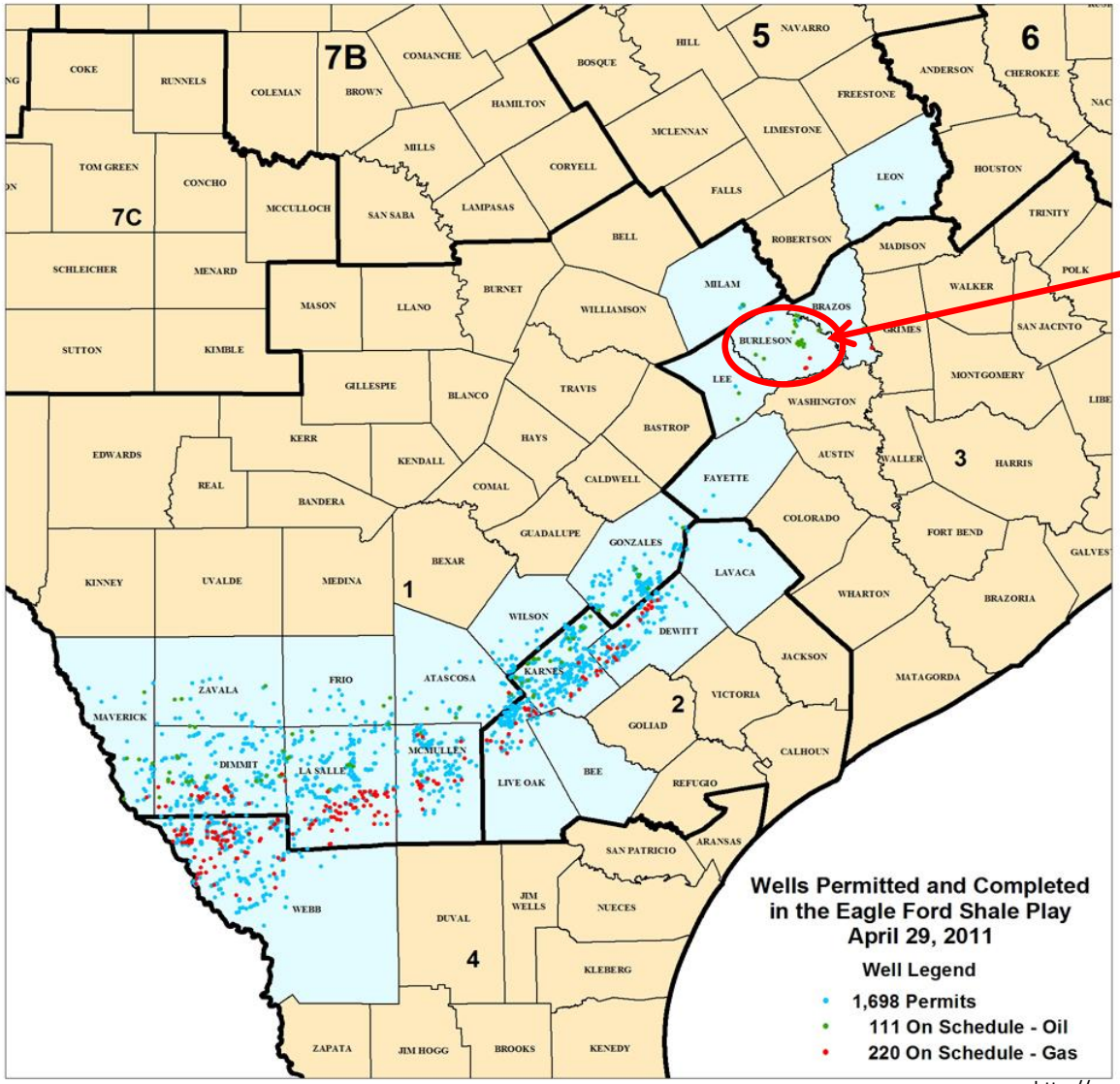
“Support equipment and facilities” means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

“Unproved property” means a property or part of a property to which no reserves have been specifically attributed.

“Well abandonment costs” means costs of abandoning a well and surface lease reclamation.

Appendix 3 – Select Data on Eagle Ford Play reported by Texas Railroad Commission

