



ABN 24 119 737 772

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EQUALIZATION OF LEIGHTON EAGLE FORD ACREAGE

In the Leighton Eagle Ford project area Texon has a 70% WI in 874 acres with two joint venture partners (Global Petroleum Limited and Excellong Inc.) having 15% WI each.

Adjacent to this holding Texon holds an average of 96% WI in a further 777 Eagle Ford acres, making a total of 1,651 acres.

All of this acreage is prospective for the Eagle Ford Shale ("EFS") which is present in two vertical wells (Placid Peeler #1 and Tyler Ranch #4) which both had 43m of Eagle Ford with oil and gas shows.

Swift recently announced the initial production rate from its San Miguel Ranch #1 well of 775 bopd and 1.1 mmcfcpd (860 boepd with gas converted at 12/1)* which is located some 200m from the Company's Leighton project area.

To simplify the ownership arrangements of horizontal EFS wells that would straddle the 70% and 96% Texon WI areas, the Company has reached an agreement with the two joint venture partners to cross assign lease holdings. This has been done in such a way that the nett total acres for each party remains the same as prior to equalization. The agreement refers to all depths 100ft below the base of the Olmos (the reservoir currently producing in the first six Leighton wells) including the Eagle Ford reservoir.

There has been no change in ownership to the Olmos reservoir and shallower intervals.

The new Eagle Ford ownership is:

	<u>WI (%)</u>	<u>Nett Acres</u>
Texon Petroleum	82.1574	1,356.22
Global Petroleum	7.9390	131.05
Excellong Inc	7.9390	131.05
Wandoo Energy**	<u>1.9646</u>	<u>32.43</u>
	100.0000	1,650.75

Texon holds a further 3,160 nett Eagle Ford acres in its nearby Mosman & Rockingham leases.

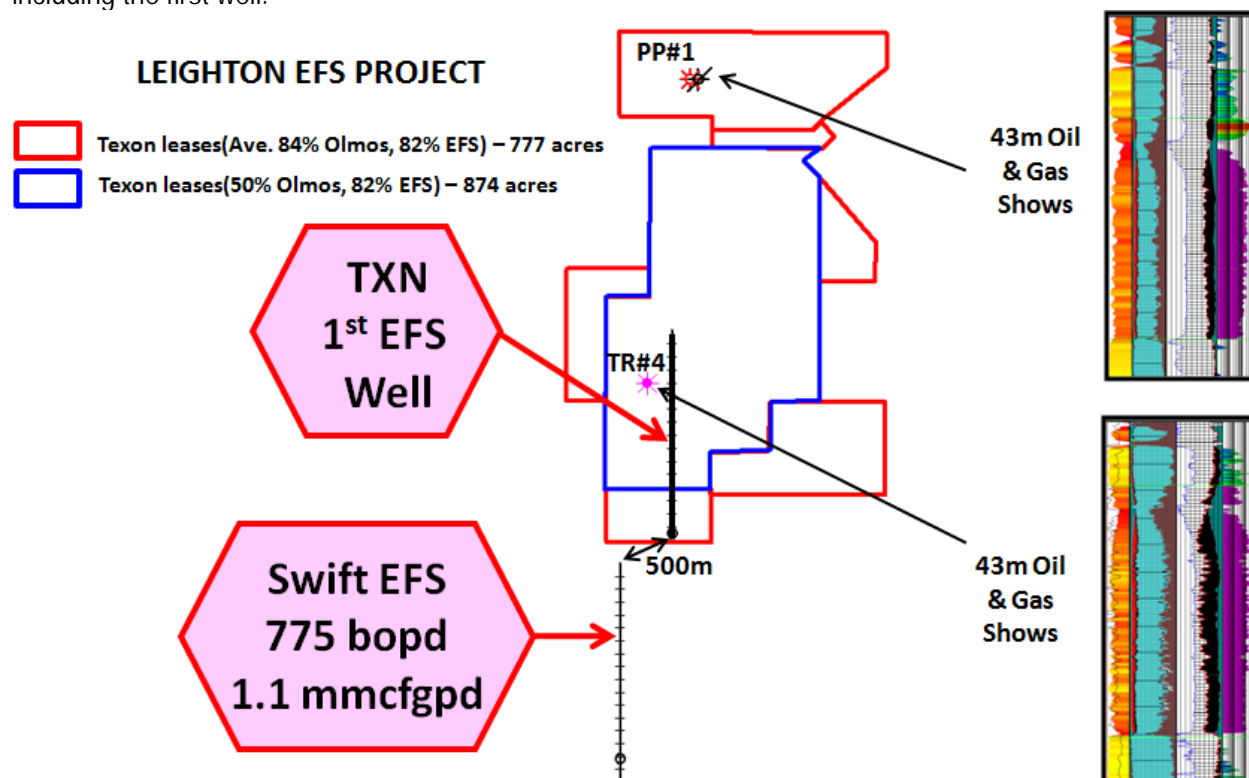
The rig for the first Leighton Eagle Ford horizontal well is scheduled to arrive in 2- 3 weeks.

The first well will drill vertically to 10,500ft and then laterally 4,500ft in the same section of Eagle Ford reservoir which had 43m of oil and gas shows in the Company's adjacent TR#4 vertical well and which is producing from the Swift well 500m to the SW.

* i.e. 12mcf of gas converts to 1 boe

** Carried WI to the point of sales

As a result of the equalization the Company has a 82.1574% WI (61.6% NRI) in all Leighton EFS wells, including the first well.



Please refer to Texon's website for announcements by the Company: www.texonpetroleum.com.au

Oil and gas futures prices (Source: NYMEX October 2010 contracts)

Oil: US\$ 72.96/bbl

Gas: US\$ 3.85/mmbtu (currently approx. US\$5.00/mcf for all Texon gas – including US\$6.10/mcf for Leighton Olmos gas)

-Ends-

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(Houston is 15 hours behind AEST)

Glossary:

bbl:	barrel
boe:	barrels of oil equivalent (including gas converted to oil equiv barrels on basis of 12 mcf to 1 barrel of oil equiv)
boepd:	barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 12 mcf to 1 barrel of oil equiv)
bopd:	barrels of oil per day
ft:	feet
m:	metres
mcf:	thousand cubic feet
mmbtu:	million British thermal units
mmcfgpd:	million cubic feet of gas per day
NRI:	Net Revenue Interest
WI:	Working Interest