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**ASX RELEASE**

**SUGARKANE FIELD OPERATIONS AND PRODUCTION UPDATE**

Aurora Oil & Gas Limited ("Aurora") is pleased to provide the following update on operations and production at the Longhorn, Ipanema and Excelsior Areas of Mutual Interest ("AMI") within the Sugarkane Gas & Condensate Field, Texas.

Aurora participates in an acreage position in excess of 75,000 gross acres and there are now either 4 or 5 rigs and 2 fracture stimulation crews operating on the acreage at any time. At the time of writing this report, there were 44 wells drilled and 36 on production within the Aurora acreage.

**Production Data**

The following wells have been on production for a period of 30 to 60 days since the last operational update and the results are outlined in the table below. Further commentary has also been provided below.

	Working Interest	Total Gas Production (mmscf)	Total Condensate Production (bbls)	Average Daily Equivalent Oil Rate (boe/d)*
Yosko #1H – 60 day	29.6%	54.7	42,619	879
Barboza #1H – 60 day	26.1%	122.5	38,776	991
Carter #1H – 60 day	31.9%	30.4	30,580	595
Carter Salge #1H – 60 day	31.9%	67.4	45,306	942
PMT #1H – 30 day	28.7%	119.7	5,562	850
PMT #1H – 60 day	28.7%	231.3	8,586	786
Hierholzer Retzloff #1H – 30 day	9.14%	7.0	10,061	373
Hierholzer Seewald #1H – 30 day	9.14%	9.6	11,726	450
Chapman Rothe #1H – 30 day	9.14%	12.9	14,380	551
Chapman Pfiel #1H – 30 day	9.14%	11.5	14,222	538
Henke A – 30 day	9.14%	11.2	13,254	504
Henke B – 30 day	9.14%	21.8	16,821	682

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\*The equivalent barrels per day production rate has been calculated on a simple 6:1 ratio in compliance with Canadian securities laws under National Instrument 51 - 101.

The boe numbers in the above table do not account for any NGLs which are now being stripped from the wet gas production stream. The production totals are generated from data gathered through metering at each wellhead and the NGLs are subsequently stripped from the gas production at a processing facility near Houston. Aurora conservatively estimates that the NGL stripping process yields 80 – 90 bbls of NGLs per mmscf and results in a gas volume shrinkage of approximately 20%.

The last 6 wells listed in the above table are the first results that Aurora has published from the Excelsior AML. This acreage was acquired as part of the transaction announced in December 2010 and represents 1,760 net acres or 11% of Aurora's Sugarkane position. The Excelsior acreage is structurally up dip to the other AMLs and is anticipated to have lower productivity than the majority of Aurora's acreage. This was reflected in type curves used by NSAI in their reserve estimates published in March 2011. At this early stage the production results from the Excelsior wells are in line with expectations.

The two Hierholzer wells and two Chapman wells are situated in the shallower portions of the Excelsior AML. The four wells are immediately adjacent to each other and so were selected as candidates for the recent 'HiWay' fracture stimulation trial. In this instance the two Chapman wells were stimulated using the 'HiWay' system which uses approximately 50% of the water and proppant compared to the more conventional design, which was applied to the Hierholzer wells. It is too early to extrapolate the magnitude of improvement, but it is clear that despite using significantly less material for the stimulation the 'HiWay' wells are performing relatively well.

The two Henke wells are situated in the deepest section of the Excelsior AML. Unfortunately operational difficulties led to a coiled tubing fish being left in the Henke A well, which presently acts as a choke to production. This fish will be removed when tubing pressures reduce with production. The Henke B well early production is encouraging.

## Operations

The text below provides a short summary of operations that have occurred since the last update and is split by AML.

### Longhorn AML

**Davenport #1H (24.3% WI)** – the Davenport #1H well commenced production on 20<sup>th</sup> June 2011. Aurora will provide an update on production rates in due course.

**Best Huth #1H (28.7% WI)** – the Best Huth #1H well commenced production on 4<sup>th</sup> July 2011 and Aurora will provide an update on production rates in due course.

**Turnbull #5H (26.4% WI)** – the Turnbull #5H well reached a Total Depth of 16,797ft on 16<sup>th</sup> June 2011 and has now been successfully cased. The fracture stimulation of a total of 17 stages was completed on 10<sup>th</sup> July 2011. This well has a common surface location to the Turnbull #6H well and the isolation plugs for this well will be drilled out when the fracture stimulation on Turnbull #6H is complete.

