



ABN 24 119 737 772

ASX Release
23 June 2011

PROGRESS REPORT

Production

Second quarter 2011 production is expected to average 730 boepd nett to Texon's NRI beneficial interest, up by 20% compared with the first quarter 2011 production rate but slightly down on the second quarter forecast of 770 boepd in the Company's May AGM Report. In recent days, the Company's nett production has been 790 boepd (65% oil).

EFS #3 (Tyler Ranch EFS #2H) (Texon 82% WI, 61.6% NRI)

This well commenced drilling on the 12th of June and on the 22nd June was at a depth of 9,750 feet. The drilling equipment has been modified to drill the 4,500' horizontal part of the well in the Eagle Ford formation and it is expected to reach its total depth in about 15 days.

EFS #4 (Hoskins EFS #1H) (Texon 95% WI, 71.25% NRI)

Texon's fourth Eagle Ford well will be drilled with the same rig as being used for and immediately following EFS #3.

EFS #3 and #4 – Fraccing and Testing

The frac contractor has scheduled this work to be done in August following the drilling of the wells in June and July.

11th Olmos Production Well (Peeler #3) (Texon 50% WI, 37.5% NRI)

Peeler #3 is at a depth of 6,580 feet and is expected to reach its total depth of 9,000 feet in a few days. The well will then be logged and cased for production if the target Olmos reservoir is present. Fraccing and testing of the well is scheduled for August using the same contractor who will frac and test the Eagle Ford wells.

First Wilcox Well (Texon 100% WI, 75% NRI)

A rig has been contracted to drill this well beginning in the second half of July. Drilling to the total depth of about 7,000 feet is expected to take 15 days. The well will be located close to a well on the Company's Mosman lease which has 11 feet of sand with porosities between 16 and 30%, permeabilities up to 450 millidarcies and oil in side wall cores up to 17%. A log analysis by NuTech (a log analysis specialist company which analysed Texon's Eagle Ford reservoirs as well as working for numerous other companies), indicates a further 75 feet of oil pay in other Wilcox sands in the same well. When the well has been drilled and logged, and if required, a testing program will be designed to investigate whether the Wilcox sands contain commercially producible oil. The results of this work will assist the Company in assessing the importance of Wilcox oil shows seen in other Texon wells drilled on its Leighton leases as well as whether the Wilcox represents significant potential for the Company.

Scarborough (Texon 96% WI , 72% NRI)

Texon has an average of 96% WI in all the leases covering the Scarborough prospect which has a success case potential as to the 96% WI of 28 mmboc. A rig is being sought to drill the well as soon as is possible.

Coolangatta (Texon 100% WI, 78% NRI)

A report on matters relating to the Coolangatta leases and referred to in the Company's AGM presentation is expected mid July. Early indications are that resolution of various lease matters may be possible in the next two or three months. Coolangatta will be drilled as soon as is possible after the Company is satisfied as to the integrity of its Coolangatta leases.

Mosman / Rockingham / New EF Leases - 3D Seismic

Acquisition of these data covering Texon's Mosman / Rockingham leases and the recently acquired Eagle Ford leases (see Quarterly Report of 29 April 2011) is expected to begin next week with results anticipated in the fourth quarter of this year. The Mosman / Rockingham results will be used to better map the Eagle Ford, Olmos and Wilcox targets in this area. In the recently acquired Eagle Ford leases, the 3D data will enable planning for Eagle Ford wells in these leases.

Please refer to Texon's website for announcements by the Company: www.texonpetroleum.com.au

Oil and gas futures prices (Source: NYMEX August 2011 contracts)

Oil: US\$94.47/bbl

Gas: US\$ 4.33/mmbtu (approx. US\$6.60/mcf for all Texon gas – including US\$7.40/mcf for Olmos and Eagle Ford gas)

-Ends-

For further information, please contact:

Dr John Armstrong
Chairman
Brisbane: 07 3211 1122

Mr David Mason
Chief Executive Officer
Brisbane: 07 3211 1122
Houston: +1 281 419 4976
(Houston is 15 hours behind AEST)

Glossary:

bbl: barrel
boepd: barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)
mcf: thousand cubic feet
mmboe: million barrels of oil equivalent (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)
mmbtu: million British thermal units
NRI: Net Revenue Interest
WI: Working Interest