

## AusTex fast-tracks Development at Snake River Project

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### About AusTex

*AusTex Oil Ltd (ASX: AOK) is an Exploration and Production company that is focused on the development of oil and gas leases in the USA. The company produces oil and gas in Oklahoma and Kansas. AOK holds interests in ~26,000 net acres of oil and gas leases, including acreage in the highly prospective Mississippi Lime play in Northern Oklahoma and Kansas.*

- **Blubaugh #20D-1 Disposal Well successfully completed – multiple hydrocarbon shows**
- **Disposal well supports 10+ vertical wells and several horizontal wells**
- **Drilling of first Blubaugh production well underway – completion expected 7-10 days**
- **Multiple wells planned – second rig to commence drilling before June**
- **First Horizontal well with Range Resources to be producing shortly**

United States focused oil & gas producer and explorer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to announce that it is fast-tracking the development of the 5,500 acre Snake River Project in Kay County, Oklahoma. AOK holds a 100% Working Interest and a 80% net revenue interest in the project which sits in the highly prospective Mississippian Limestone Play (“Mississippi Lime”) located in Northern Oklahoma and Southern Kansas.

The company is pleased to announce that it has completed the Blubaugh #20D-1 Disposal Well, which reached a total depth of 5,916 feet. Electronic logs have identified multiple hydrocarbon bearing zones (see figure 1). The well has been cased and will be capable of disposing fluid from 10 or more vertical wells and several horizontal wells.

Drilling has now commenced drilling on the first production well for the Blubaugh prospect (Blubaugh #20-1) which is located 80 feet from the disposal well. The rig is drilling ahead at 1,700 feet with an expected total depth of 4,790 feet, due to be reached in the next 10 days. The Mississippi Lime interval is the primary target.

AOK is particularly encouraged by the potential Snake River Project, with the Blubaugh Lease being just one prospective area within the 100%-owned project. The company is now fast-tracking an aggressive drilling program, with a second rig set to commence drilling before June. AOK will now have two rigs drilling at Snake River, with each rig capable of drilling two new wells per month.

AOK’s Managing Director Mr Daniel Lanskey commented: “Blubaugh is a very encouraging prospect for AusTex. The hydrocarbon shows from the disposal well confirm the development potential of the prospect, and this give us

greater confidence that Snake River will be a significant value and revenue driver for the company".

"We have now contracted two rigs to drill at Snake River, and with each rig capable of drilling two new wells each month, we expect increased production rates to follow shortly thereafter.

"As we have previously stated, vertical well spacing of 40 acres allows for up to 100 production wells to be drilled in the Snake River project area, with an estimated ultimate recovery of up to 100,000 barrels of oil equivalent per well at a cost of approximately \$650,000 per well."

Mr Lanskey also said the Balder #1-30N horizontal well, in which the company has participated with Range Resources Inc (NYSE: RRC), is expected to commence production shortly. AOK has a net revenue interest of 11.15% in the well, the company's first horizontal well. The well is located on the western edge of the Snake River Project with a 320 acre well location, including a 40 acre portion of the AOK project area.

"To participate in a well with a major Mississippi Lime player such as Range Resources gives the company excellent visibility with one of the region's largest and proven companies. We are continuing to explore additional opportunities with potential partners that are seeking exposure to the Mississippi Lime play.

"With production at Balder #1 expected to commence shortly, AOK will now have an interest in three more producing Mississippi Lime wells at Snake River. Coupled with an active well development pipeline, AOK is well placed for continuing production growth."

AOK will continue to update shareholders in the coming weeks on its exploration and well development activity.

| <i>Formation</i>        | <i>Depth</i>        | <i>Gross Thickness</i> |
|-------------------------|---------------------|------------------------|
| <i>Tonkawa Sand</i>     | 2,544 to 2,572 feet | 28 feet                |
| <i>Layton Sand</i>      | 3,188 to 3,282 feet | 94 feet                |
| <i>Cleveland Sand</i>   | 3,520 to 3,602 feet | 82 feet                |
| <i>Skinner Sand</i>     | 4,012 to 4,026 feet | 14 feet                |
| <i>Mississippi Lime</i> | 4,290 to 4,674 feet | 384 feet               |
| <i>Woodford Shale</i>   | 4,674 to 4,694 feet | 20 feet                |
| <i>Wilcox Sand</i>      | 4,724 to 4,784 feet | 60 feet                |

