

## ASX/Media Release

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### **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 77,000 acres.*

### **KANSAS UPDATE**

#### **Rolf #1 Well** **Production Testing Commences**

AusTex Oil Limited (ASX:AOK) is pleased to announce the following update on operations in Kansas.

Castle Resources Inc., as operator, advises that production testing has commenced on the Rolf #1 Well, Ellsworth County, Kansas. The well was drilled during October 2010 to a Total Depth of 3,470 feet. Logs confirmed the presence of hydrocarbons in the targeted Lansing-Kansas City and Arbuckle Formations.

A second porosity streak in the Arbuckle Formation was identified and horizontal laterals were jetted into the formation using a truck mounted Radial Jetting Rig. This technology allows for horizontal radials to jet into pay zones from a vertically drilled well. After the application of the Radial Jetting Rig, the well swab tested at over 7,000 barrels of fluid with a 1% oil cut.

A special polymer treatment developed by Polymer Services Inc., a Kansas based service company, was applied to cut back water flow and the well was shut in for 4 weeks to allow the chemicals to set.

The operator reports that during the last 7 days the well has been pumped slowly at a rate of 43 barrels of fluid a day and is producing 39 barrels of oil per day. Further testing at this rate is continuing to ensure the polymer has set correctly.

AOK holds a 53% Working Interest and a 38% Net Revenue interest in this project located in Sheridan County, Kansas.

### **Background**

The 3,000 acre Ellsworth Project is located in Ellsworth County, Kansas. The Rolf #1 well is the first well on the project to test the 2<sup>nd</sup> break in the Arbuckle Formation with this completions technique. Historical production in the area has been from the Lansing-Kansas City and the top of the Arbuckle Formation.

The Arbuckle Formation is a water drive zone with high water content. Castle Resources Inc., and Polymer Services Inc., have developed this completion technique using the Radial Jetting Rig and special polymer specifically for limestone formations.

Managing Director of AOK commented, "This is an exciting result. Historically the Arbuckle Formation in this region is well known for its long term oil production with a high water cut. With the application of modern technology we are hoping to demonstrate that oil production can be sustained without the need for high volume disposal wells. Whilst this is the first well completed with this method, the project presents many previously drilled locations with shallower production. AOK operates a truck mounted Radial Jetting Rig in Oklahoma, which has had recent success with completions in the Mississippi Chat formation in Northern Oklahoma. We are collaborating with Castle Resources to further refine the technology".

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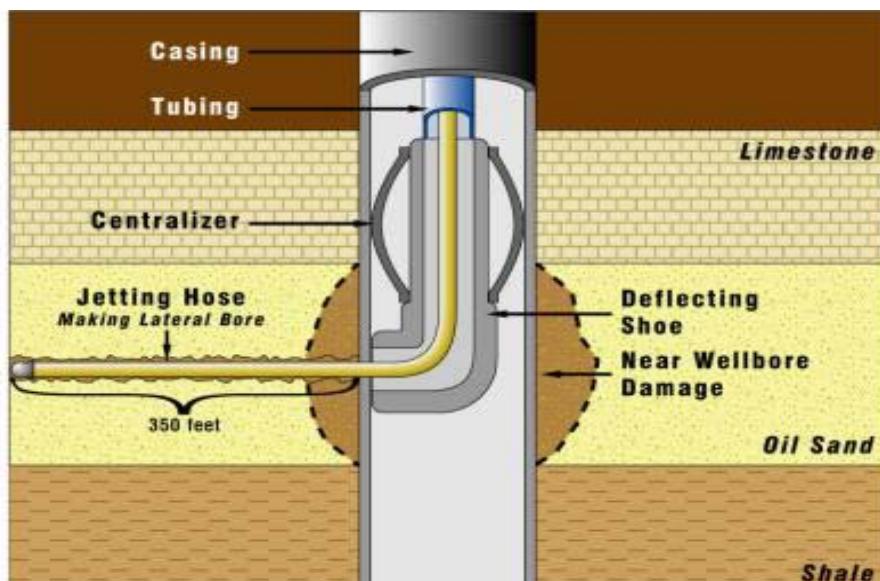


Figure 1:- Schematic Drawing of down hole Radial Jetting Assembly