

ASX Announcement

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Status Report – New Eagle Ford Wells

The recently drilled and cased Texon-Hoskins EFS #3H well (Texon's 6th Eagle Ford well) has been fracture stimulated for production testing. Twenty two (22) frac stages have been successfully pumped in the 5,592' horizontal lateral.

The Texon-Quintanilla SMEF 1H will now be fraced using the same crew that fraced the Hoskins EFS #3H well. The Texon Quintanilla well is the 7th Texon Eagle Ford well and production is expected to begin in late January or early February pending final installation of production facilities.

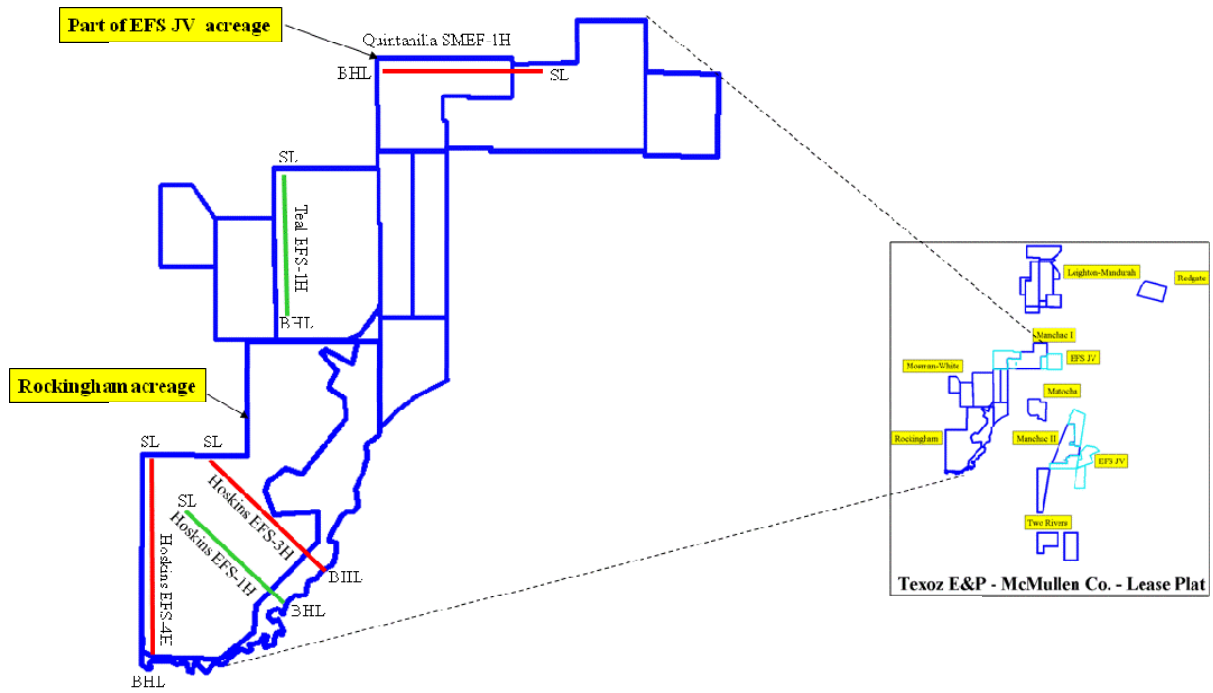
The Quintanilla SMEF 1H was the first Joint Venture well drilled in a project where Texon joined with offset lease owners to more efficiently develop acreage held by Texon and other parties. By combining their acreage Texon and the other parties will be able to drill more wells with an expected better outcome.

The Texon-Hoskins 4H (Texon's 8th EFS well) has been drilled to 18,832' md with a 7,272' horizontal lateral. Plans for fracing and completion are underway with anticipated flow back testing in February–March this year.

Texon's gross Eagle Ford leasehold acreage in McMullen County, Texas, was increased from 7,402 acres to 8,913 acres via this project, while its net working interest acreage grew from 6,959 acres to 7,182 acres.

Cliff Foss, President of Texon said "we are extremely pleased with the operational execution in drilling and completing in the Hoskins 3H well and look forward to completing the Quintanilla SMEF 1H and the Hoskins 4H wells and beginning production from all 3 wells in the coming months".

- ends



Current oil and gas futures prices:

Source: NYMEX February 2013

Oil: US\$92.91/bbl

Gas: US\$3.24mmbtu (this translates to approx. US\$5.30/mcf for Texon gas)

Glossary:

- bbl: barrel
- ft: feet
- mcf: thousand cubic feet
- md: measured depth
- mmbtu: million British thermal units
- SMEF: San Miguel Eagle Ford
- WI: Working Interest