http://www.rrc.state.tx.us/eagleford/index.php

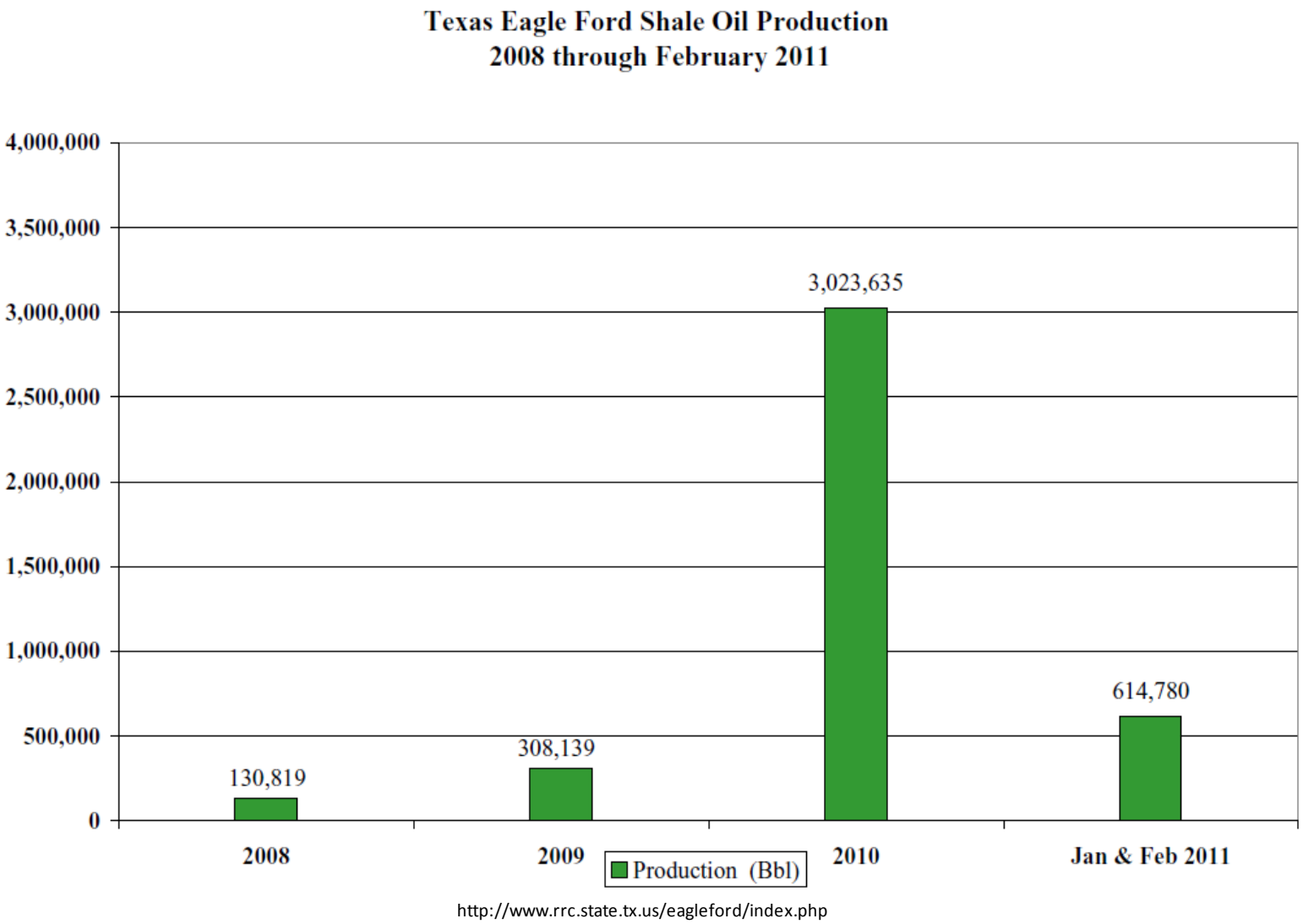


Wells Permitted & Completed 29/04/2011

Burleson County

http://www.rrc.state.tx.us/eagleford/index.php

