



22 September 2015

Australian Oil Company Limited
ASX: AOC

**Onshore assets
Sacramento Basin,
California**

- Conventional gas development
- Gas Producer
- Portfolio of exploration and appraisal stage projects
- Exposure to huge local demand for gas

Corporate Structure

Shares on issue: 106.4 M
Market Cap: \$5.3 M
52 week high: 21 cents
52 week low: 3.5 cents

Directors

Andrew Childs
(Chairman)

Gary Jeffery
(Managing Director)

Keith Martens
(Technical Director)

Aqeel Virk
(California Director)

David McArthur
(Company Secretary)

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AOC UNDERPINS REVENUE BASE WITH ADDITIONAL GAS PRODUCTION FROM RANCHO-CAPAY GAS FIELD, SACRAMENTO BASIN

Summary

- **Additional daily sales revenue of circa A\$1,000 to AOC**
- **Further underpins growth strategy aimed at increasing conventional gas production and strengthening revenue profile**
- **Targeting development of potentially 1 + Tcf Dempsey conventional gas prospect in Sacramento Gas Basin, onshore California**
- **Discussions continuing with potential funding partners for planned drilling of flagship Dempsey Prospect in calendar 2015**

Californian-focused conventional gas developer Australian Oil Company Limited (ASX: AOC) (“the Company”) is pleased to advise that it has significantly strengthened its revenue base from an existing conventional gas well located in the Rancho-Capay Gas Field, Sacramento Basin.

During planned gas field operations on a joint venture owned well located near the Company’s flagship Dempsey Prospect, the Californian Operator and 20% working interest (WI) owner identified a gas reservoir covered by produced sand in the well bore.

The well bore was subsequently cleared and gas flow was established from a Forbes Reservoir zone at stable rates of 425 mcf/day with 550 psi flowing tubing pressures.

The flow rate and shut in pressure of 1,200 psi indicate the well bore is accessing remaining producible quantities of gas. Sale of gas from the well is anticipated to commence shortly upon approval from the independent pipeline operator.

Based on current gas prices of circa \$US3 /mcf and a flow rate of 425 mcf/day, gross sales revenue is estimated to be approximately \$A1,800/day (approximately A\$1,000/day to AOC). AOC has a working interest of 55% in the well, with Xstate Resources Limited (ASX: XST) holding a 10% working interest and private interests the balance.

In line with corporate and operational growth objectives, AOC is continuing to assess a number of opportunities to increase conventional gas production in the Sacramento Basin.

The Company is progressing discussions with potential funding partners who have shown a genuine interest in the development of the potentially 1+ Tcf Dempsey Prospect.

AOC's Managing Director Gary Jeffery commented, "We are very pleased to have increased our production from the Rancho-Capay Gas Field, further underpinning the Company's revenue base. We also believe this increased production highlights the significant underlying potential within the known gas producing areas in the Sacramento Basin.

Furthermore, AOC has used forensic geology and discovery thinking to identify two drill-ready, potentially multi-Tcf conventional gas projects in California's attractive gas market domain, and we remain focussed on getting the Dempsey Prospect drilled as soon as practicable."

For and on behalf of the Board of Australian Oil Company Limited.

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Australian Oil Company Limited (ASX: AOC) is an Australian-based energy company focused on conventional gas exploration in the Sacramento Basin, onshore California. AOC has an extensive portfolio of oil and gas prospects at both exploration and appraisal stages, including a number of multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market on the west coast of North America. AOC is of the view that the size of the prospects in California have the potential to supply both the domestic Californian gas market and export LNG markets.

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