

ASX Announcement

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Mosman-Rockingham Olmos Well

Texon advises that its recently drilled Mosman-Rockingham Olmos well (Wheeler #1) has now been placed into full production with the completion of production facilities last week. Production tubing has been set and the well is flowing on a restricted rate of 168 bopd and 108 mcf/gpd (186 boepd) with 1,300psi flowing tubing pressure on an 8/64" choke. Texon plans to observe the well on this restricted choke to ensure the well does not flow frac sand at this setting. If the well does not produce any sand, the choke will be opened further to increase the oil flow rate.

Texon estimates that there may be an additional 30 wells to develop this discovery on forty acre drilling locations. These locations are a direct result of the newly acquired 3D seismic data offsetting the Wheeler #1 well.

Texon has a 95% Working Interest (71.25% NRI) in the well.

Clifford Foss, President of Texon Petroleum stated "We are very happy with this new discovery well and the long range potential of adding 3mmboe in the offsetting drill sites. This project adds a new low risk development project for Texon to develop in the future".

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Current oil and gas futures prices:

Source: NYMEX September 2012
Oil: US\$91.40/bbl
Gas: US\$2.88mmbtu (this translates to approx. US\$4.80/mcf for all Texon gas – including US\$5.50/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
mcf/gpd: thousand cubic feet of gas per day
mmbtu: million British thermal units
NRI: Net Revenue Interest
WI: Working Interest