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**Turnbull #6H (31.8% WI)** – The fracture stimulation of the Turnbull #6H commenced on 11<sup>th</sup> July 2011 and is presently underway.

**Pfiefer #1H (21.6% WI)** – The Pfiefer #1H well is located across the border of the Longhorn and Sugarloaf AMIs. The well was spudded on 13<sup>th</sup> June 2011 and reached a TD of 16,851ft on 5<sup>th</sup> July 2011. This well has now been cased and will be fracture stimulated in due course.

## **Excelsior AMI**

**Esse Smith Ranch A #1H (9.14% WI)** – This well has now been fracture stimulated and will shortly be unloaded to sales. Aurora will provide an update on production rates from this well in due course.

**Esse Smith Ranch B #1H (9.14% WI)** – The Esse Smith B #1H well was spudded on 25<sup>th</sup> June and reached a Total Depth of 16,680ft on 11<sup>th</sup> July 2011. Casing has now been run and cemented in place and this well will be fracture stimulated in due course.

**Kellner Jonas #1H (9.14% WI)** – The Kellner Jonas #1H well has been fracture stimulated with 15 stages and production commenced on the 22<sup>nd</sup> June 2011. Aurora will provide an update on production rates from this well in due course.

**Hollub #1H (9.14% WI)** – The Hollub #1H well reached total depth of 15,345ft on 16<sup>th</sup> June 2011 and has since been fracture stimulated with 15 stages. The well will shortly be unloaded to sales and Aurora will provide a production update in due course.

**Chapman Schroder #1H (4.52% WI)** – The Chapman Schroder #1H well reached a total depth of 16,465ft on 21<sup>st</sup> June 2011. Production casing has been run and cemented on this well and it will be fracture stimulated in due course.

**Carpenter Thompson #1H (9.14% WI)** – the Carpenter Thompson well spudded on 1<sup>st</sup> June 2011 and reached a Total Depth of 16,392ft on 14<sup>th</sup> June. The well has now been fracture stimulated with 17 stages and production commenced on 11<sup>th</sup> July 2011. Aurora will provide an update on production rates from this well in due course.

**DeAtley May A #1H (9.14% WI)** – The DeAtley A#1H well was spudded on 22<sup>nd</sup> June 2011 and reached a Total Depth of 15,760ft on 3<sup>rd</sup> July. Production casing has been run and cemented on this well and it will be fracture stimulated in due course.

**DeAtley May B #1H (9.14% WI)** – The DeAtley B#1H well was spudded on the 8<sup>th</sup> July 2011 and is presently drilling ahead.

## **About Aurora**

Aurora is an Australian and Toronto listed oil and gas company active exclusively in the over pressured liquids rich region of the Eagle Ford Shale in Texas, United States. The Company is engaged in the development and production of oil, condensate and natural gas in Karnes, Live Oak and Atascosa counties in South Texas. Aurora participates in over 75,000 highly contiguous gross acres in the heart of the trend, including over 15,760 net acres within the liquids rich zones of the Eagle Ford. Aurora is funded for and expects to participate in approximately 60 new development wells during 2011.

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Technical information contained in this report in relation to the Sugarkane field was compiled by Aurora from information provided by the project operator and reviewed by I L Lusted, BSc (Hons), SPE, a Director of Aurora who has had more than 15 years experience in the practice of petroleum engineering. Mr. Lusted consents to the inclusion in this report of the information in the form and context in which it appears.

## Cautionary Statements

*The Company may present petroleum and natural gas production and reserve volumes in barrel of oil equivalent ("boe") amounts. For purposes of computing such units, a conversion rate of 6,000 cubic feet of natural gas to one barrel of oil equivalent (6:1) is used. The conversion ratio of 6:1 is based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not represent value equivalence at the wellhead. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.*

*Statements in this press release regarding which reflect management's expectations relating to, among other things, target dates, Aurora's expected drilling program and the ability to fund development are forward-looking statements, and can generally be identified by words such as "will", "expects", "intends", "believes", "estimates", "anticipates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.*

*Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.*

*All of the forward-looking information in this press release is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Aurora disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.*

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