

## ASX Announcement

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## MR Olmos Project – First Month Production

Talon Petroleum Limited (ASX: TPD) ("Talon" or "Company") is pleased to announce that during the first month of production the Quintanilla OL 1H produced 10,748 boe (9,300 bo + 8,686 mcf) on restricted flow from a 12/64 inch choke. The thirty day average production was 383 boepd (333 bopd + 300 mcf/d), adjusted for 3 days of limited production when the choke plugged with debris. The current rate of production is 484 boepd (408 bopd + 456 mcf/d) on 13/64 inch choke.

The Quintanilla OL 1H well, as previously announced on 14 October 2014, IP'd at the rate of 986 boepd, (744 bopd + 1,452 mcf/d), 1,800 bwpd on a 22/64 inch choke with a flowing casing pressure of 2,700 psi. The well was placed on a restricted choke of 12/64 inch after the initial production test (IP) while tests were conducted to insure that the well would be produced at a rate that would provide the highest economic value over the well's expected production life. The PVT test confirmed that the reservoir is a single phase oil reservoir and that the well may be produced accordingly.

Mr Cliff Foss, Talon President, Managing Director and CEO stated: "We are extremely happy with the excellent well performance during the first 30 days of production while on the restricted 12/64 inch choke. We are particularly excited that the original 2,900 psi flowing casing pressure has only declined to 2,350 psi after producing 10,748 boe during the first 30 days. Although it is early in the well's productive life, the pressure data is very encouraging. The results to date indicate this is a very good well".

The Company has a 10% WI in this lease and holds a 100% WI in 3,600 acres adjoining the Quintanilla lease, subject to third parties' options to acquire collectively a 50% WI.

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### Glossary:

bo:	barrel of oil
boe:	barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
boepd:	barrels of oil equivalent per day (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
bopd:	barrels of oil per day
bwpd:	barrels of water per day
mcf:	thousand cubic feet
mcf/d:	thousands of cubic feet of gas per day
psi:	pounds per square inch
Talon or Company:	Talon Petroleum Limited
WI:	working interest, a cost bearing interest of an oil and gas project

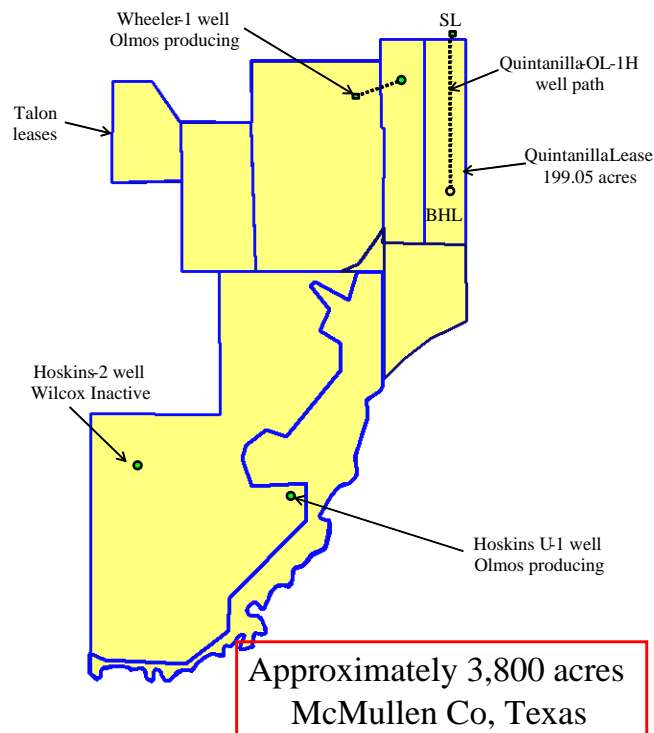
### About Mosman Rockingham (MR) Olmos:

The Mosman Rockingham (MR) Olmos sand horizontal oil play is located in McMullen County, South Texas. With approximately 3,800 gross leasehold acres, there is potential for up to additional 25-40 horizontal well locations depending on a favourable ruling over the A.W.P. (Olmos) field rules. Talon currently has approximately 3,620 net leasehold acreage with WI varying between 10 and 100% WI. Based on nearby analog horizontal well performance, the gross contingent resource potential (1C) is estimated to be in a range of potential outcomes of 235-327 mboe/well.

The MR Olmos leases lie on the flank of the AWP field which has produced 48.9 mmbo and 490.5 bcf from the Olmos sandstone reservoir. Historically, the Olmos reservoir was developed with vertical wells, two of which have or are producing in the MR Olmos leases. Talon believes that through the use of modern day horizontal drilling and hydraulic fracturing the productive capacity can be greatly enhanced and the leases more efficiently developed. The MR Olmos project is located approximately 18 miles away from the highly successful STS Olmos Project where 8 successful wells have been drilled and 160 gross additional drilling locations have been identified.

In February 2014, Talon formed a new joint participation group with Terrace STS LLC (TSXV:TZR, OTCQX:TCRRF, FRANKFURT:2TR) ("Terrace") (33.34%), Aschere Energy LLC ("Aschere") (16.66%) and Eagle Ford Shale Exploration, LLC (40%) to jointly develop a small 199-acre Quintanilla lease and participate in the proof of concept (Quintanilla OL 1H) horizontal Olmos well. This initiative is in line with Talon's strategy to minimize the cost of the initial test well (10% WI) of a project while maintaining a material position in the surrounding leasehold (100% WI, subject to options). Talon will look to leverage any success at the test well program, which would have potentially positive impact on shareholder value. Terrace and Aschere each hold options to acquire collectively 50% WI in the remaining Olmos leased acreage and production from existing wells.

Diagram – Location of Talon's MR Olmos leases and wells



### About Talon Petroleum Limited:

Talon Petroleum Limited is a Texas and Gulf Coast focused exploration and appraisal company listed on ASX (ASX code: TPD). Talon's strategy is to invest in multi-well oil projects that are located within areas with good production infrastructure employing horizontal drilling and advanced fracking technologies. The projects target oil in resource plays (shales) or in low permeability conventional reservoirs that originally produced only a small fraction of the hydrocarbons in-place (old fields with tight reservoirs) where recoveries can be improved with new technologies. Funding to drill the proof of concept tests in the early projects will come from selling down in large acreage blocks.

Talon's current portfolio reflects the strategy and consists of consists of seven projects located in East and South Texas, USA. Talon is headquartered in Brisbane, Australia with an office in Houston, Texas, USA. Additional information is available on Talon's website: [www.talonpetroleum.com.au](http://www.talonpetroleum.com.au)