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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.*

## Well development program continues in Oklahoma and Kansas

- **Snake River Project – Northern Oklahoma**
  - **Production Hub 1: East Tonkawa Unit**
    - ETU #17-6 production testing underway
    - ETU #14-7 successfully fracked and flowing back
  - **Production Hub 2: Blubaugh Lease**
    - Blubaugh #20-1 frac scheduled for end July
    - Blubaugh #20-4 drilling underway
- **Cooper Project – North West Kansas**
  - Quackenbush #1 – drilling suspended due to rig issues
  - Melanie #1 drilling scheduled this week

United States focused oil & gas producer and explorer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to report that its well development and exploration program in Kansas and Oklahoma continues to be fast-tracked with high levels of activity across all projects.

### **Snake River Project Northern Oklahoma**

AOK holds a 100% Working Interest and an 81.25% Net Revenue Interest in the 5,400 acres Snake River Project which sits in the highly prospective Mississippian Limestone Play in Kay County, Oklahoma.

#### **Production Hub 1: East Tonkawa Unit**

##### **ETU #17-6 Well**

The ETU #17-6 vertical production well is now tied into surface facilities and has commenced production testing from the Mississippi Lime interval. A further update on initial production will be made shortly.

##### **ETU #14-7 Well**

Hydraulic fracturing was successfully completed in two stages on the Mississippi Lime interval on the ETU #14-7 well. The well is currently flowing back fluid with final completion and production testing expected to be underway by the end of July.

With the completion of the ETU #17-6 and ETU #14-7, AOK will have four vertical wells and one horizontal well producing at Production Hub 1.

Additional vertical wells are to be drilled in the coming months as per the company's plan to drill two production wells each month.

## **Production Hub 2: Blubaugh Lease**

Construction of surface infrastructure including tank batteries, power lines and water disposal facilities is nearing completion. In addition, a fresh water well and a 20,000 barrel frac pond are being readied and will be used in completion operations on the first two production wells on the north side of the river.

### **Blubaugh #20-1 and #21-3 Production Wells**

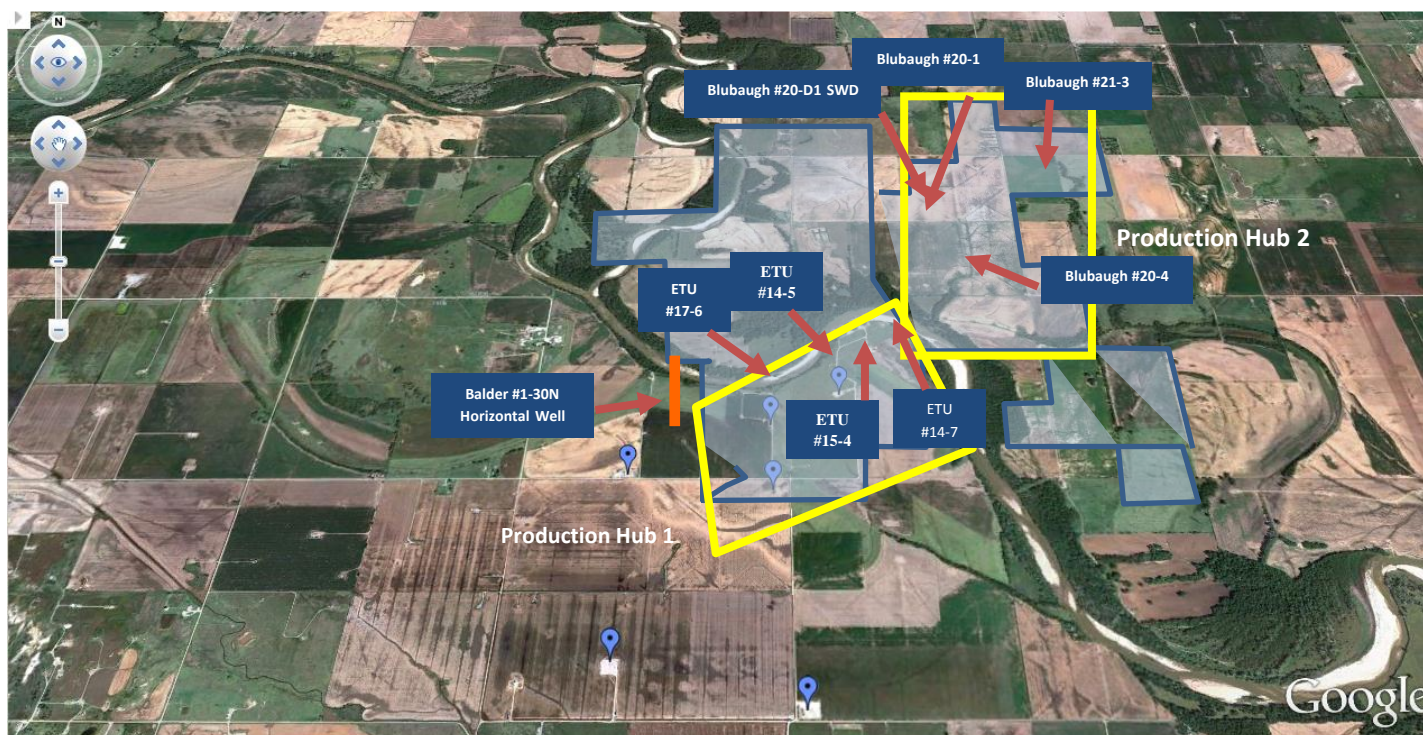
The Blubaugh #20-1 has been scheduled to be hydraulically fractured on July 29 with the Blubaugh #21-3 well to be scheduled in the first part of August.

### **Blubaugh #20-4 Well**

Drilling on the Blubaugh #20-4, the third production well for the Blubaugh Lease, commenced over the weekend. Surface pipe has been set and the rig is drilling ahead towards an expected TD of 4,800 feet. The well is targeting the Mississippi Lime interval with drilling operations expected to be completed in the next 10 days.

AusTex Executive Chairman, Mr. Richard Adrey said: “Our first priority is to bring the ETU #17-6, ETU #14-7 and Blubaugh #20-1 into production as soon as possible. These wells are all at different stages of development, and we expect these to come into production within the coming weeks.

“As previously reported, drilling of new production wells is continuing and we are pleased to announce that drilling of the new Blubaugh #20-4 is underway. This is in keeping with the company’s strategy of drilling two new production wells per month between now and Christmas.”



**Figure 1 – Location of production hubs in southwest area of Snake River Project**

## **Cooper Project Kansas**

### **Quackenbush #1 and Melanie #1 Well**

Drilling on the Quackenbush #1 was stopped short of the target Mississippi Lime interval due to mechanical issues with the drilling rig. The rig has been repaired and is moving a short distance to commence drilling the Melanie #1 with an expected TD of 4,800 feet.

AOK holds a 53% Working Interest and a 38% Net Revenue Interest in the 11,600 acre Cooper project in Sheridan County, Kansas.

Mr Adrey said, "The mechanical issues with the rig are a minor setback for us, but we kept the rig onsite to continue exploration activities at the Cooper project. We are very encouraged by the prospects for AusTex in Kansas. With Apache Corporation's recent investment in the Mississippi Lime Play, we see significant value upside for AusTex given we have extensive nearby undeveloped acreage."

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