

## Production Well Development Program on track at Snake River

- **Cletus #20-5 well has reached TD of 4,772 feet**
- **Multiple intervals with hydrocarbons recorded**
- **Drilling to commence on Blubaugh #20-2 well**
- **10<sup>th</sup> vertical well to spud in coming days**
- **New horizontal wells under active consideration**

United States focused oil & gas producer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to update shareholders on its well development program at the company's 100% owned 5,500 acre Snake River Project in Kay County, Oklahoma.

In line with the company's strategy of drilling two new wells each month until December of this year, AusTex is pleased to confirm the Cletus #20-5 in the East Tonkawa Production Hub has reached total depth. Also, spudding of the Blubaugh #20-2, also in the East Tonkawa Production Hub, will occur in the next few days.

### **Cletus #20-5 well**

Drilling on the Cletus #20-5 well successfully reached Total Depth of 4,772 feet. **Sample and logs confirmed multiple intervals with hydrocarbons present including the Tonkawa Sand, Cleveland Sand, Layton Sand, Mississippi Lime, Woodford Shale and Wilcox Sand.**

Casing has been set and the well will be completed for oil production from the Mississippi Lime interval. The well encountered multiple intervals of porosity within the 340 gross feet of Mississippi Lime intersected including 2 distinct "chert/chat" sections.

### **Blubaugh #20-2 well**

The rig has moved onto the location of the #20-2, also located in the Production Hub 2 area. The well is expected to spud in the next few days and it be the 10<sup>th</sup> vertical well drilled on the Snake River Project. The #20-2 is targeting the Mississippi Lime interval with an expected TD of 4,800 feet.

Executive Chairman Richard Adrey said: "Our program of drilling two wells each month between now and December is on-track and progressing to plan. As we have previously stated, increasing production from current levels of 300 boepd is our key objective at this time, and our well development program ensures we can substantially grow current production from these levels.

"AusTex is also assessing additional horizontal well participation opportunities and negotiations with interested parties are ongoing. The interest in our projects and our acreage is very encouraging, and confirms the fact that our projects have significant up-tapped value."

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### **About AusTex**

*AusTex Oil Ltd (ASX: AOK) is an Exploration and Production company that is focused on the development of oil and gas leases in the USA. The company produces oil and gas in Oklahoma and Kansas. AOK holds interests in ~26,000 net acres of oil and gas leases, including acreage in the highly prospective Mississippi Lime play in Northern Oklahoma and Kansas.*

AusTex will update shareholders shortly on production rates from new wells that have recently come on stream as reported in the announcement to the Australian Securities Exchange on 22 August 2012.

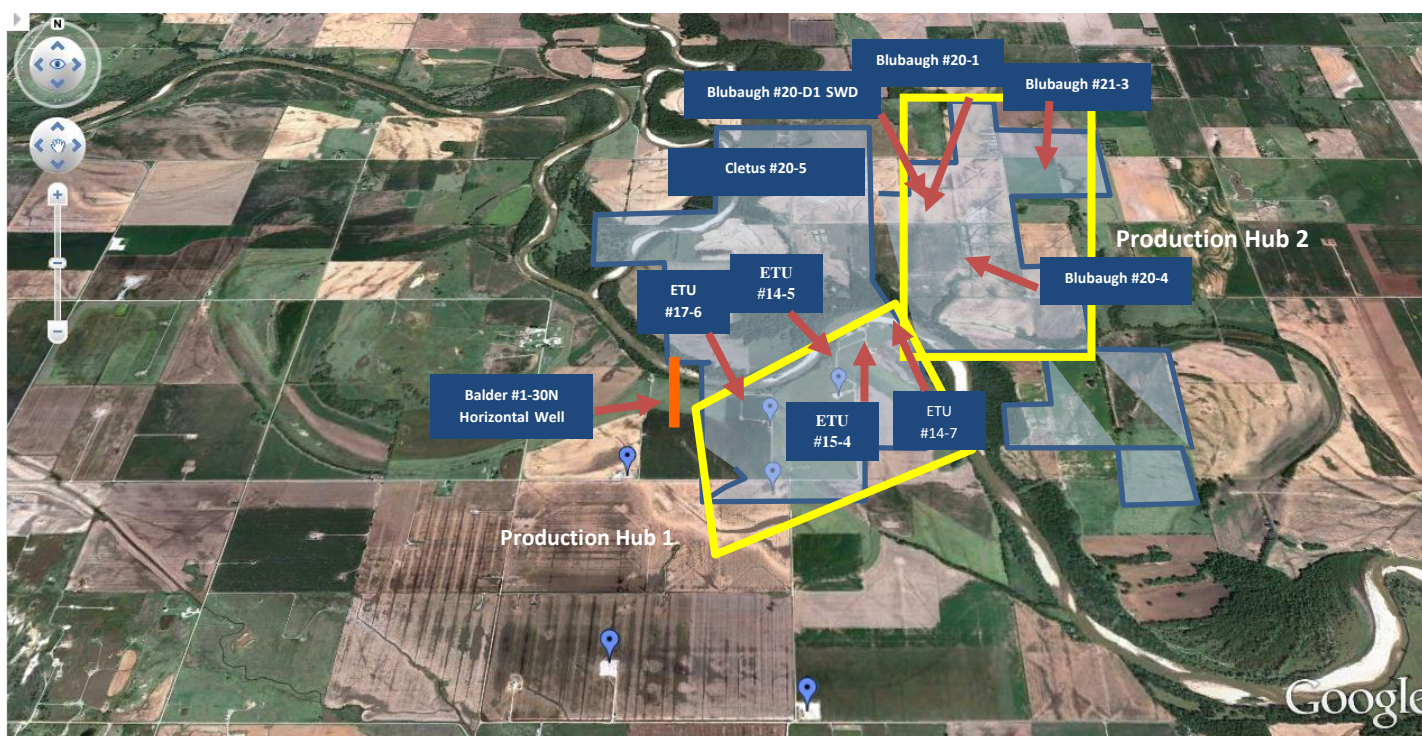
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**Figure 1 – Location of production hubs in southwest area of Snake River Project**

**Background on Snake River Project**

The 5,500 acre Snake River Project is located in Kay County, Oklahoma, 15 miles south west of Ponca City, the home of a Conoco Phillips oil refinery and east of the Nemaha Ridge.

The project lies within the liquids-rich portion of the emerging Mississippi Lime play which extends from Northern Oklahoma across Kansas, west of the Central Kansas Uplift and into the southern parts of Nebraska. In Kay County, the top of the Mississippian interval is ~4,300 feet below surface and ~320 feet thick, including ~30 feet of a high porosity "chert / chat" section. The Woodford Shale interval is immediately below the Miss Lime and is an excellent source rock with total oil content estimated at 10%.

Recent horizontal drilling success in the immediate vicinity of the Snake River Project has seen multiple >1,000 BOEPD wells with 70% liquid production. One of these wells, the Balder #1-30, in which AusTex holds a 13.76% working interest, was drilled by Range Production Company, a subsidiary of NYSE listed Range Resources Corporation (NYSE:RRC). AOK is in discussions regarding additional participation opportunities in Horizontal wells that are to be drilled in the area.

Extensive infrastructure is in place with multiple oil and gas gathering systems available allowing ease of delivery of produced oil and gas. Oil produced from the Miss Lime is a light sweet crude, which attracts WTI pricing, along with Natural Gas Liquids and high BTU gas.