

18<sup>th</sup> February 2009

Company Announcements Platform  
Australian Stock Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**By e-Lodgement**

Dear Sir/Madam,

## **UPDATE ON OPERATIONS AT WESTON #1H**

Aurora Oil & Gas ("Aurora") provides the market with an update on operations at the Weston #1H well which is within the Sugarloaf AMI and is part of the Sugarkane Gas and Condensate Field.

### **Weston #1H**

Aurora has been advised by the Operator, Texas Crude Energy Inc ("TCEI"), that the production liner has now been successfully run and cemented to a revised measured depth of 15,797 ft. This secures over 3,000 ft of gas bearing matrix Austin Chalk behind pipe for future stimulation.

The Patterson #130 drilling rig was contractually released at 09:00hrs on 15/02/09 (US CST) and the rig has now been demobilised.

The completion of drilling operations at Weston #1 provides the Sugarloaf Joint Venture with three horizontal wells and the following table summarises their status.

Well	Horizontal Section (ft)	Formation	Completion	Fracture Stimulated	Tied in and producing	Latest Production (mmscfe/d)
Kennedy #1H	3,800	Eagleford Shale	Cemented Liner	Attempted bottom 600 ft	Yes	0.18
Kowalik #1H	4,600	Austin Chalk	Uncemented Slotted Liner	No	Yes	1.4
Weston #1H	3,000	Austin Chalk	Cemented Liner	No	No	

All three wells encountered gas charged matrix rock along their length and Kowalik #1 is believed to have encountered natural fractures over the last 1,500 ft of the well. The two wells with cemented liners will need to be fracture stimulated to achieve production. The Joint Venture has learned from the earlier fracture stimulation operations at Kennedy #1 and, based on results from recent fracture wells in the adjacent and on trend acreage, believes that improved results can be achieved when this work is carried out. The production results at Kowalik are not consistent with the indications observed whilst drilling and the Joint Venture is also optimistic that this rate can be improved.

The timing and detailed design of the next completion activity on all three wells is subject to confirmation work by the operator and agreement by the Joint Venture partners.

With the successful completion of the drilling activities at Weston this will be the last weekly Sugarloaf update issued by Aurora. Further reports will be made following material activities or developments on the field.

Aurora has a 20% working interest in the Sugarloaf AMI. Other ASX listed participants in the Sugarloaf JV, and their respective working interests are:

Eureka Energy Limited	12.5%
Adelphi Energy Limited	20%

Yours sincerely

**AURORA OIL & GAS LIMITED**

Jon Stewart  
**Executive Chairman**

***This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Aurora that its expectations, estimates and forecast outcomes will be achieved.***

## **About the Sugarkane Gas and Condensate Field**

Aurora has established a substantial landholding position within the recently discovered Sugarkane Gas and Condensate Field, Texas, providing the Company with the opportunity to benefit from a potential multi trillion cubic feet equivalent (Tcfe) gas and condensate resource.

The Sugarkane Field, discovered in 2006, is a unique Austin Chalk formation that lies some 20km south of the main Texas Austin Chalk trend. In the early stages of appraisal the field is exhibiting many characteristics that are superior to the classic Austin Chalk fields such as the nearby Giddings and Pearsall fields that have produced over 5 Tcf of gas and 600 mmbbls oil. Notably, the Sugarkane Field is over pressured, has a higher porosity and a higher condensate to gas ratio than the classic Austin Chalk fields.

The Sugarkane Field covers an identified area exceeding 200,000 acres with potential gross reserves estimated at greater than 3 Tcf of gas and approximately 700 million barrels of condensate making it potentially one of the largest undeveloped gas and condensate fields within North America.

Aurora holds interests in three separate project (AMI) areas within the Sugarkane Field with a combined gross land position of 52,189 acres (20,561 acres net to Aurora before royalty interests):

- Sugarloaf Area (20%)
- Longhorn Area (50%)
- Ipanema Area (80%)

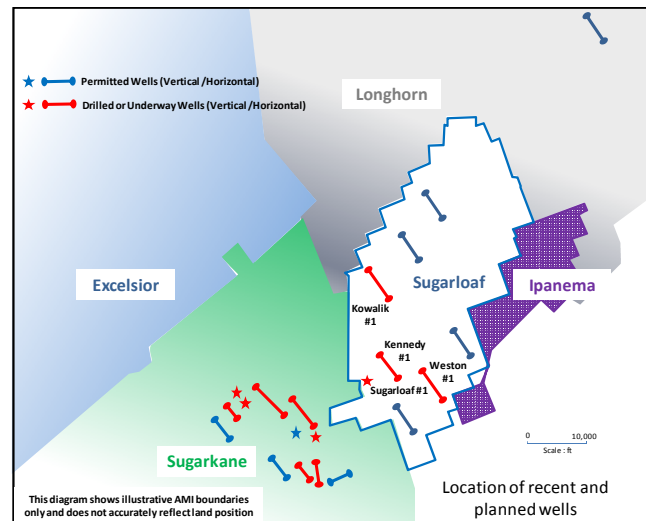


Figure 1: Map of Sugarkane Field showing AMI's

Ten exploration and appraisal wells have been drilled into the targeted Austin Chalk formation since discovery. Four of these wells are within Aurora's area of interest and six wells have been drilled by a major E&P company adjacent to Aurora's area of interest. There are presently two horizontal wells underway in the adjacent acreage.

Aurora has participated in the following Sugarloaf AMI wells:-

The Sugarloaf #1 well which was vertically drilled through the Austin Chalk and from which hydrocarbons have been produced to surface. This well was designed to target a deeper formation.

The Kennedy #1H well was drilled horizontally in the deeper chalk horizon. Analysis of the well results indicates that it did not encounter any natural fractures, an important factor on individual well productivity, but did encounter hydrocarbon charged matrix chalk along its length. The Operator has installed a production facility and the well has now been tied to a nearby gas transmission line and commenced production. To our knowledge this represents the first production from this lower stratigraphic horizon within the Sugarkane Field, which is regionally known as the Eagleford Shale.

The Kowalik #1H well was drilled to the north of the previous Sugarloaf wells and has been recently completed and is now producing gas and condensate to sales. The well is completed in the upper Austin Chalk horizon. The well encountered natural fractures whilst drilling and is expected to require further completion work to optimize production.

The Weston #1H well has over 3,000 ft of horizontal section within the Austin Chalk horizon of the Sugarkane field. The well did not encounter any natural fractures and is presently awaiting stimulation.

Of the other six wells drilled into the Sugarkane Field, three are horizontal which have flowed at very encouraging initial rates and three are vertical, including the discovery well which has been on production since September 2006. There are presently two more horizontal wells being drilled in the adjacent acreage.

*(Data referencing activities in adjacent acreage has been sourced from publicly available information)*

Technical information contained in this report in relation to the Sugarloaf project and Sugarkane field was compiled by Aurora from information provided by the project operator and other publicly available sources. It has been 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.