Figure 24 Well permits 2011, Burleson County



http://www.rrc.state.tx.us/eagleford/index.php

Figure 25 Production Increase, Texas

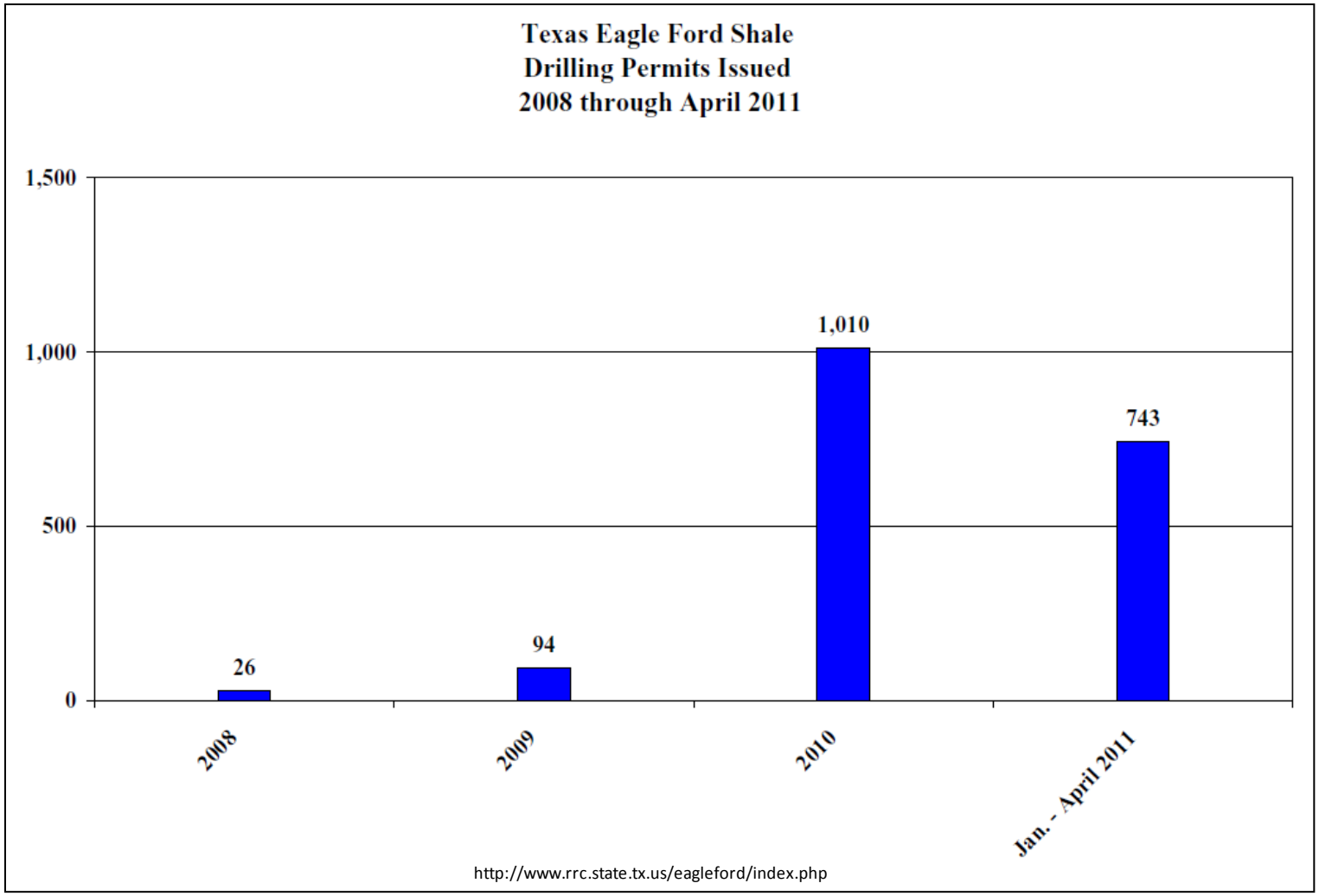


Figure 26 Drilling Permits issued from 2008 till April 2011

