

# Aurora Oil & Gas Ltd - Quarterly Activities Summary for the Quarter Ended March 31, 2014

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PERTH, Western Australia, April 30, 2014 /CNW/ - [Aurora Oil & Gas Ltd](#) ("Aurora") (ASX:AUT TSX:AEF) is pleased to provide an update on corporate activities and progress with the development program of its Eagle Ford assets in the Sugarkane Field in South Texas.

On a quarter-on-quarter basis Aurora is pleased to report:

- a 16% increase in revenue from Q4 2013 (42% increase from Q1 2013)
- a 16% increase in production volume (54% increase from Q1 2013)
- 8.5 new net wells were placed on production, including 4 Aurora operated wells
- 15.1 net wells were spudded which includes 3 wells on Aurora operated acreage

## Corporate, operational and production highlights for the first quarter 2014:

- **Revenue:** Revenue from oil and gas sales was US\$182 million for the quarter (US\$135 million after royalties), comprising 86% oil and condensate, 7% natural-gas liquids (NGLs), and 7% natural gas.
- **Total production:** Gross quarterly production was 2.58 mmboe (81% liquids on a boe basis). Net to Aurora, after royalties, production was 1.90 mmboe. This represented an increase of 14% on the previous quarter and approximately 54% on the corresponding quarter in 2013.
- **Average production:** Average gross production rate during the quarter was approximately 28,600 boe/d. Net to Aurora, after royalties, average production was approximately 21,100 boe/d, an increase of 16% on the previous quarter.
- **Capital expenditure:** Total development capital expenditure, including accruals, for the quarter totalled US\$140 million representing development undertaken on both operated and non-operated acreage during the quarter.
- **Well activity:** 32 gross wells (8.5 net) were placed on production. 57 gross wells (15.1 net) were spudded during the quarter, which includes 3 wells on Aurora operated acreage. In total, there were 419 gross wells (111.7 net wells to Aurora) on production at quarter end.
- **Drilling status:** At the end of the quarter, drilling operations were underway on 10 gross wells, 29 gross wells were awaiting fracture stimulation and 24 gross wells were being stimulated or were being prepared for test.
- **Operated acreage:** Since the acquisition of a 100% working interest in Heard Ranch and Axle Tree in March 2013, Aurora has spud 15 wells. During the quarter, 4 of these wells were placed on production which, together with the 8 wells brought on in 2013 and the 11 producing at the acquisition date, brings Aurora's operated well count to 23 producing wells at quarter end. Three additional wells were being fraced at quarter end.

## Sugarkane Field - Eagle Ford Shale

Aurora's primary asset is its interest in the Sugarkane Field in South Texas, which is located in the core area of the Eagle Ford shale. Aurora participates in approximately 80,200 highly contiguous gross acres (22,200 net) that make up the field with four adjacent non-operated Areas of Mutual Interest ("AMIs") and two operated areas.

Within the Sugarkane Field, Marathon Oil EF LLC, a wholly-owned subsidiary of [Marathon Oil Corp.](#) (NYSE: MRO) ("Marathon"), operates approximately 77,500 gross acres (19,400 net) and Aurora is its largest non-operating working interest partner in this area. In addition, Aurora has a 100% working interest in, and is the operator of, approximately 2,800 acres within the Axle Tree Ranch and Heard Ranch areas in the Sugarkane Field.

### Eaglebine Prospect

Aurora has secured a position in the Eaglebine play regionally on trend with the Eagle Ford shale. At March 31, 2014 Aurora had approximately 14,000 net acres in the play and continues to look to consolidate its position. This position has been acquired at modest cost reported within past capital expenditures and is not planned to represent a material component of 2014 expenditure. Over the past year the activity level in the Eaglebine play has increased, and consistent with the strategy for de-risking the Sugarkane Field and bringing it to development, Aurora is evaluating various alternatives for its Eaglebine acreage, including potentially securing partners to participate in the next stages of project evaluation. Other companies with disclosed interests in the Eaglebine include [EOG Resources Inc.](#) and [SM Energy Company](#).

