15 October 2010

SECOND EAGLE FORD HORIZONTAL WELL
COMMENCING LATE OCTOBER

Texon advises that it has contracted a rig for its second Eagle Ford horizontal well, Mosman-Rockingham EFS #1H (MR EFS #1H), which will be drilled on its Mosman/Rockingham leases.

The well is expected to begin drilling by the end of October and take 30 days to drill. The Eagle Ford is 140′ thick with good oil and gas shows in nearby vertical wells such as Texon′s Mosman/Rockingham #1 drilled in March 2010 (see Texon′s announcement of 6 April 2010).

MR EFS #1H is located in the northern part of the Mosman/Rockingham leases, some 4.2 km south of a Swift Eagle Ford well which flowed at an initial rate of 860 boepd (gas converted at 12/1) and 8.8 km north of another Swift Eagle Ford well which flowed at an initial rate of 1,200 boepd (gas converted at 12/1) – refer to attached map.

The Mosman/Rockingham leases cover 3,273 acres and Texon has an overall 96.6% Working Interest (72.4% NRI) in this area. Texon′s holding in the MR EFS #1H is 100% Working Interest (75% NRI).

Several other Eagle Ford wells are planned by other operators (Swift, XTO, Enduring) in the vicinity of Texon′s Leighton / Mosman / Rockingham leases and these are also shown on the map.

Please refer to Texon′s website for announcements by the Company: www.texonpetroleum.com.au

Oil and gas futures prices (Source: NYMEX November 2010 contracts)
Oil: US$82.73/bbl
Gas: US$3.65/mmbtu (approx. US$4.80/mcf for all Texon gas – including US$5.80/mcf for
                        Leighton Olmos gas)

-Ends-

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Glossary:

bbl:	barrel
boepd:	barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 12mcf to 1 barrel of oil equiv)
bopd:	barrels of oil per day
mcf:	thousand cubic feet
mmbtu:	million British thermal units
NRI:	Net Revenue Interest