



ASX/Media Release

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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.

Workover activity underway at East Tonkawa Unit

Additonal Leasing completed

Kay County, Oklahoma

AusTex Oil Limited (**ASX:AOK**) is pleased to advise that recompletions on existing wells on the East Tonkawa Unit, Kay County Oklahoma are underway.

The company took possession of the leases on 1 October 2010 and is the operator, through its US subsidiary, International Energy Corporation. Apart from the purchase, AOK acquired a double drum workover rig, power swivel, rig-up truck, dozer, and other machinery to better maintain and service its existing and future wells.

Workovers of existing wells underway

The Kay County leases are equipped with tank batteries, oil and gas gathering systems connected to a gas sales line. To date, 2 wells have had existing production equipment removed and casing tested for mechanical integrity.

The two wells are being recompleted for production, with the 2-2 well cement squeezed and prepared for production from the Red Fork and Layton formations as a test well. The 17-6 well was cement squeezed off and laterals are to be run using the subsidiary company's, Well Enhancement Services, LLC, Radial Jet Enhancement Technology to open more producing zone. The 17-6 is drilled to the Mississippi Chat formation at 4365 feet and may later be a candidate for full horizontal extension through the Mississippi Limestone formation. Previous wells re-worked by Well Enhancement for another operator in the area in this same formation are still producing in excess of 60 barrels of oil per day after 6 months. Recompletion of the wells is expected before December 31.

Additional Leasing

Since acquiring the initial lease group, AOK has entered into agreements to increase the project area to over 2000 acres. The

additional acreage has been leased using existing capital. AOK plans to undertake a horizontal drilling program in the area during calendar year 2011 to target the laterally extensive Pennsylvanian and Mississippian formations.

Regional Activity Increasing

Since AOK first identified the opportunity in the region in early 2010, other oil and gas operators in Noble and Kay Counties have continued to advise of highly successful wells using horizontal drilling and completions in the Pennsylvanian Cleveland and Tonkawa formations and the Mississippi Limestone formation at depths of less than 6000 feet.

Wells are currently underway to the west, east and north of the Tonkawa lease operated by AOK with competitive leasing and drilling activity by major oil companies. These include Range Resources (NYSE:RRC) who have reported initial production rates of 350 to 500 barrels of oil per day in the Mississippi Limestone wells. The wells are costing \$1.5 to \$2 million and completed using multi stage fracs on horizontal legs of 2000 feet. Return of the initial investment is reported 4 to 12 months. Other operators in the same area include Chesapeake Energy (NYSE:CHK) and Sandridge Energy (NYSE:SD).



Figure 1 Area of Interest in Kay and Noble Counties showing proximity to Refinery at Ponca City

Managing Director of AusTex, Dan Lanskey commented, “The Company is entering a new and exciting stage of development with recent success in Tulsa County and the acquisition of this project in what has become a hot bed of development. Driving through Noble and Kay Counties you see various sized drilling rigs targeting oil in either the shallow Pennsylvanian Sands at less than 4500 feet or running horizontal wells into the Mississippi Limestone. Many of the mid-continent oil and gas companies have announced a move from gas exploration back to oil plays as a result of the strong oil price and depressed gas price”.

AOK holds a 100% Working Interest and 81.25% Net Revenue Interest in this project.

For further information please contact;

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