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

By e-Lodgement

Dear Sir/Madam

DRILLING REPORTS, FLOUR BLUFF GAS PROJECT, TEXAS, USA.

EFB D-24 Well (East Flour Bluff Gas Field)

The well operator, Texas Crude Energy Inc reported in its daily report, at 0600 hours on the 26 May Texas time that the well had reached 3,391 metres (measured depth) in 8 ½ inch hole and was being prepared to run wire-line logs.

The 18 metres drilled since yesterday's report were predominantly in grey shale with minor sandstone.

After running wire-line logs, a wire-line formation sampling tool will be run to obtain reservoir pressures and to sample reservoir fluids from selected intervals. The wire-line data will be processed and interpreted over the next week to determine the extent and quality of the gas pay zones which may be present and how they will be completed for production if warranted.

Following the wire-line operations, 7 inch casing will be run and cemented to protect the potentially productive reservoir sands from formation damage during drilling of the final 300 metre (approximately) section of the well to the proposed total depth of 3,688 metres.

BG Webb-1 Well – Testing and Completion (Flour Bluff Gas Field).

The BG Webb-1 well is currently shut in for pressure build-up measurement after the flow tests were completed at midday on 25 May Texas time.

On completion of the pressure build-up, which is expected to take several days, the test and build-up data will be analysed to determine reservoir parameters and initial production rate.

The well will be placed on production as soon as the field gas gathering pipeline is available, which is anticipated to be in about four weeks.

It is likely that after a period of production of up to 100 days, that the reservoir will be fracture stimulated to increase gas flow rate. Three old Flour Bluff wells were fracture stimulated by the operator in 2002 and successfully increased gas flow by an average of two times the pre-stimulation flow rate.

Flour Bluff Project - Background

The Flour Bluff Gas Field is an old South Texas giant gas field, which has produced about one trillion cubic feet of gas with associated condensate since it was discovered in 1934. Production has been predominantly from shallow reservoirs between 1,980 metres and 2,600 metres which are now largely depleted.

The Flour Bluff Development Project aims to develop two sets of known but virtually undeveloped deeper reservoirs between 2,750 metres and 3,600 metres. The Flour bluff field remains the only South Texas giant field which has not been deepened and redeveloped in this way.

The field is a relatively simple structure, divided by faulting into the Flour Bluff field to the west of the fault and the East Flour Bluff field to the east. The major reserve potential (104 BCF) is in the Flour Bluff field, with a further 67 BCF in the East Flour Bluff field.

The initial development program consists of three key wells, each designed to test the extent of gas reserves in critical locations in the Flour Bluff field and the East Flour Bluff field. If successful each of the wells would be completed as production wells.

The first well BG Webb-1, in the Flour Bluff field, was drilled to 4,115 metres in March-April 2005. In May 2005 the well was successfully tested and completed for commercial production from the K-15 sand. Production is expected to commence in late June 2005, when the field gas-gathering pipeline is constructed to the well. Fracture stimulation of the reservoir, with the aim of more than doubling gas production rate, is anticipated to take place after about 100 days of production.

The EFB D-24 well, the second well in the program, is located in the East Flour Bluff gas field and is designed to test four main "J" sands reservoirs and potential reservoirs as the primary target and 3 potential reservoirs in the deeper "K" sands as a secondary target.

EFB D-24 is a relatively low risk well which will test a four-way dip closure with 3P (Proved plus Probable plus Possible) recoverable reserves of 17.5 BCF (billion cubic feet) of gas and additional potential for a further 14 BCF (total 31.5 BCF). Four of the reservoirs in this closure have already produced gas in old wells, but these wells were lost by engineering failure soon after production started. None of the old wells were fracture stimulated and it is anticipated that most of the 14 BCF of additional potential reserves, if they are proved to exist, will come from fracture stimulation of the known productive reservoirs.

Drilling Program for EFB D-24

The East Flour Bluff gas field is located east of the city of Corpus Christi, under the shallow lagoon known as Laguna Madre. The EFB D-24 well will be drilled from an existing production and drilling peninsular built out into the lagoon. The well will start vertical and from 374 metres will be directionally drilled out under the lagoon, reaching a maximum angle of 32 degrees until 2,804 metres TVD (total vertical depth), where it will be brought back to vertical to drill through the target reservoirs. The reservoirs are drilled vertical so that subsequent fracture stimulation has maximum effect. The total depth of the well is programmed to be 3,414 metres TVD (3,688 metres measured depth).

Expected depth to the top of the first target reservoir is about 3,210 metres measured depth and is anticipated to be reached in 34 days from spud. The well is expected to reach total depth in 44 days. The well is now 43 days from spud and is about eight days behind schedule.

Ownership

Aurora Oil and Gas Limited through its wholly owned U.S. subsidiary Corpus Christi Gas LP, holds the Project working interests set out in the following table. Aurora's Net Revenue Interests are 70% of the working interests.

Participants working interests through local subsidiaries where applicable are:

	East Flour Bluff	Flour Bluff
Aurora Oil and Gas Limited	16.666%	12.5%
Sun Resources NL	16.666%	12.5%
Victoria Petroleum Limited	16.666%	12.5%
USA Private interests (including Operator)	50.0%	62.5%

Yours sincerely
AURORA OIL & GAS

Alex Neuling
COMPANY SECRETARY

Information contained in this report was compiled from information provided by Texas Crude Energy Inc and reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had 35 years experience in the practice of geology and more than 5 years experience in petroleum geology.