



# Australian Oil Company Limited

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## **OPERATIONAL UPDATE**

### **SCU 1-24 COALINGA CALIFORNIA**



The Gatchell has been successfully perforated over a small interval at the top of the deepest reservoir horizon encountered. The production test showed strong pressure but the fluid did not flow to surface indicating a lower production rate than anticipated based on wireline log interpretation. The well was swabbed for most of yesterday, August 30<sup>th</sup>, and to date has recovered drilling mud and formation fluid.

The forward plan was to continue swabbing in an effort to initiate oil production from the zone. However this morning a malfunction of the swab tool suspended operations. While the event is not

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at our cost, it will delay further swabbing until likely Wednesday morning in California. The delay is compounded by American Labour Day this weekend.

While the results to date have been disappointing, the Gatchell zone is not yet fully tested. Two shallower zones with shows are being considered for testing should this Gatchell test prove to be wet.

Mark Ohlsson

Company Secretary

31 August 2012

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