

ASX Announcement

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Fourth Eagle Ford Well 1,400 bopd

Texon announces that its fourth Eagle Ford well (Hoskins EFS #1H) has flowed oil and gas at the rates of 1,408 bopd and 922 mcfcpd (combined 1,562 boepd (6)) at a pressure of 3,050 psi through a 18/64" choke. This is a similar flow rate and pressure to the Company's #3 Eagle Ford well, but on a larger choke which is encouraging.

The Initial Production results from the Company's four (4) Eagle Ford wells are:

Well Number	bopd	mcfcpd	boepd (6)	First 30 Days Production boe	Texon WI %	Texon NRI %
1	1,202	782	1,332	19,651	82	61.6
2	1,105	736	1,228	16,531	100	75
3	1,488	700	1,605	30,400	82	61.6
4	1,408	922	1,562	-	95	71.25

The locations of the wells on Texon's 5,900 WI acres of Eagle Ford leases are shown on the *attached map*.

Texon has a 92.6% average Working Interest in approximately 6,387 gross Eagle Ford acres (5,900 acres to Texon's WI) in these lease areas.

The Company now has four (4) producing Eagle Ford wells each at a carefully selected location geographically spread across our leases to maximize reserves and information about Eagle Ford productivity.

Our Eagle Ford #1 (15 stages) and Eagle Ford #3 (17 stages) wells are on Lease **Area A** and the results of these wells, together with successful nearby Eagle Ford wells by other operators, confirm the presence of highly productive Eagle Ford throughout this area.

Eagle Ford wells #2 and #4 are on **Area B**. In the second well, three (3) of the 15 stages did not frac properly with a reduction in productivity as evidenced by the production for the first 30 days from this well.

Wells #1 and #3 with more contributing frac stages have performed better than well #2 and they provide a sound basis for planning multi-stage layouts in future Eagle Ford wells on Texon's leases. New Eagle Ford wells with more stages in the vicinity of #2 are expected to perform more in line with the #1 and #3 results.

Area C is part way between our #3 well (1,488 bopd) and an Eagle Ford well which had an initial rate of 2,200 bopd.

When Eagle Ford wells are drilled in **Area D** to the South East of our #4 well, it is expected that they will produce in line with our #1, #3, and #4 wells.

On the basis of 80 acres per well, Texon's leases have the potential for a further 75 Eagle Ford wells.

Texon's CEO, Mr David Mason said *"an initial production rate of 1,562 boepd from our #4 well is very good for the Company, supporting the likelihood that high productivity Eagle Ford occurs across the Company's McMullen County leases"*.

Having established four (4) successful Eagle Ford wells, which in turn are indicative that further Eagle Ford wells on Texon's leases are likely to have productivity similar to and possibly better than the average of the above four (4) wells, the Board now plans to assess our Eagle Ford project to consider how to optimize value for the Company.

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Oil and gas futures prices:

Source: NYMEX November 2011

Oil: US\$88.37/bbl

Gas: US\$3.55/mmbtu (this translates to approx. US\$5.90/mcf for all Texon gas – including US\$6.70/mcf for Olmos and Eagle Ford gas)

Glossary:

bbl: barrel

boepd: barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)

bopd: barrels of oil per day

mcf: thousand cubic feet

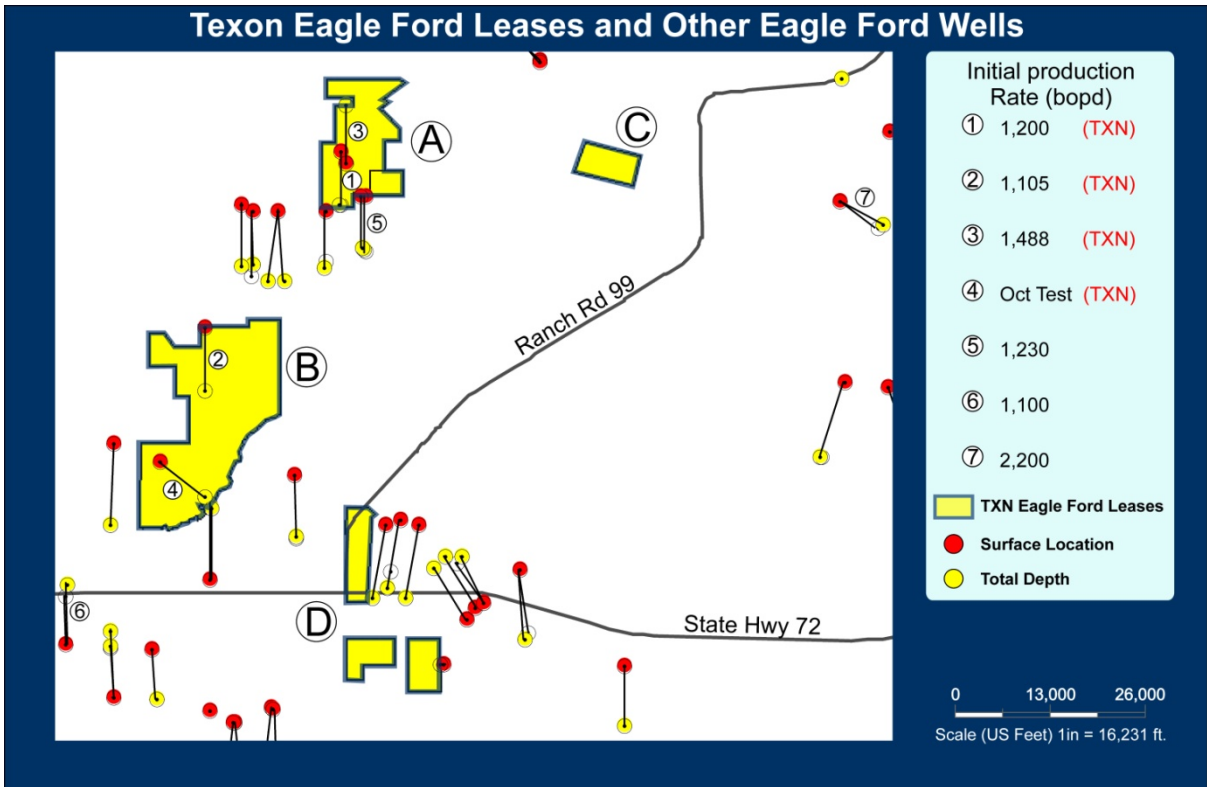
mcfcpd: thousand cubic feet of gas per day

mmbtu: million British thermal units

psi: pounds per square inch

NRI: Net Revenue Interest

WI: Working Interest



Attachment to Texon Release dated 19 October 2011