



ASX ANNOUNCEMENT

29th November 2011

## Drilling update - Austin’s Eagle Ford shale project, USA

- **More hydrocarbon ‘shows’ as drilling reaches primary Eagle Ford Shale formation**

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**The Board of Austin Exploration Limited (ASX: "AKK")** - on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc- provides the following update on drilling of the Krueger #1 well, the first well on the Company’s Eagle Ford Shale project at the Birch Prospect in Burleson County, Texas, USA.

Drilling of the well is currently entering the primary Eagle Ford Shale formation after another successful week of drilling which included more hydrocarbon ‘shows’, this time from the Austin Chalk formation.

The Austin Chalk, also a primary target, was encountered at depths of 8403 feet and 8829 feet for a total thickness of 426 feet. Hydrocarbon ‘shows’ were observed in the mud logs while drilling through this targeted formation.

“It is most encouraging that hydrocarbon shows have been identified in drilling through the first two of our formations of interest,” Austin’s Chief Executive Officer, Mr Guy Goudy, said today.

“We look forward with great anticipation as drilling is now entering the Eagle Ford Shale formation which we expect to be approximately 300 feet thick, followed by around 30 feet in the Buda formation and 90 feet in the Georgetown formation,” Mr Goudy said.

“If progress continues at the current rate we aim to complete the drilling, logging and casing process towards the end of next week,” he said.

Mr Goudy said drilling through the Austin Chalk formation was slower than expected with drilling circulation issues due to the soft, highly fractured nature of the formation. Drilling ahead into the Eagle Ford Shale was recommenced after successful remediation efforts to strengthen the integrity of the Austin Chalk formation.

The Austin Chalk ‘shows’ followed the intersection of the Taylor Sand formation - the first of the potential hydrocarbon bearing formations outlined by Austin its pre-drilling report. Encouraging gas shows were identified in mud-logs from drilling of the Taylor Sands between 6594 feet and 6615 feet and were consistent with productive Taylor gas sand wells in the vicinity of the Krueger #1 well.

The Krueger #1 well – being drilled by Coastal Rig #7 – is Austin’s first well to be drilled on the Eagle Ford prospect in which Austin has a 93.5% interest.

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The Krueger #1 well will be completed and fraced as a vertical well. Initially, three vertical wells will be drilled at which time the formation characteristics will be analysed by the Aus-Tex geological and engineering teams.

The well demonstrating the strongest hydrocarbon potential will be the first well to be re-entered for a multi-stage horizontal “hiway” frac.