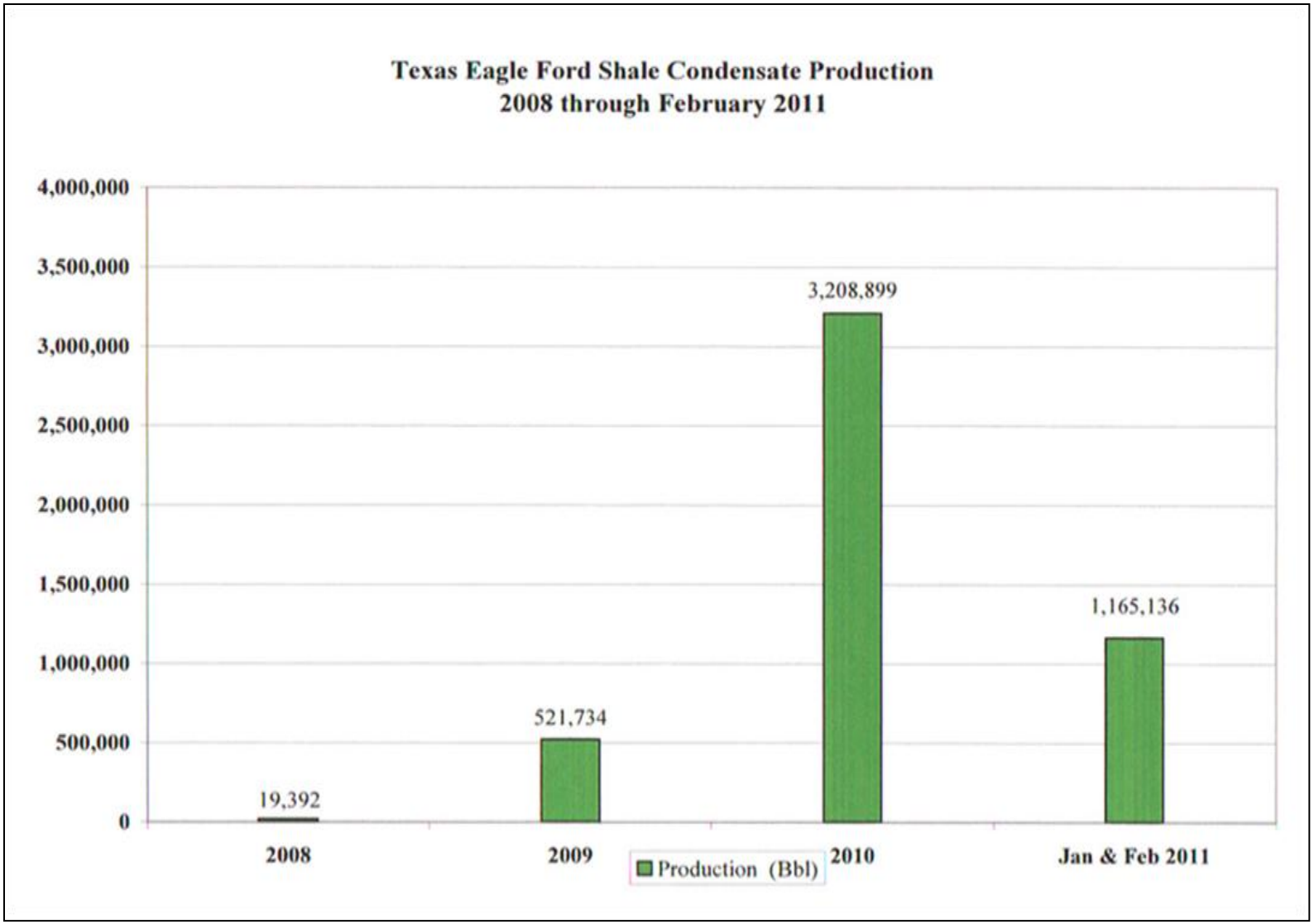


Figure 27 Texas Eagle Shale Condensate Production 2008-Feb. 2011

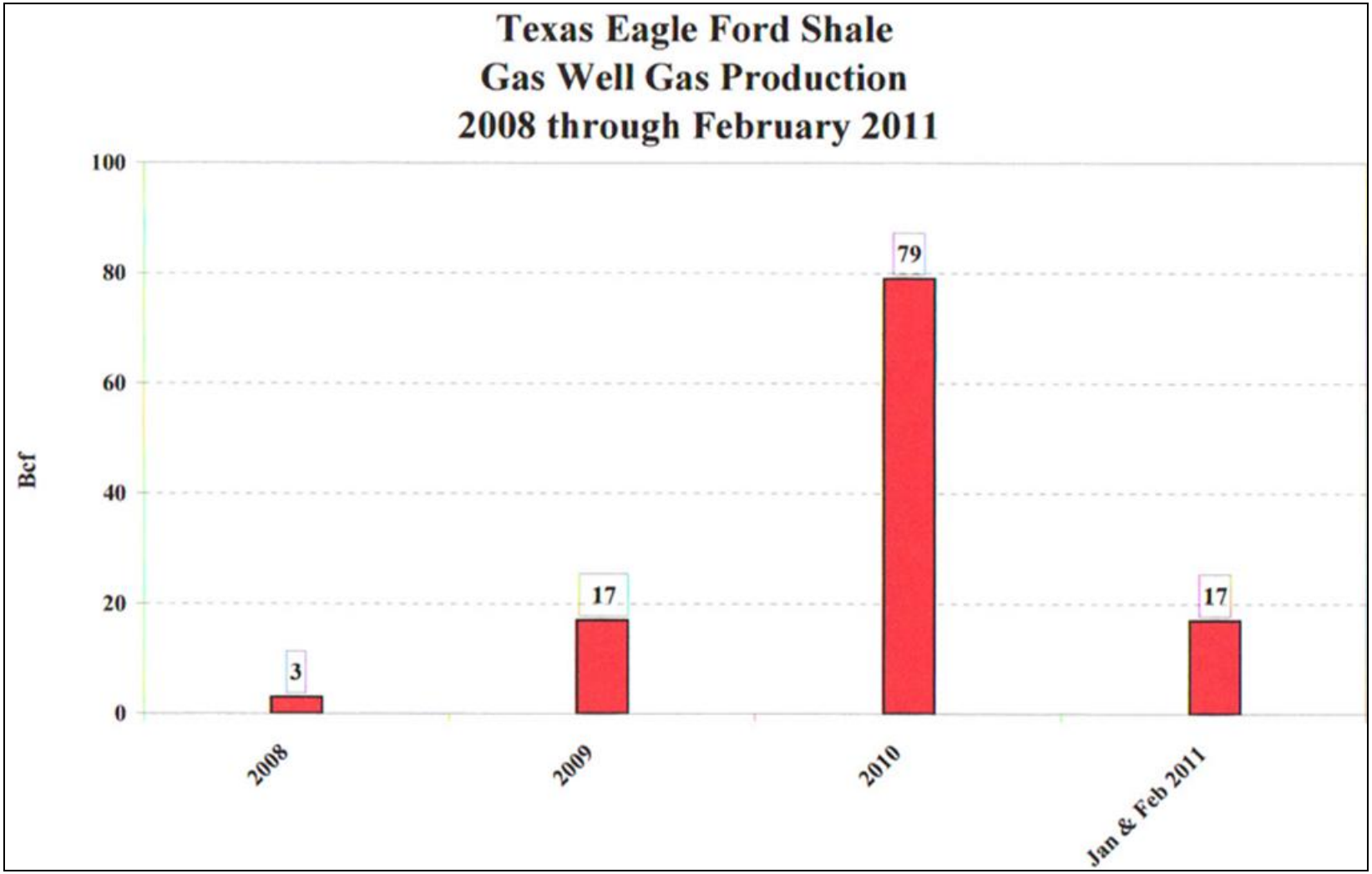
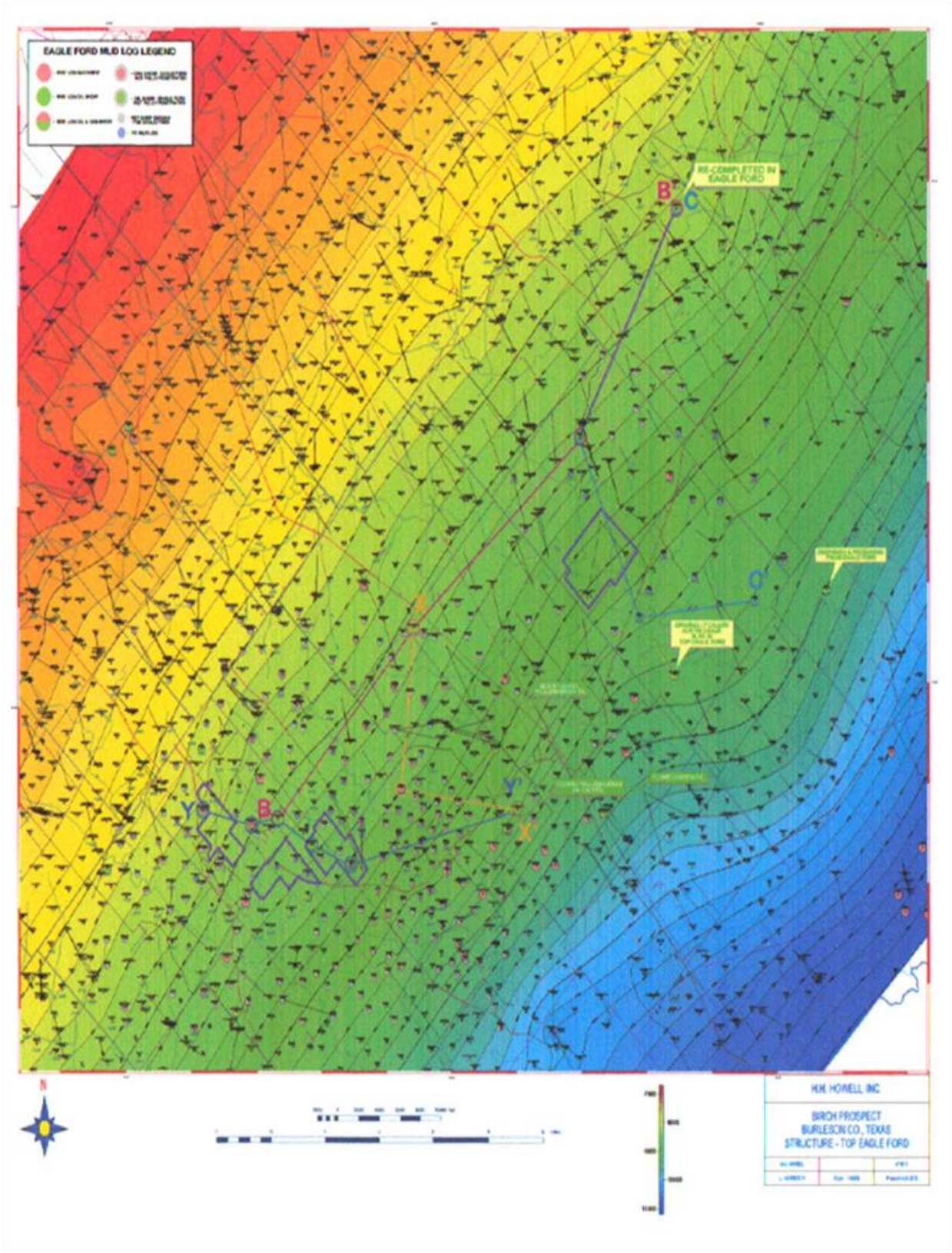


