



Release Date: 3 February 2016

ASX Announcement

## AMERICAN PATRIOT FARMS OUT ROUGH HOUSE PROJECT, COLORADO FOR UP TO 5 WELLS

### Highlights

- Farm-out with Running Foxes Petroleum Inc (RFP) leading Colorado oil company
- 5 well deal/economical low cost conventional drilling
- Running Foxes discovered nearby Arikaree Creek oil field, DJ Basin
- AOW to retain 30% carried working interest/ RFP to become operator
- Future JV opportunities with Running Foxes in Area of Mutual interest established

American Patriot Oil & Gas Limited (**AOW**) has signed a new 5 well JV agreement with Running Foxes Petroleum Inc (RFP) a private oil company based in Denver, Colorado USA. The new JV covers the entire Rough House project acreage located in the Denver Julesburg (DJ) Basin, Colorado, USA. RFP has discovered a number of major producing oil fields in the region including the landmark Arikaree creek oil field (one of the original discoveries of the Mississippian play in the DJ basin) and a number of the AOW leases lie within and adjacent to the Arikaree Creek oil field.

RFP was attracted to the acreage after AOW identified numerous prospects under its leases utilising existing 3D seismic data which AOW was able to obtain for no cost. The JV was established after technical due diligence by RFP confirmed the potential of these prospects. Subject to permitting, RFP is expected to drill the first well in Q3 2016 (AOW free carried) and the second well should follow shortly thereafter. Under the agreement, AOW has agreed to assign a 70% working interest in the Rough House Project to RFP upon completion of two commitment wells, with an option to drill three additional wells.

American Patriot CEO Alexis Clark commented: *"To partner with an operator with the experience of Running Foxes Petroleum is a significant achievement for American Patriot, particularly given the current oil market. RFP has discovered a number of significant producing oil fields in the region including the renowned Arikaree creek oil field which is currently producing and economic at today's oil prices. "The participation of RFP validates our strategy and the quality and potential of the acreage at the Rough House project which AOW acquired at an early stage over the last two years"*

*"RFP has significant on ground operational and development expertise in Colorado owning its own drill rig fleet and workover units that will be the key to the commercialisation of our assets." "Importantly we have established an Area of Mutual interest with RFP to jointly acquire additional acreage and future joint venture opportunities" "We welcome RFP as partner on the project and look forward to drilling the initial wells as we enter a new phase of monetising these assets"*

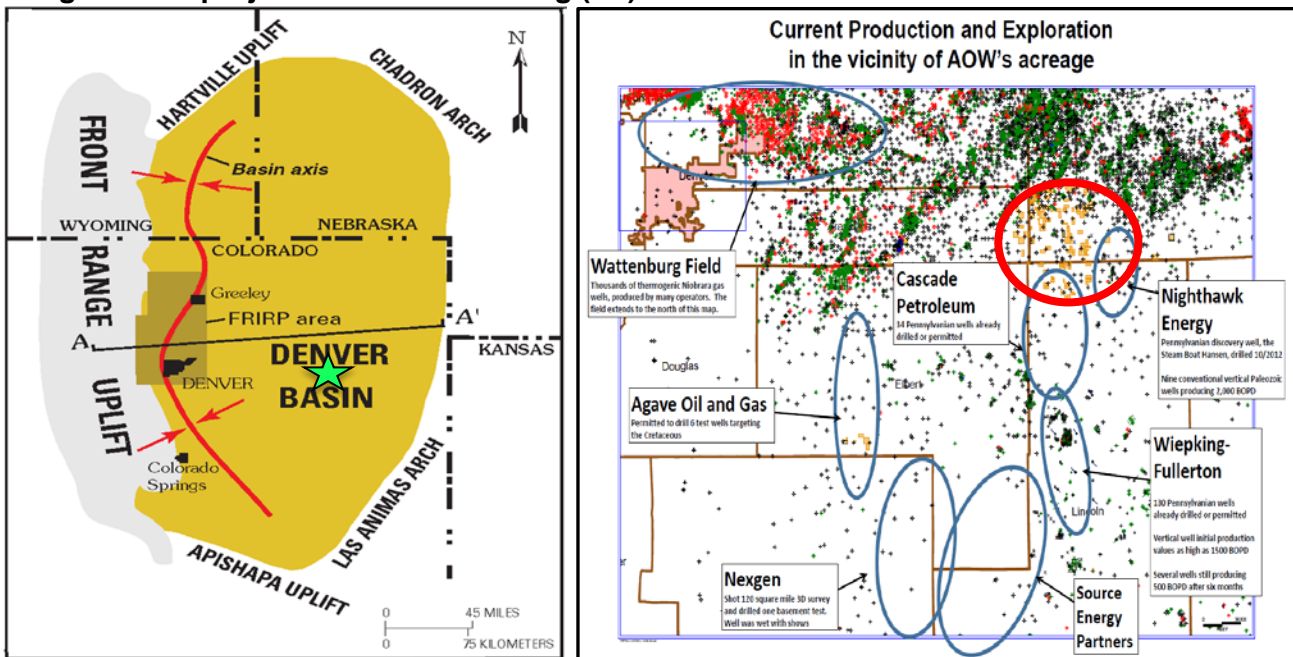
*"We continue to deliver on American Patriot's JV business model which is proving to be robust, even during volatile oil markets. We continue to grow the business by looking for quality, low cost, early entry acreage plays in the vicinity of underexploited oil fields, with no drilling commitments. Our focus remains on maximising value and efficiently utilising shareholder funds by entering into joint ventures with high quality US operators willing to fund drilling programs on our projects as demonstrated by this new JV."*

