



# AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC in the USA (AUN-XY)  
ACN 114 198 471

ASX ANNOUNCEMENT

9 November 2015

## Austin enters into Strategic Drilling Rental Agreement

- **Company secures Atlas Copco RD20 Drill Rig and all associated machinery through an ongoing monthly rental agreement**
- **Agreement significantly reduces ongoing development costs and increases operational efficiencies by retaining knowledge from each drilling campaign.**
- **Complete drilling and development package unique for a Company of Austin's size**
- **Preparations advanced for Austin's Pierre formation well to be drilled before the end of the year**

Austin Exploration ("Austin" or "the Company") (ASX:AKK) is pleased to announce that it has entered in to a strategic rental agreement with Math Energy Drilling LLC on a complete drilling solutions package for the ongoing development of its flagship Pathfinder property in Colorado.

This material agreement has been designed to significantly decrease costs, increase operational efficiencies and offers optionality over the ongoing development over Austin's highly prospective 15,282 acre Pathfinder oil and gas project. The property, which lies over the DJ Basin (one of North America's most prolific oil and gas producing basins), is large enough to accommodate more than 350 wells in the Pierre formation.

Austin is the operator of this project and for the first time in the Company's history it has a dedicated drill rig for its exclusive use. Austin's team will operate the Drill Rig and associated machinery internally, with this arrangement affording the Company complete control over the property's on-going development. This agreement also allows Austin to meet the ongoing drilling obligations required to maintain its acreage.

Importantly, under the agreement Austin maintains 100% of the oil and gas revenue from the Pierre formation in the case of an oil discovery.

Austin and Math Energy Drilling have agreed to a flat monthly fee for an initial term of 12 months for the exclusive use of an Atlas Copco RD20 Range 3 drill rig at a rate that is significantly under market. The contractual

obligations on both parties have been negotiated on an arm's length terms as Dr Mark Hart, Austin's Non-Executive Chairman has an interest in Math Energy Drilling LLC. This discount to market prices is in best interest of the company and shareholders.

This is the same type of drill rig that successfully drilled Austin's previous Pierre exploration wells in the Pierre formation.

The Company's 50% Joint Venture agreement with Pierre Energy Partners on its 18#3 & C18#4 wells will be limited to these two previous exploration well bores.

Also included under the rental agreement is an extensive amount of machinery and equipment that will allow the Company to internally construct its own drilling pads, build access roads, trench its own flow lines and perform work-overs of existing wells, once again resulting in significant cost savings. This initiative continues the Austin strategy of low cost well preparation and drilling and will enhance the Company's technology capabilities.



The major components of the multi-million dollar Math Energy Drilling LLC drilling solutions package include:

- Atlas Copco Drill Rig RD 20 Range III with Pason
- 7200 feet of drill string
- Various sized drill bits
- CAT 420E Back Hoe
- CAT D6M LGP Dozer
- CAT Lighting Plant
- CAT 50 Ton Winch
- 11KW Power Supply, Mud Car, 1 Denver Gardner Mud Pump - 500 HP, 1 National Mud Pump – 500 HP

- 3 Semi-trailer trucks including trailers: T900 W Kenworth Winch Truck, T800 H Kenworth Cab Truck (being set up as an optional water truck), T800 Kenworth Day Cab
- Six 50,000 – 100,000 pound trailers



The mobilization process of the above machinery and equipment is underway and will be on location in November. Math Energy Drilling has purchased a staging area in Fremont County to store the extensive amount of machinery and equipment listed above.

This program is consistent with Austin’s strategy of driving growth through low-cost development at its conventional oil prospects in North America. Austin is in the enviable position of having a diversified asset base with its properties in Colorado, Kentucky and Mississippi containing oil and gas bearing formations that do not require high-cost horizontal drilling and expensive stimulation techniques required for production.

Austin’s CEO & Managing Director, Mr. Guy Goudy, stated: “This is an exciting development for Austin and a unique opportunity for a Company of our size. Lower oil prices call for cost-effective programs to be implemented for ongoing development to remain economical. We now have a complete solution for the development of our Colorado property and for the first time the Company is not constrained by external contractors.”

“I’m grateful to Math Energy Drilling for agreeing to this package with Austin at rates that are substantially under market. We’ve put in a huge amount of work for our upcoming Pierre well which we expect to spud in December. We’re surrounded by oil production to our East and a discovery will unlock a huge amount of future value for this Company and its shareholders.”

Austin’s Non-Executive Chairman, Dr Mark Hart, added: “I have worked with Guy and the team now for 5 years helping to build Austin. This recent move with Math Energy Drilling will help Austin to substantially reduce drilling costs and indeed, I hope will unlock the value in Colorado for Austin’s shareholders.

– ENDS –

**Released through Ben Jarvis, Six Degrees Investor Relations: +61 413150448**

**ABOUT AUSTIN EXPLORATION:**

Austin Exploration is an Oil and Gas Company with a portfolio of oil and gas assets in the United States. In 2010, Austin strategically shifted its core focus towards non-conventional shale exploration and production. The Company has now established a major presence in two of America's most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and has an interest in over 5,000 acres in Texas in the Eagle Ford Shale and the Austin Chalk. Austin has producing oil and gas wells in Colorado, Texas, Mississippi and Kentucky. Austin has built a world class Board and Management team with proven company builders to derive maximum value from its oil and gas properties. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC in the United States (AUN-XY).

**DISCLAIMER:**

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Oil production rates fluctuate over time due to reservoir pressures, depletion or down time for maintenance. The Company does not represent that quoted production rates will continue indefinitely.

For personal use only