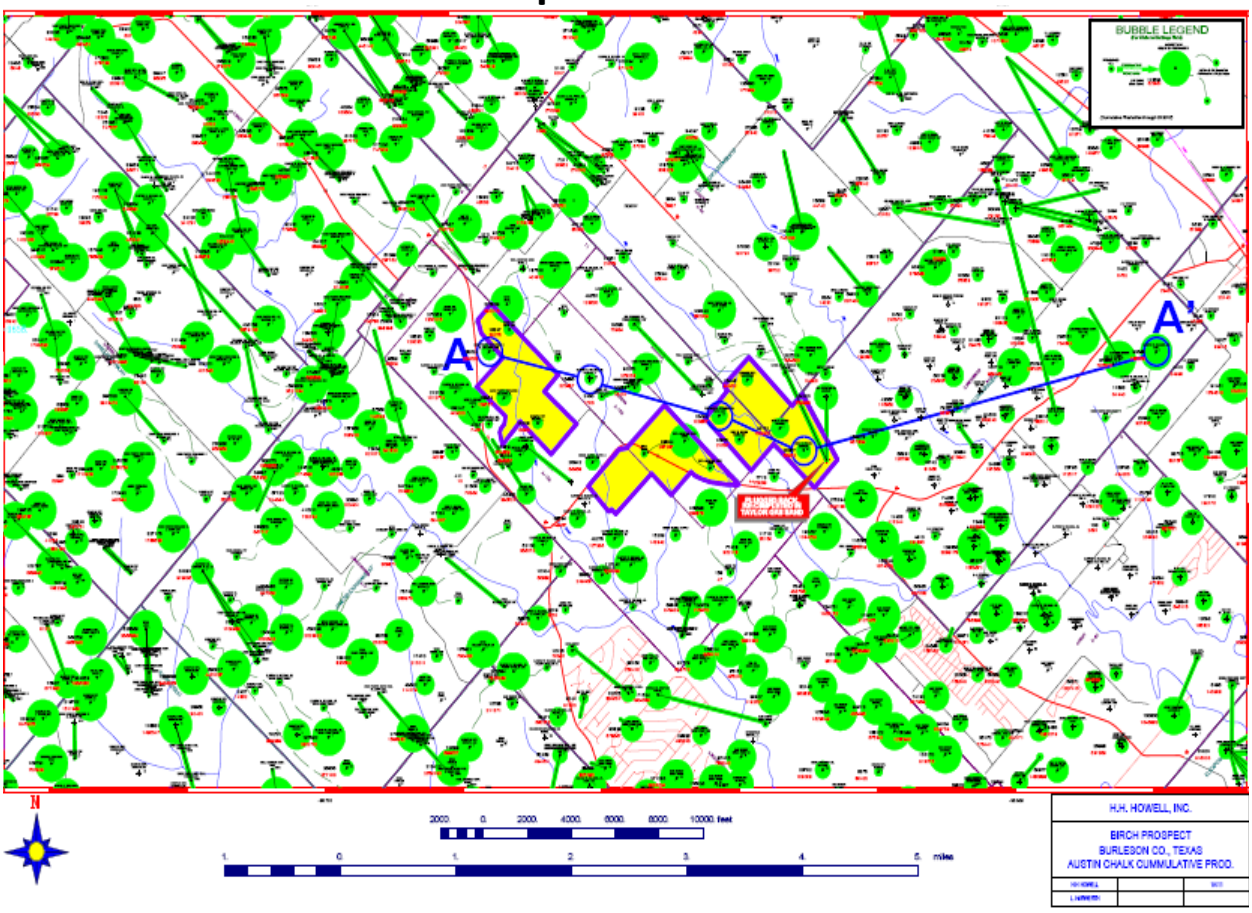
Figure 28 Texas Eagle Ford Shale Gas Well Production 2008 through Feb. 2011

Appendix 4 – Eagle Ford Shale production Plots-Source H. H. Howell, Inc.


