

## ASX/Media Release

23 December 2010

### **AusTex Oil Limited**

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### **Directors**

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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 76,000 acres.*

### **Lancaster #9 Well - Production Testing Update**

#### **Lancaster Lease Group - Oklahoma**

AusTex Oil Limited (**ASX:AOK**), provides the following update on operations at the Lancaster Lease Group, Tulsa County, Oklahoma.

#### **Lancaster #9 – Production testing Update**

Production testing on the Lancaster #9 is underway. The well has been completed in one of the Simpson Sands with 33 feet perforated. The formation was treated with a retarded acid and surfactant.

During swab testing over a period of 2 days the well produced at an initial rate of 8 barrels of oil per hour, increasing to 30 barrels of oil per hour along with 6 barrels of treatment of fluid and associated gas at the end of the period.

Whilst historical initial rates of production have been upwards of 800 barrels of oil per day from the Simpson Sands in this region, modern day best-practices dictate to produce at lower rates to better preserve reservoir integrity and ensure longevity of production. This well has now been fitted with a down hole pump and surface equipment set to produce at the rate of 146 barrels of fluid per day during the next stage of production testing. This rate will ensure efficient recovery of well completion fluids and minimise any near well bore formation damage.

Speaking from Tulsa, Consulting Geologist, Martin Black commented, "This is a very exciting result. With the initial swab testing confirming an equivalent rate of up to 720 barrels of oil per day, we need to monitor the flow rates closely over the next few weeks to determine the most efficient level of production for longevity of the well. We have permitted the Helen Jean #1 well to be drilled on the southern end of the identified structure with initial mapping indicating there may be an additional 10 well locations with the Simpson formations present".

## Lancaster #8 – Simpson Series behind Pipe

As previously reported, the Lancaster #8, which is currently producing from the Arbuckle Formation, also logged 100 feet of the Simpson Sands on the same structure. The Company intends to open one of the Simpson Sands for production in the New Year.

## Helen Jean #32-1 Well Permitted

Drilling of the Helen Jean #32-1 well is planned for early in the New Year. This location is located to the south of the Lancaster #9 and will address the same targets.

AOK holds a 100% Working Interest and 80% Net Revenue Interest in this lease.

## Competent Person Statement

In accordance with the ASX listing rules, the information in the release has been reviewed and approved by Mr Martin Black, Consulting Geologist. Mr Black holds a degree in Geology and has over 20 years of experience in the mid-continent region of the USA. Mr Black has the relevant experience within the industry and consents to the information in the form and context in which it appears.



**Figure 1 Aerial view of Lancaster Lease Group, Tulsa County, Oklahoma**

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Or visit [www.austexoil.com](http://www.austexoil.com)