

ASX/Media Release

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AusTex Oil Limited

A.C.N. 118 585 649

Level 56, MLC Centre
19-29 Martin Place
Sydney NSW 2000
Telephone +61 2 9238 2363
Fax +61 2 8088 7280

Contact

Daniel Lanskey
Managing Director
dan.lanskey@austexoil.com

Website

www.austexoil.com

Directors

Dr Peter Power (Chairman)
Daniel Lanskey (Managing Director)
Richard Adrey (Executive Director)
Kay Philip (Non-executive Director)
Trevor Sykes (Non-Executive Director)

About AusTex

AusTex Oil Ltd (ASX: AOK) which was listed on the ASX in January 2008 is focused on reworking and development of oil and gas leases in the USA. The company produces oil and gas from leases in Oklahoma and Kansas. Since listing, AusTex has increased its lease interests from 1,000 acres to 69,000 acres.

Operational Update – Kansas

AusTex Oil Limited (**ASX:AOK**), advises the following update on the new oil discovery in Kansas.

Clark #1 – Initial discovery Well

The well has been completed for oil production in the Lansing-Kansas City formation. A pump jack fitted with an LP Gas engine running from a propane cylinder and geared to pump 320 barrels of fluid a day is producing 50 barrels of oil per day with associated water. As previously reported, the water disposal well and tank battery onsite are fully operational. The operator plans to install a larger pump jack on the well once electrical power is connected to the lease. The well is located 1.5 miles from the nearest access to the electricity grid.

Clark #5 Well – Completion Suspended

Completion on the well has been suspended due to down hole mechanical issues. Samples taken during drilling and well logs confirmed hydrocarbons in the Toronto and Lansing Kansas City formations with similar reservoir characteristics to the Clarke #1 well. However, after the well was cased and cemented, the Operator reports that no fluid is entering the well bore despite the casing being perforated.

Following a technical review and discussions between external contractors, the Operator and AOK, it has been concluded that damage to the reservoirs may have occurred during cementing, resulting in the decision to suspend further completion at this time. A decision to drill an offset well on the location is also pending until further discussions are completed.

Chairman of AusTex, Dr Peter Power, commented, "This is a disappointing result, following the success of the initial discovery. However, with the low cost of drilling an offset well, this may be the best way forward. Our investment in an offset well would be \$US200,000 and we have put in place new procedures to

monitor the integrity of each stage of future wells on this project. We have confirmed the oil is in the ground, we need to gain a better understanding of the reservoir characteristics and alternate techniques to ensure consistent successful completions."

Drilling in Kansas is scheduled to continue in the latter part of September.

AusTex Oil Limited holds a 53% Working Interest and a 46% Net Revenue Interest in this project.



Figure 1 Clark Storage Facility



Figure 2 Clark #1 in Production

For further information please contact;

Daniel Lanskey

Managing Director

Tel. +61 2 9238 2363

Or visit www.austexoil.com