EAGLE FORD MUD LOG LEGEND
RE-COMPLETED IN EAGLE FORD
B
C
B'
C'
Y
Y'
X
X'
N
HJK HOWELL INC
BIRCH PROSPECT
BURLESON CO., TEXAS
STRUCTURE - TOP EAGLE FORD

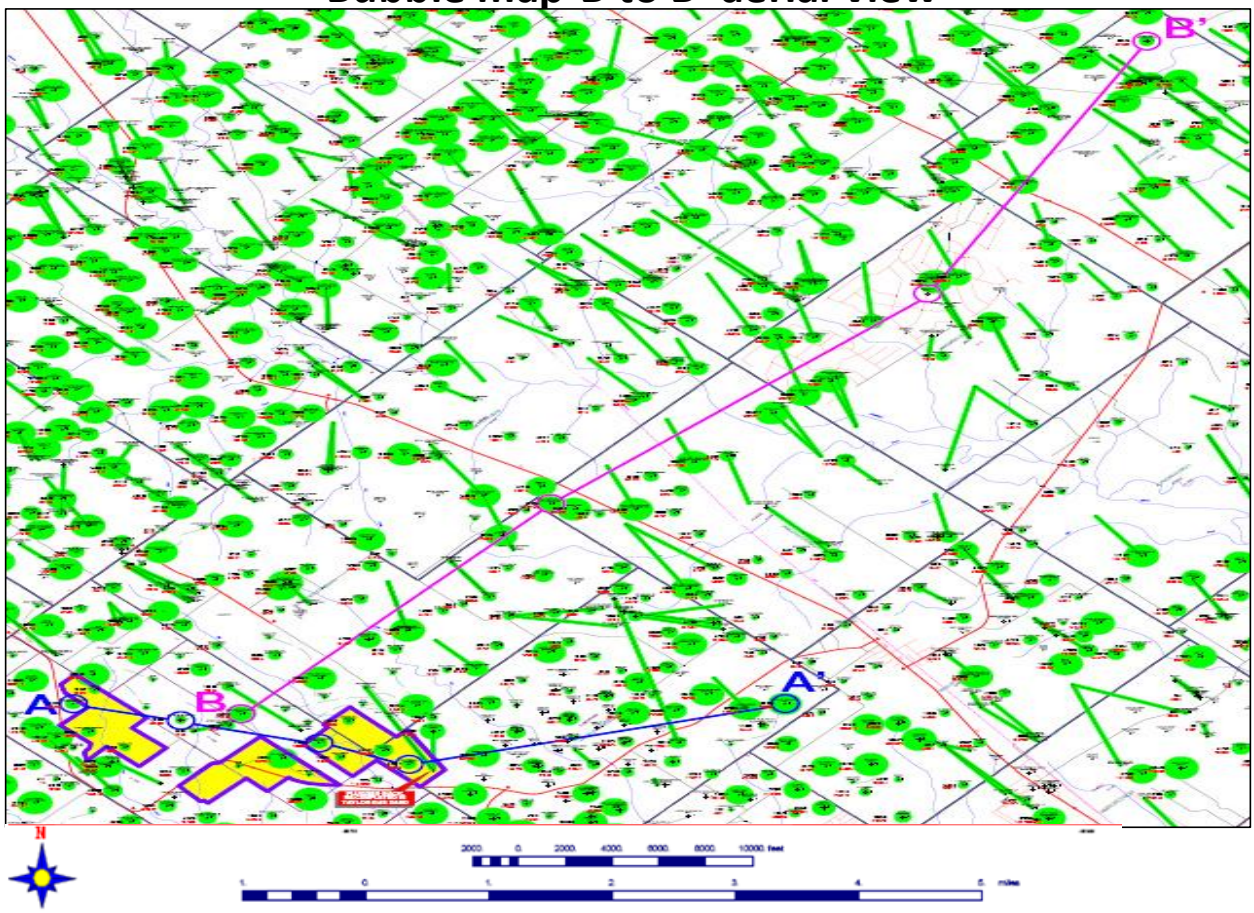
Birch Prospect

Bubble map-A to A' aerial view



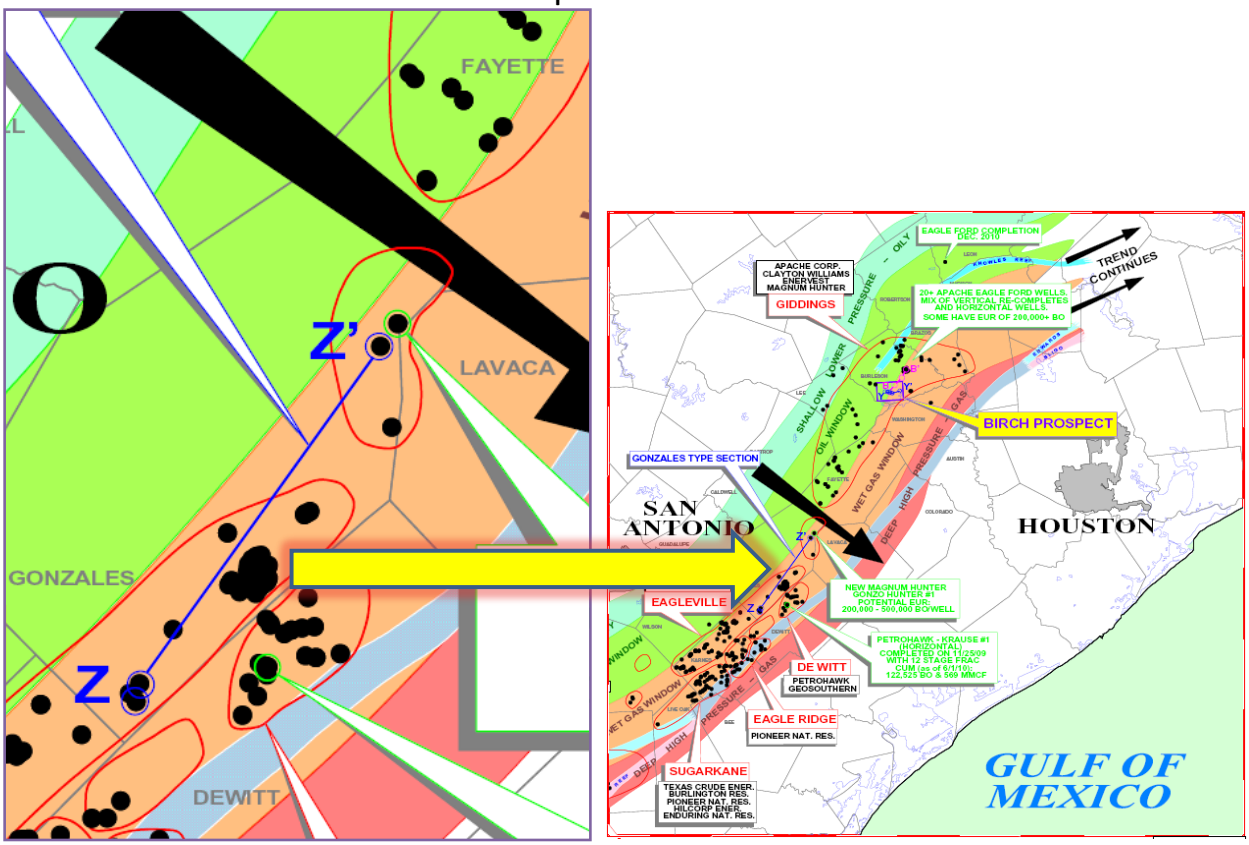
Birch Prospect

Bubble map-B to B' aerial view



Birch Prospect

Bubble map-Z to Z' aerial view



Appendix 5 RESUME OF WILLIAM M. MITCHELL

William M. Mitchell

859-625-1763 (h)
859-608-1517 (cell)
e-mail:WMM40014@aol.com

Education:
BA, Geology, Hanover College
Graduate work, Geology, University of Kentucky

Summary:

Experience as environmental and petroleum consultant; inspector for US EPA; as a research scientist for a state geological survey and extensive experience with business to business sales.

Employment History (beginning with most recent):

- **Geological Consultant**

- **President, Green Hills Environmental, Somerset, Ky**
  Full service environmental consulting & contracting company affiliated with Somerset Refinery

1.1.

- Senior Environmental Employment Program of NOWCC assigned to Region 4 US Environmental Protection Agency/independent Geological Consultant
  Worked four days per week as field inspector covering Eastern Kentucky in the Environmental Protection Agency's Underground Injection Control Program. Made nearly 8000 cold calls (inspections) in four year period.

Also provides geological consulting services to petroleum and environmental clients.

- **Hinkle Contracting Corp, Environmental Services Group**

