



# **Australian Oil Company Limited**

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## **QUARTERLY ACTIVITIES REPORT QUARTER ENDED 31 MARCH 2013**

### **SACRAMENTO VALLEY CALIFORNIA**

#### **West Brentwood Farmin**

During the quarter Australian Oil Company (ASX:AOC) through its wholly owned subsidiary SACGASCO LLC, signed a Farmin Agreement to earn a 26.67% working interest in 340 acres in Contra Costa County, California.

Under the terms of the farmin agreement AOC will pay 40% of the first US\$1,000,000 spent on drilling activity (i.e. US\$400,000) and thereafter pay its earned working interest share of 26.67%.

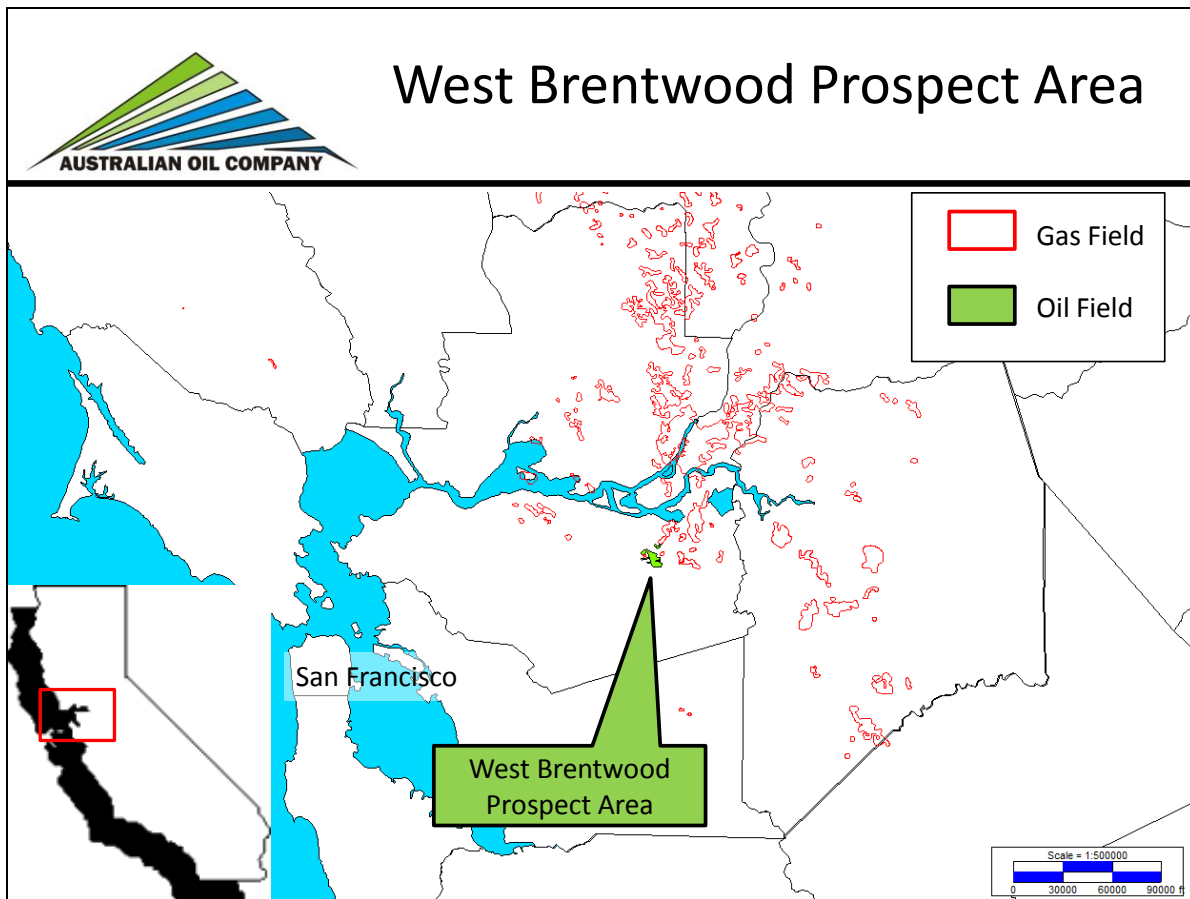
The first well to be drilled is the Shea-Dividend #1-8 exploration well which is scheduled to spud in April 2013 and has an estimated dry hole cost of US\$700,000 (AOC share - US\$280,000). An additional \$US263,000 (AOC share – US\$105,200) will be required for completion and tie-in costs in the case of drilling success.

