



ASX ANNOUNCEMENT

13<sup>th</sup> December 2011

## Eagle Ford Shale Success

- **Drilling of first of initial three Eagle Ford wells completed**
- **Full production & flow testing targeted for end of January 2012**
- **Dual producing oil & gas well to be considered to enhance cash flow**
- **Completion preparations for fracking underway in the Eagle Ford Shale formation**
- **More Hydrocarbon 'shows' evident throughout the Georgetown & Buda Formations**

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**The Board of Austin Exploration Limited (ASX: "AKK")** - on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc- provides the following update on drilling of the Krueger #1 well, the first well on the Company's Eagle Ford Shale project at the Birch Prospect in Burleson County, Texas, USA.

Drilling of the well – the first of an initial three-well program on the Company's Eagle Ford Shale project - has now been completed to a total depth of 9325 feet. The originally planned total depth was extended by 125 feet due to the lithology of the stratified layers being approximately 40- 60 ft lower per formation.

The final stages of drilling - including the primary Eagle Ford formation target - produced further highly encouraging hydrocarbon shows following the previously reported positive results from upper level formations.

Full production and flow testing of the well is being targeted for the end of January 2012, with the setting of production casing already underway. A dual-producing oil and gas well is being considered as an option to maximise cash flows.

Final stages of drilling the Kruger #1 well encountered the priority Eagle Ford formation from 8829-9102 feet included the following results:-

- Excellent oil shows evidenced in the Eagle Ford with heavy trace oil
- Mud logs revealed evidence of open fractured shale
- Two good gas shows evidence up to 533 max gas unit

Results from drilling of the lower Georgetown formation between 9179 – 9325 feet included:

- Gas shows evidenced up to a max of 440 max gas units

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- Encouraging to see gas below the oil bearing formation with a possibility of this gas acting as a natural lifting mechanism

“We are delighted with the results from this well, especially considering that this is the first of our initial three-well Eagle Ford program, and that with our 5000 acre property, we have the ability to drill up to 16 oil wells at 320 acre spacing,” Austin’s Chief Executive Officer, Mr Guy Goudy, said today.

“Based on these highly encouraging hydrocarbon shows seen throughout drilling of the well, Austin is immediately moving forward with the setting of production casing, completing the well and preparing for production start-up,” he said.

“Based on the very promising gas shows also experienced in the upper Taylor Sands Formation of up to 955 max gas units, a dual producing oil and gas well is being considered to maximise possible cash flows. It is expected that the well will be in full production by the end of January 2012.”

Weatherford Laboratories on site logging crews have completed the logging process including Array Induction, Density/Neutron , and Gamma Ray Logs. Weatherford, in conjunction with Aus-Tex Engineering personnel, is currently evaluating and analysing all logged data in order to design and implement optimal production efficiencies. Based on the results, the Aus-Tex engineering team will develop the most appropriate single stage frac design to enhance optimal oil and gas production.

The Krueger #1 well – being drilled by Coastal Rig #7 – is Austin’s first well to be drilled on the Eagle Ford prospect in which Austin has a 93.5% interest.

The Krueger #1 well is being completed and fraced as a vertical well. Initially, three vertical wells will be drilled at which time the formation characteristics will be analysed by the Aus-Tex geological and engineering teams.

The well demonstrating the strongest hydrocarbon potential will be the first well to be re-entered for a multi-stage horizontal “HiWay” frac.



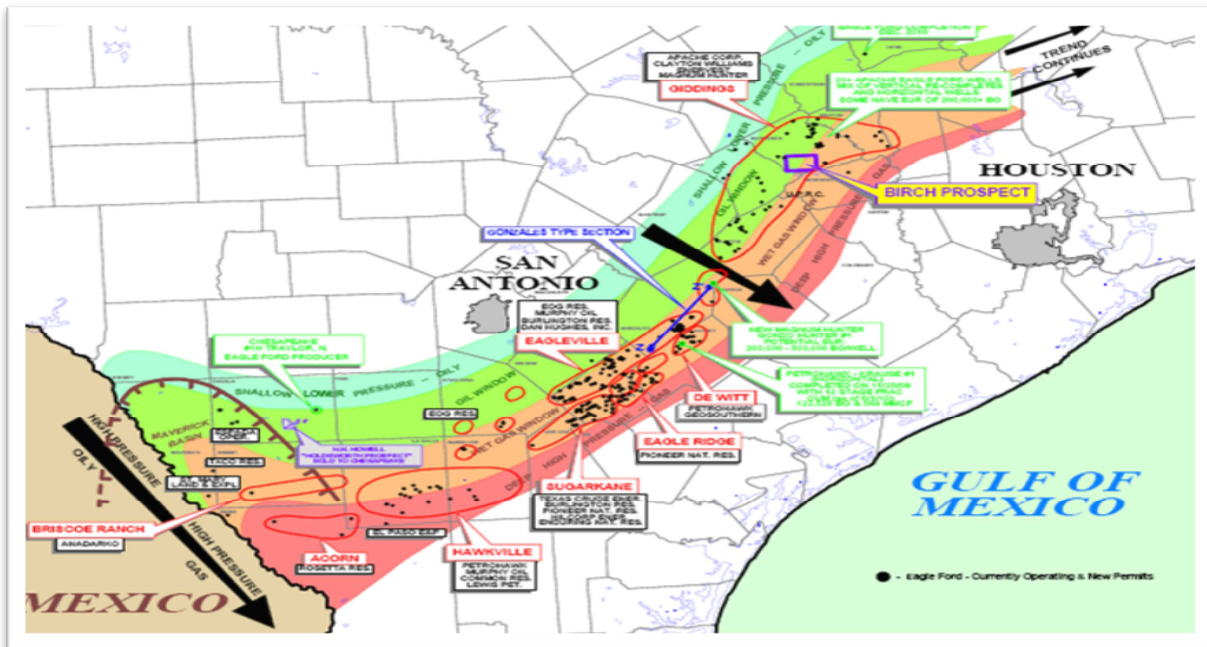
*Weatherford on-site site running E-Logs*

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*Crude Oil accumulation in the Mud Pit*



*Project location, demonstrating location in oil/wet gas window of the play*

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## **About Austin’s Eagle Ford Shale Project**

The Eagle Ford Shale trends across Texas from the Mexican border to East Texas, roughly 50 miles wide and 400 miles long with an average thickness of 250 feet. It rests between the Austin Chalk and the Buda Lime at a depth of approximately 8,000 to 10,000 feet in the project area. It is the source rock for the Austin Chalk and the giant East Texas Giddings Field – 6 counties: Bastrop, Burleson, Fayette, Lee, Brazos, and Washington.

Austin’s Eagle Ford Shale project is located in the oil/wet gas window of the play, which has proven to be the most productive area of the play, with an interpreted thickness of ~300 feet. Austin acquired its Eagle Ford Shale interests for an average of only ~\$400 per acre, well below industry peers, following a detailed due diligence including an independent technical report and analysis of 12 nearby wells, all with production. The independent technical report prepared for Austin as part of its due diligence suggested potential initial production rates of >800 bopd and NPV per well of up to \$7 million, with potential for 31 wells.

## **MEDIA INVESTOR CONTACT**

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## **ABOUT AUSTIN EXPLORATION:**

*Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non –conventional shale exploration in the United States. The Company has now established a major presence in two of Americas most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and over 5000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company’s wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK)*