Served as Environmental Manager, with business development responsibility for an eighteen person department. Services included underground storage tank issues, environmental & geotechnical drilling, site investigations, Phase I Site Assessments, demolition, and health and safety training. Efforts resulted in generation of $500,000 additional revenue in 2002 and 2003.

- **ATC Associates Inc. (formerly ATEC Associates)**

Served as Project Geologist, 1994-96, Kentucky Sales Representative, 1996-98, and as Branch Manager/Business Development Manager 1998-2001.As Branch Manager, had supervisory and managerial responsibility for all sectors of ATC's operations in Kentucky. The Louisville office of ATC had a staff of 20 to 25 professionals and one sales person. The Environmental Manager, Engineering manager, Drilling manager, sales person, and manager of construction materials testing are supervised directly by the Branch Manager. The Lexington office had an environmental staff of three

and a Construction Materials Testing Staff of five. The Branch Manager had direct responsibility for profitability, constraining costs, accounts receivable collections, business development, personnel issues, and annual budget preparation for a $2,000,000 annual revenue operation. During tenure, environmental revenue increased 50%.

- **Research Geologist**
  Indiana University, Indiana Geological Survey, Bloomington, Indiana
  Served as Principal Investigator for a groundwater investigation.

- **Condor Resources Inc., Slidell, Louisiana**
  President, owner

Condor assembled oil and gas leases on the prospects and marketed the projects to firms in the petroleum industry for drilling.