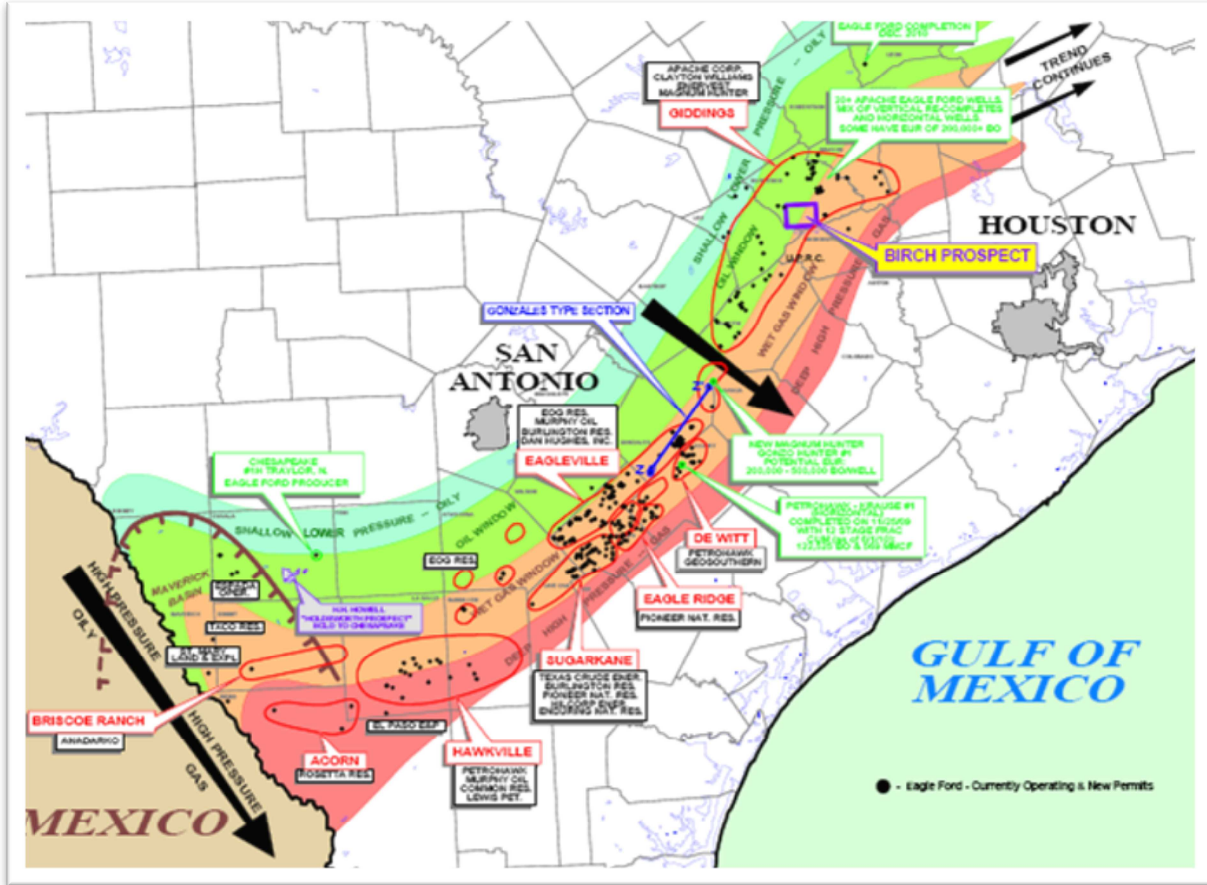


Figure 2: Project location, demonstrating location in oil/wet gas window of the play

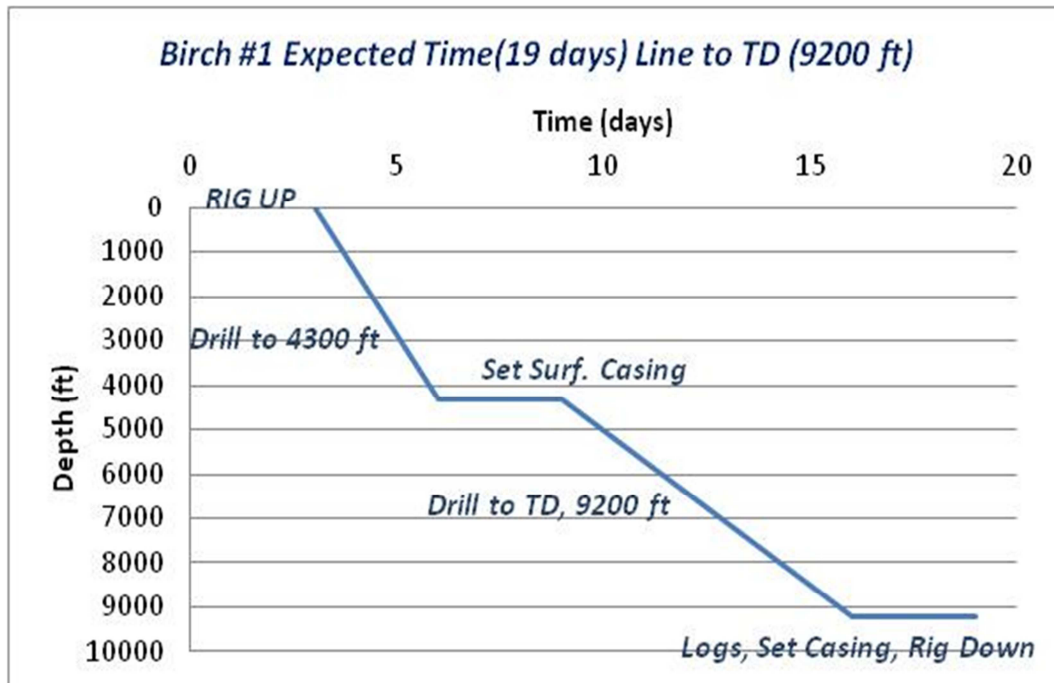


Figure 3: [Krueger #1 Expected Vertical Well Time Line]

### **About Austin’s Eagle Ford Shale Project**

The Eagle Ford Shale trends across Texas from the Mexican border to East Texas, roughly 50 miles wide and 400 miles long with an average thickness of 250 feet. It rests between the Austin Chalk and the Buda Lime at a depth of approximately 8,000 to 10,000 feet in the project area. It is the source rock for the Austin Chalk and the giant East Texas Giddings Field – 6 counties: Bastrop, Burleson, Fayette, Lee, Brazos, and Washington.

Austin’s Eagle Ford Shale project is located in the oil/wet gas window of the play, which has proven to be the most productive area of the play, with an interpreted thickness of ~300 feet. Austin acquired its Eagle Ford Shale interests for an average of only ~\$400 per acre, well below industry peers, following a detailed due diligence including an independent technical report and analysis of 12 nearby wells, all with production. The independent technical report prepared for Austin as part of its due diligence suggested potential initial production rates of >800 bopd and NPV per well of up to \$7 million, with potential for 31 wells.

### **MEDIA INVESTOR CONTACT**

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## **ABOUT AUSTIN EXPLORATION:**

*Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non –conventional shale exploration in the United States. The Company has now established a major presence in two of Americas most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and over 5000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company’s wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK)*