The Shea-Dividend #1-8 exploration well will be directionally drilled to a true vertical depth of 1,220m from a central drilling area and should only take 8 days to determine if hydrocarbons are present.

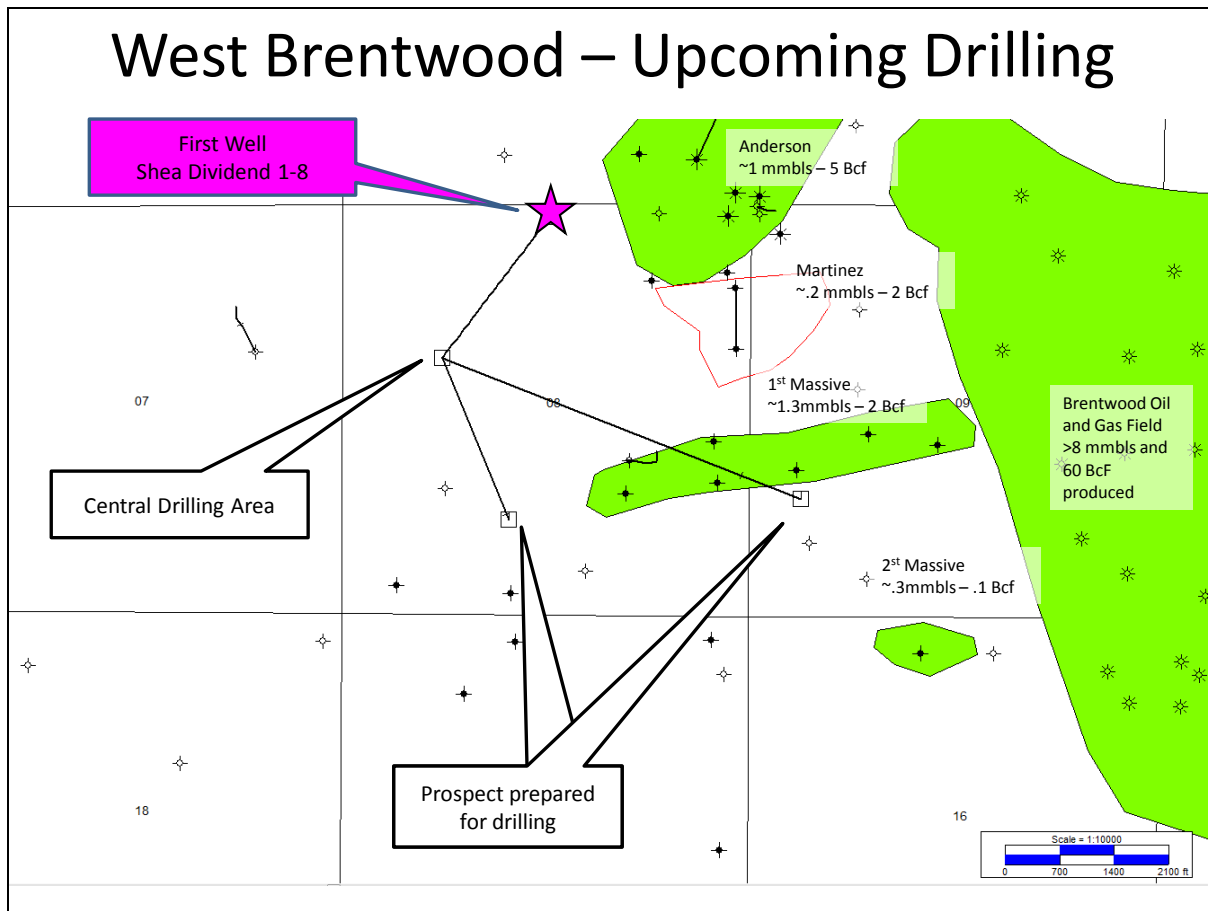
The highly productive Anderson Sandstone will be targeted in this well with two other locations also permitted to drill from the same central location. All three prospects are estimated to contain up to 500,000 barrels of recoverable oil each, with natural flow rates of (without stimulation) 200-500 barrels of oil per day per well.