- **Northcott Exploration, Metairie, Louisiana**
  Senior Exploration Geologist

Job function involved the generation of oil and gas drilling projects, review of submittals from outside consultants and the marketing of assembled lease blocks to drilling companies.

- **Allegro Exploration, New Orleans**
  South Louisiana Exploration Manager

Job function was to manage the New Orleans operations, generated drillable oil and gas projects and to sell the projects to operating companies in the petroleum industry.

- **Texaco Inc., New Orleans, Louisiana**
  Served in various positions from staff geologist to District geologist.

Professional Geologist Registration:
Kentucky #1426
Indiana #1529

Professional Society Memberships:
Indiana-Kentucky Geological Society (past President)
New Orleans Geological Society
Houston Geological Society
American Association of Petroleum Geologists

Publications:

- **Assessment of the 3000 ppm and 10,000 ppm Total Dissolved Solid Boundaries in the Pennsylvanian Aquifers of Southwestern Indiana; Indiana Geological Survey Open File Report 94-2, 1994, 28 pages**

- **Assessment of the 3000 ppm and 10,000 ppm Total Dissolved Solid Boundaries in the Mississippian and Pennsylvanian Aquifers of Southwestern Indiana using Geophysical Logs; in Proceedings of the Illinois Basin Energy and Minerals Resources Workshop,P.25, September, 1994**

- **Application of Petroleum Geology Techniques to an Environmental Study of Groundwater Resources in Southwestern Indiana; Proceedings of AAPG Annual Convention, P. 217, June 1994**

Appendix 6 RESUME OF RICHARD F BRAUN

Richard F. Braun
1723 S. Sand Lily Dr.
Golden, CO 80401

Telephone (303) 526 7366
E - Mail rfbraunco@aol.Com

RESUME

Professional Summary

- 15Years oil and gas prospect evaluation, project management and process development consulting experience.
- 15 Years oil and gas exploration and production executive management positions
- 15 Years operation and management Chemicals production Operations
- Skilled in oil and gas prospect evaluation, development, operations and marketing
- Experienced in all aspects of oil and gas business
- Energetic self starter with excellent planning, evaluation and interpersonal skills
- Large industry contact network
- Skilled, experienced manager with excellent leadership skills

Consultative Projects

- Support efforts to develop Natural gas and Coal prospects- West Hawk Development Corp. Served as Director and consulted on oil and gas development activities in Piceance Basin, Colorado.

- Locate, evaluate and market oil and gas prospects. Market prospects to operating and investment groups

- Locate and provide evaluation of potential natural gas supplies for Colorado and Texas Utilities. Low cost, secure natural gas prospects were located.

- **Managed development of new, patented technology for grinding ultra fine particles. Achieved commercial concept ahead of schedule and below budget.**

Professional Experience

- Fuel Resources Development Co.

  Executive Vice President, Chief Operating Officer, Fuel Resources Development Co. (Fuelco). (Subsidiary of Public Service Co. of Colorado) Primary business was oil and gas exploration, production and marketing. Leaseholds and producing reservoirs were primarily in the Piceance Basin of western Colorado. During my tenure assets nearly doubled to $90 Million. Fuelco took the lead on an important alternative fuel project in Pueblo, Colorado. This project was directed towards demonstrating the commercial feasibility of the RenTech Syngas reactor. The goal was to utilize landfill methane and conversion of land fill methane to diesel fuels.

- SIRA Petroleum Corp.

  President - Management and Consulting for West German petroleum investment partnerships. Managed $50 Million producing oil and gas properties located in the Rocky Mountains, Appalachian Mountains and Texas.

- International Energy Funds GmbH (IEF)

  Vice President - North America - International Energy Funds mission was to invest West German limited partnership funds in oil and gas exploration and production in North America. Developed and led the North American organization. Investments, totaling approximately $80 Million were evaluated, selected and managed by the North American group. Successful prospects were acquired in New York, Pennsylvania, West Virginia, Texas, Colorado, Wyoming and British Columbia. The extremely high success rate of the made this a leading investment fund in West Germany, Primary areas of activity were the Piceance Basin of Colorado and the Appalachian Basin in Western New York and Pennsylvania.

- FMC Corporation- Chemicals Group

  Chief Operating Officer Oil and Gas Exploration / Production Division. Built the organization to secure captive Natural Gas supplies for production facilities in South Western Wyoming, Central California, Idaho, Tennessee and Iowa.

  Held a series of operating, staff, management and executive positions. Responsibilities included Hydrogen Peroxide plant management, Caustic-Chlorine process improvement Project Management, Multiple Plant Operations co-ordination, Specialty Chemicals Division Planning Manager, Packaging Division Chief Operating Officer,

- Willamette Iron and Steel Corp. (Division of Guy F. Atkinson)

  Design engineer. Products included mineral processing machinery, logging machinery and hydroelectric mechanical equipment.

Education

B. S. Mechanical Engineering, Stanford University
Graduate Business School, University of Oregon
Numerous technical seminars
Management Development Courses

Organizations

Society of Petroleum Engineers #3517494
Past member American Society of Mechanical Engineers
Junior Achievement Team Leader
Past President Kiwanis International
Former Volunteer Fire Fighter
Keystone Ski Area Mountain Ambassador Volunteer

Military

White Sands Proving Grounds, New Mexico. Assigned to Modifications Section. Responsible for design, installation, operation and evaluation of special, in-flight, measurement and monitoring devices in developmental of Corporal and Nike guided missile systems.