



# Austin Exploration Limited

*Building a balanced portfolio of hydrocarbon prospects*

12 October 2007

## **ASX Announcement**

**Well Name:** St. Gabriel #1 (VUA: Bourque #1)

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## **St. Gabriel 1 Deepening to Begin**

Austin Exploration Limited ("Austin") (ASX code: AKK) today announced that Drillmar Oil & Gas Inc. has begun final preparations for the re-entry and deepening of the St. Gabriel 1 prospect, located in the Iberville and Ascension Parishes, Louisiana, USA.

The current schedule will put the rig at the drill site on or about the first week of November.

In March 2007, drilling was halted 500 feet short of target depth of 10,800 feet due to an abnormally high pressure formation. Estimated high drilling costs and drilling risk due to the high pressure saw Austin opt for a farm-out agreement with Drillmar.

Under the agreement Austin and its private investors will maintain a cumulative 20% Working Interest After Payout (WIAPO) while Drillmar will assume 100% of the ownership, rights and obligations related to the well, the unit leases and the adjoining leases. The agreement does not impact Austin's ability to drill new wells in this area.

Drillmar has reprocessed the 3D Seismic data at its own expense and subsequently will present Aus-Tex, Austin's wholly owned subsidiary, with a subsurface map delineating the seismic anomaly related to the proposed deepening of the well and any unleased acreage within the outline of the anomaly.

The St. Gabriel #1 prospect has a potential recoverable resource range from a low case of 1.82 million barrels of oil and 13.6 billion cubic feet of gas to a high case of 5 million barrels of oil and 36 billion cubic feet of gas. This range is based on an independent geological assessment.

**Ends...**

**For further information:**

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**Statement of Working Interests**

DRILLMAR OIL AND GAS FARM-OUT AGREEMENT			WELL NUMBER 1			
<b>Note:</b> 25% of NRI belongs to other entities						
Before Payout			After Drillmar Recovers Costs		Final After Payout NRI	
Party	Cost Bearing %	NRI %	Party	NRI %	Party	NRI %
Drillmar	100.000%	75.000%	Drillmar	80.000%	Drillmar	80.000%
Aus-Tex	0.000%	0.000%	Aus-Tex	16.000%	Aus-Tex	13.000%
Verus Investments	0.000%	0.000%	Verus Investments	2.000%	Verus Investments	2.000%
Private Investors	0.000%	0.000%	Private Investors	2.000%	Private Investors	2.000%
Rio Bravo	0.000%	0.000%	Rio Bravo	0.000%	Rio Bravo	3.000%
<b>TOTAL</b>	<b>100%</b>	<b>75%</b>	<b>TOTAL</b>	<b>100%</b>	<b>TOTAL</b>	<b>100%</b>

**About Austin Exploration Limited**

Austin Exploration (Austin) is an oil and gas exploration company with a balanced portfolio of hydrocarbon prospects in Australia and the United States.

Austin's business model is to develop a portfolio of hydrocarbon assets with a balance of low-risk prospects combined with a prudent mix of high risk, higher return opportunities based on its capital availability. Utilising its technical competence and extensive industry network, Austin seeks to identify suitable risk profile prospects, conduct an evaluation and then identify suitable farm-in partners.

Austin is listed on the Australian Securities Exchange (ASX code: AKK).

**Competent Persons Statement:**

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Donald F. Reck Jr. M.S (Chief Technology Officer) of the company and Mr. David M. Schuette (Managing Director) of the company. All individuals are either a full-time employee, officers and/or are leading the company's drilling and operations efforts.

Mr. Reck has been a member of the American Association of Petroleum Geologists since 1976 and the chief geologist for DMS Exploration since 2000. Prior to that date, he has consulted to many USA oil and gas exploration companies including Rio-Tex Inc., Trio Exploration, Medders Oil Co., Texaco, Conoco and Strategic Petroleum. Mr. Reck is also a former Exploration Geologist with Tenneco Oil and Conoco. He has consulted to Geoscience Data Management, Inc. and Advanced Micromagnetics. He holds Bachelor of Science degree in geology from Grand Valley State College in Allendale Michigan and a master of science in geology from Sul Ross University in Alpine Texas

Mr. Schuette is founder of DMS Exploration, an independent Texas oil and gas operator. Prior to founding DMS Exploration, he held executive positions with French Petroleum and Torch Energy Advisors in Houston, Texas. Mr. Schuette has over 20 years experience as an advisor to and as an investor in the USA oil and gas industries.

Mr. Schuette and Mr. Reck have sufficient experience of relevance to the styles of hydrocarbon entrapment and the types of deposits under consideration, and to the activities undertaken to qualify as a Competent Person(s) as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Schuette and Mr. Reck hereby consent to the inclusion of the information in this release and the form and context in which it appears

For more detailed information on these executives please visit the Austin Exploration Limited website at <http://www.austinexploration.com/OurTeam.asp>