The farmin also includes an Area of Mutual Interest (AMI) which covers approximately 3,000 acres of high quality seismic data. An additional 7 drillable prospects have been identified on this data set.

The West Brentwood Prospect Area is located 50km east of San Francisco and just west of the Brentwood oil and gas field which has produced over 8 million barrels (MMbbl) of oil and 60 billion cubic feet (Bcf) of gas and adjacent to the West Brentwood fields which have produced approximately 3 MMbbl of oil and 9 Bcf of gas.



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### First Quarter Production Figures – 100%

Total MMBTU Sales	64,889
Total Gross Sales	\$US 217,948
Total Royalty Share	\$US 44,942
Total Gross/Net WI Value	\$US 173,006

AOC's 40% share of first quarter production before operating costs was \$US 69,202

**SAN JUAQUIN BASIN  
CALIFORNIA**

**Patience#1-19 Oil Exploration Well**

The Joint Venture is currently reconsidering the drilling of Patience#1-19 due to the Farmor not disclosing that Chevron, as the surface rights owner must approve any conveyance of the Farmors interest to a third party.

**SCU #1-24 Water Disposal Well**

During the quarter the application process commenced to use SCU #1-24 as a commercial water injection well. Current commercial rates for water injection in the region are up to \$2/bbl of water.

**MANKINS RANCH OIL PROJECT  
CALIFORNIA**

On 19<sup>th</sup> November 2012 Excelaron LLC (AOC 35%) filed a lawsuit against the County of San Luis Obispo, California. Legal proceedings was seen as the only course of action due to the County effecting a regulatory taking of Excelaron's property while failing to follow laws that require just compensation for that taking. The lawsuit requested that the San Luis Obispo County Board of Supervisors follow existing laws and set aside its decision denying the project, or compensate the Company for its damages and legal fees.

During the quarter the Superior Court of California , County of San Luis Obispo ruled to dismiss this writ of takings lawsuit filed by Excelaron LLC in regards to the San Luis Obispo Board of Supervisors denial of the permit to drill the Mankin's (Huasna) Oil Field.

A notice of appeal to this ruling has subsequently been lodged with the Court of Appeal in Ventura, California.

**PORTER RANCH OIL PROJECT  
CALIFORNIA**

No activity during the quarter.

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**HOOD - FRANKLIN GAS PROJECT  
SACRAMENTO VALLEY  
CALIFORNIA**

No activity during the quarter.

**CALIFORNIAN NEW VENTURES**

Ongoing evaluation of a number of low cost, high impact oil and gas appraisal and production opportunities.

**PEL 182  
COOPER BASIN SOUTH AUSTRALIA**

AOC's 7.5% interest is subject to a farmout and assignment to Dome Petroleum however there are unresolved issues with Dome which is preventing the completion of this transaction which when finalized will result in AOC having no ongoing interest in this permit.

**EP 435  
EXMOUTH SUB BASIN WESTERN AUSTRALIA**

No activity during the quarter.

**ONSHORE EAST TIMOR**

At this time there is no legislation in place in East Timor regarding onshore oil exploration and it is not possible to predict when any application for licenses may take place.

**SUBSEQUENT EVENTS**

**Shea-Dividend #1-8 Exploration Well Spuds**

As at 7.30pm Sunday 28<sup>th</sup> April 2013, Graham Drilling Rig #4 was drilling ahead at 1,850'.

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Graham Drilling Rig #4 looking West towards Mt Diablo

Chairman  
Andrew Childs  
30 April 2013