*“We recently received an approach from a significant private U.S. oil company for the entire assets of American Patriot. The offer demonstrates the quality of AOW’s portfolio of assets and validates the company strategy, particularly in the current market environment. However we believe that this particular offer was opportunistic and substantially undervalued the potential value of the AOW assets. “We remain focussed on improving the value of our assets through further technical work to realise their significant upside potential, while at the same time continuing discussions with potential bidders to extract a more realistic offer price for the assets.”*

The key commercial terms of the JV are as follows:

- Agreement covers all acreage in the Rough House project, DJ Basin, Colorado (24,221 gross acres/15,026 net acres). The majority of the acreage is in Washington and Lincoln Counties.
- RFP to carry AOW on two wells to the tanks and the option to drill three additional wells
- AOW to assign a 70% working interest in the Rough House project to RFP, thereby retaining a 30% free carried interest upon completion of the two commitment wells
- RPP to become operator of the Rough House project
- A number of prospects already identified on 3D seismic
- Area of Mutual of Interest (AMI) established to jointly acquire acreage in the region

### Rough House project - Denver Julesburg (DJ) Basin Colorado



### Key Points:

- A conventional oil play with significant nearby success drilling cheap vertical wells
- Significant acreage position of over 24,221 gross acres/ 15,026 net acres
- Surround by several nearby successful operators developing similar plays: Night Hawk Energy producing around ~2,000 BOPD; Wiepking-Fullerton’s successful Aloha Mula #1 well - Initial Production ~1500 BOPD
- Attractive economics at current oil prices; wells inexpensive
- Multiple play concepts and reservoir targets
- Primarily conventional vertical wells producing Carboniferous reservoirs



**For further information please contact:**

American Patriot Oil and Gas: CEO Alexis Clark +61 9945 8739.  
Media & Investor Enquiries: Collins Street Media  
Ian Howarth +61 3 9223 2465  
Or visit the website: [www.ap-oil.com](http://www.ap-oil.com)

**About Running Foxes Petroleum Inc**

Founded in 1998, Running Foxes Petroleum Inc. (RFP) is a private energy company located in Centennial, Colorado. The company is actively engaged in the drilling and development of natural gas and oil projects in the continental United States with their primary focus on shallow conventional oil and gas and unconventional shale oil and gas plays in the Mid-Continent and Rocky Mountain regions. RFP continues to operate successfully as a low cost operator with extensive experience in waterfloods, coal bed methane and shale gas, RFP has discovered significant fields such as Old Homestead and Arikaree Creek, and revitalized old fields such as Livengood for itself and partners. Commitment to cost control has allowed RFP to continue and expand regardless of the price environment. RFP is fortunate to be able to offset costs inherent with drilling and remain generally self-sufficient by owning drill rigs, work over units, water trucks, acid trucks and staffing a versatile and knowledgeable staff. With a focus on shallow conventional production, RFP continues to look for opportunities in areas away from overpriced shale plays.

**About American Patriot Oil and Gas**

American Patriot Oil and Gas (AOW) is an oil and natural gas exploration and development (E&P) group headquartered in Melbourne, Australia with a U.S. office in Denver Colorado. The company has approximately 30,914 net mineral acres under lease across 5 key projects. The projects are geographically focused on tight oil exploration and development opportunities in the Rocky Mountain Basins. Since its establishment, AOW has assembled a portfolio of prospective oil and gas exploration assets in the USA and has completed joint venture agreements on its key Northern Star asset in Montana with US based partners. AOW's business model is to internally generate prospects using geological knowledge, capture significant land positions at a low cost, and then reduce or remove risk capital exposure through a farm-out of a majority interest to a qualified US operator in a cash and carry deal. AOW project map:

