

## ASX Announcement

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**ASX Code: TXN**

## First Two Eagle Ford Wells Production Information

This report sets out production information from Texon's first two Eagle Ford wells.

Diagram I illustrates the barrels of oil produced in each month of production – eight months for Texon's first Eagle Ford well and four months for the second well.

Also shown is the average for 22 Eagle Ford wells in McMullen County (where Texon's Eagle Ford leases are located).

Both Texon's wells are producing above the average.

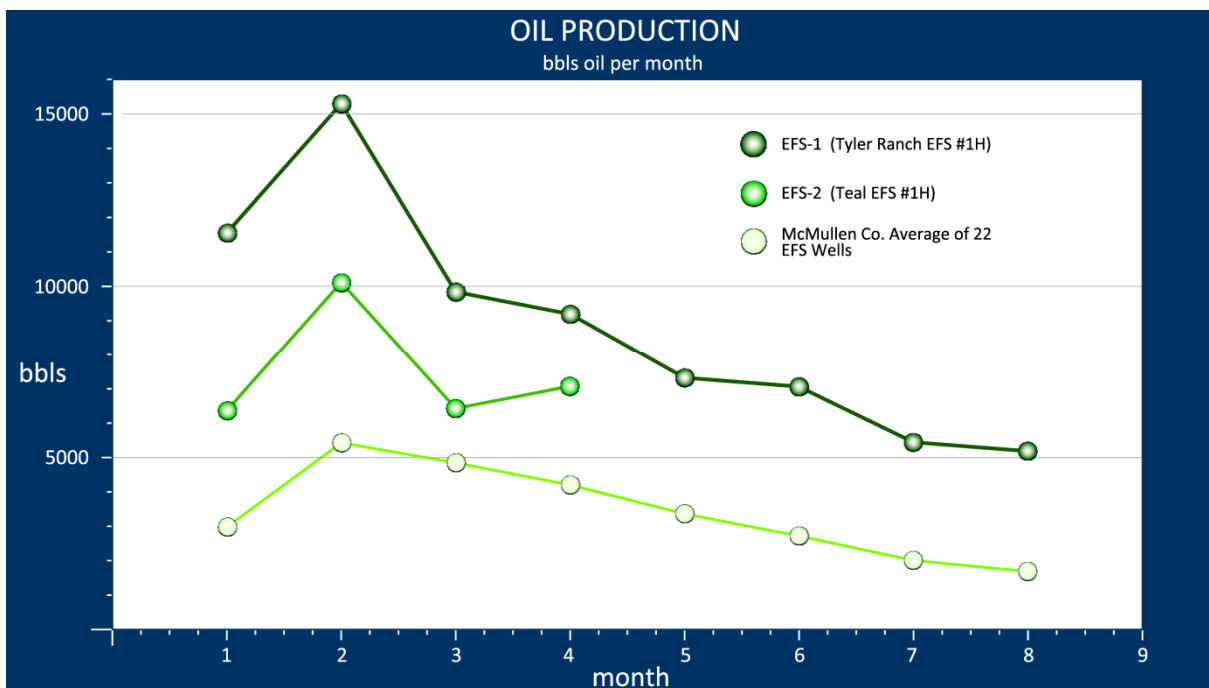
Also, *the Texon Eagle Ford wells produce about 80% oil* compared with 40% for the average McMullen County Eagle Ford well.

Diagram II illustrates the average boepd for each production month from Texon's first two Eagle Ford wells as well as a reference production curve which over its life, represents 425,000 boe.

