



Australian Oil Company Limited

208 Bagot Road, Subiaco, WA 6008
Tel: (08) 6380 1410 Fax: (08) 9381 9386
ACN 114 061 433

QUARTERLY ACTIVITY REPORT JUNE 2013

SACRAMENTO BASIN CALIFORNIA

Rancho - Capay Gas Field (AOC 40% interest in 5 wells)

During the quarter Flying Tiger #1-16 and Stoney Creek #1-2 were re-entered and perforated in the previously untested Cretaceous Kione Formation.

Initial flow rates recorded for Flying Tigers #1-16 was 400mcf/day and 330mcf/day for Stoney Creek# 1-2. Subsequently both wells have declined with Flying Tigers #1-16 now producing a relatively steady 80mcf/day and Stoney Creek# 1-2 producing about 20mcf/day.

The Operator is currently considering perforating other zones and/or deepening these wells to enhance production.

Los Medanos Gas Field (AOC 40% interest in 2 wells)

During the quarter PG&E commenced an extensive upgrade of their main gas transmission lines in the San Francisco Bay Area. Accordingly Banshee #1 and Neely #2 wells were shut in for 55 and 50 days respectively.

Since these wells were purchased on 1st October 2012, Banshee #1 has averaged 250mcf/day and Neely #2 95mcf/day. Over the intervening period production decline from both wells has been negligible

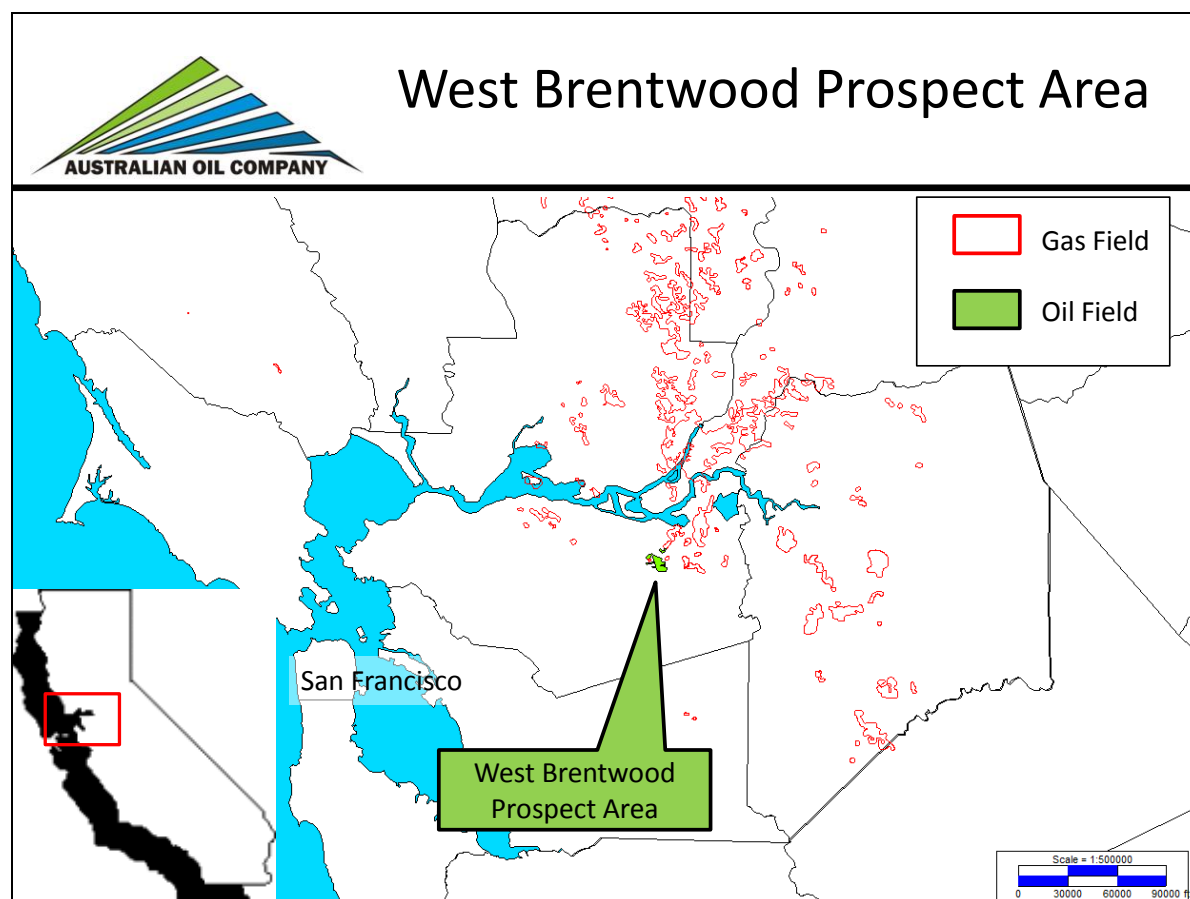
Second Quarter Production Figures – 100%

Total MMBTU Sales	48,214
Total Gross Sales	\$US 180,645
Total Royalty Share	\$US 37,911
Total Gross/Net WI Value	\$US 142,734

AOC's 40% share of second quarter production before operating costs was \$US 57,094

West Brentwood Prospect (AOC earning 26.67%)

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.



The Shea-Dividend #1-8 exploration well was spudded in April 2013 and was directionally drilled to a true vertical depth of 1,220m (1,586 measured depth) from a central drilling area. The well has now been temporarily suspended for future use.

After reviewing the electric and mud logs it was apparent that the primary objective sand-reservoir was absent due to erosion and the secondary objective sand-reservoir was thicker than prognosed and porous with gas shows (up to Butane C4), but was not productive for hydrocarbons.

It is noteworthy that data from the Shea Dividend 1-8 well indicates that there is a significant prospective area structurally updip of the reservoir intersection in the well, hence the decision to temporarily suspend the well. A full geological and geophysical review is required before additional drilling is contemplated.

The West Brentwood farm includes an Area of Mutual Interest (AMI) which covers approximately 3,000 acres of high quality seismic data. Additional independent drillable prospects have been identified on this data set.

Hood – Franklin Gas Project

No activity during the quarter.

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

Ongoing application process to use SCU #1-24 as a commercial water injection well.

MANKINS RANCH OIL PROJECT CALIFORNIA

On 19th 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 second quarter of 2013 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. The Lawyers representing Excelaron LLC have now agreed to work on a pro bono basis.

**PORTER RANCH OIL PROJECT
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

The Company has terminated the option it held to purchase a 50% interest in Timor Oil Limited.

SUBSEQUENT EVENTS

The Company has agreed to sell its 17% interest in EP 435 to a Joint Venture partner for \$35,700.00.

Chairman
Andrew Childs
31 July 2013

For personal use only