Table 1: Hydrocarbon bearing zones from the Blubaugh #20D-1 Disposal Well

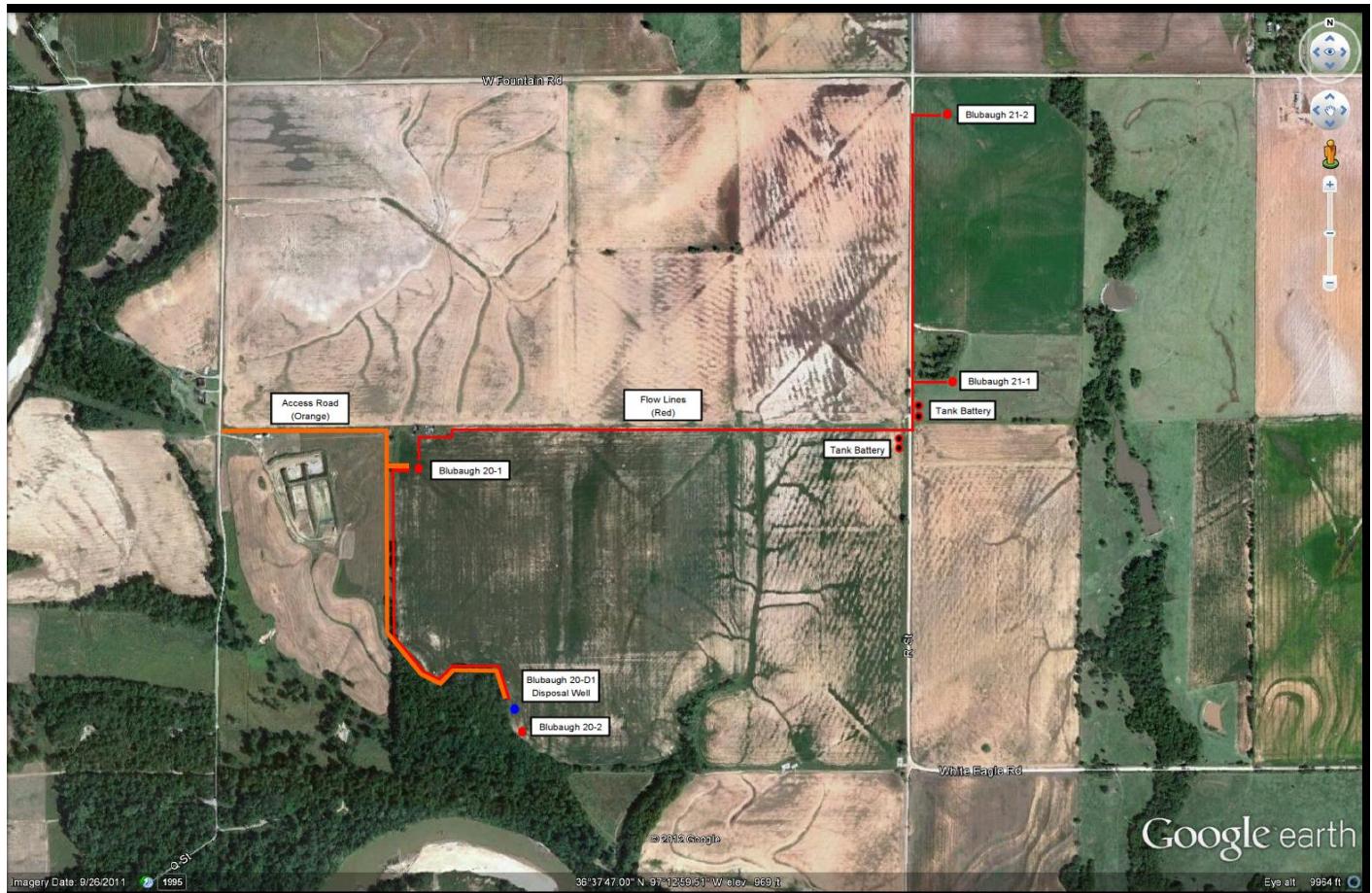


Figure 1: Location of Blubaugh #20-D1 SWD and proposed production wells

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