Points of note are:

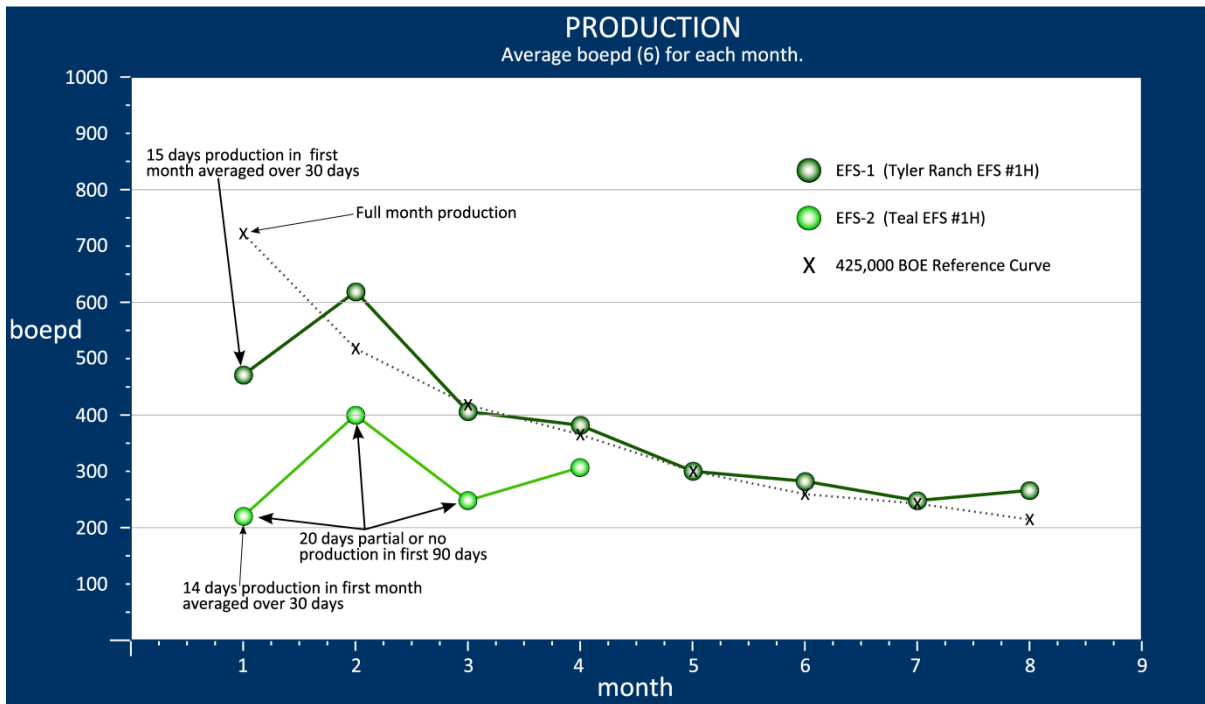
- (1) Texon's EFS #1 was fraced over 15 stages;
- (2) Texon's EFS #1 began production on the 15<sup>th</sup> day of the first month, so the boepd rate shown is the volume produced in 15 days but averaged over 30 days. The actual average for the first 15 days of production was 785 boepd;
- (3) Production from Texon's EFS #1 approximates the reference curve;

- (4) Texon's EFS #2 had 14 days of full production in the first month (plus four days at nil production and one day at partial production) at an average for these 14 days of about 600 boepd;
- (5) In EFS #2, three of the 15 stages did not frac properly with a likely reduction in production output from these stages;
- (6) EFS #2 had 20 days downtime (partial or nil production on a particular day) – primarily due to failure of the gas pipeline compressor in the first 90 days;
- (7) The most recent production from EFS #2 is tending towards the reference curve.



**DIAGRAM I**

In the first Eagle Ford well (Tyler Ranch EFS #1H), Texon has a 82% WI (61.5% NRI) and in the second Eagle Ford well (Teal EFS #1H), Texon has a 100% WI (75% NRI).



**DIAGRAM II**

-Ends-

Source: NYMEX Sept 2011 contracts

Oil: US\$85.67/bbl

Gas: US\$4.00/mmbtu (this translates to approx. US\$6.60/mcf for all Texon gas – including US\$7.60/mcf for Olmos and Eagle Ford gas)

**Glossary:**

bbl:	barrel
boe:	barrels of oil equivalent (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)
boepd:	barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)
mcf:	thousand cubic feet
mmbtu:	million British thermal units
NRI:	Nett revenue interest
WI:	Working interest