### Operations

During the first quarter between 11 and 13 rigs were drilling on Aurora's non-operated Sugarkane acreage with one rig drilling on Aurora's operated acreage. A total of 57 gross (15.1 net) wells were spudded during the quarter with 3 spudded on the operated acreage.

During the reporting quarter 32 gross (8.5 net) wells were placed on production. Aurora had an inventory of 53 gross wells at the end of the quarter awaiting commencement of fracture and stimulation operations. The Operator of the non-operated acreage is expected to bring in a fifth fracing crew during the second quarter.

The following table details activity status within the Sugarkane Field as at March 31, 2014:

	Sugarloaf	Longhorn	Ipanema	Excelsior	Axle Tree	Heard Ranch	Total
Producing	99	192	7	98	11	12	419
Workover	-	-	-	-	-	-	-
Stimulation	7	7	-	7	-	3	24
Completions	1	16	4	8	-	-	29
Drilling	3	3	-	4	-	-	10
*Total	110	218	11	117	11	15	482

\* Not including 4 farmout wells

A variety of planned well intervention operations have taken place across a number of wells in which Aurora has an interest. Artificial lift installations took place in 27 wells across Aurora's non-operated acreage. These are routine planned operations implemented as individual well reservoir pressures drop. In addition, Aurora has commenced a workover program on its operated properties with the installation of artificial lift on three wells as of quarter end.

Drilling activity during the quarter within the Sugarkane Field utilized multiple well pads, where between 2 to 6 wells were drilled from the same surface pad location. Such pad drilling offers cost and efficiency savings via sharing of infrastructure and avoiding lengthy rig and fracture stimulation equipment moves. Further efficiencies are expected with several pads undergoing batch drilling, whereby the vertical surface hole section of wells at a particular pad location are all drilled first, followed by all of the horizontal sections. This batch approach allows equipment and operations to be configured for a particular repeatable phase of operations resulting in efficiency gains. At quarter end 53 gross wells were ready for fracturing and completion operations and are expected to be placed on production during the next quarter.

### Down Spacing and Austin Chalk Update

The 2014 reserves development plan for Aurora's operated and non-operated Eagle Ford acreage is based

predominantly on a 40 acre drilling density. For the non-operated acreage Marathon continues to propose Austin Chalk wells on both 60 and 40 acre spacing.

Pilot programs continue to evaluate possible co-development of the Austin Chalk and Eagle Ford. These pilot programs will consider multiple lateral placements within the two reservoirs.

## Production

The following table provides details of Aurora's production during the quarter, which comprised 81% liquids on a boe basis.

### First Quarter 2014 Production

	Non-operated					Operated				Total
	Oil (bbls)	Cond (bbls)	Gas (mscf)	NGL (bbls)	BOE* (bbls)	Oil (bbls)	Gas (mscf)	NGL (bbls)	BOE* (bbls)	BOE (bbls)
WI Production	865,558	454,217	2,744,956	371,217	2,148,485	362,401	244,202	28,815	431,916	2,580,401
Avg Daily Rate	9,617	5,047	30,500	4,125	23,872	4,027	2,713	320	4,799	28,671
NRI Production	635,235	334,133	2,017,630	272,815	1,578,455	270,419	183,159	22,991	323,937	1,902,392
Avg Daily Rate	7,058	3,713	22,418	3,031	17,538	3,005	2,035	255	359	21,138

The graph below shows the quarterly production profile for the past 5 quarters. The figures shown at the base of each production bar reflect the incremental net wells added during that period.

To see the graph please click here:  
<http://files.newswire.ca/1241/AuroraGraph.jpg>

\*includes 11 existing producing wells acquired as part of the Heard Ranch/Axle Tree Acquisition in March, 2013.

## Regional Eagle Ford Shale Activity

The Eagle Ford shale is recognised by the industry as one of the premier shale plays in the US. High liquids content, strong well performance (particularly in the core of the trend) and significant regional infrastructure drive attractive economics.

As a result, activity levels have remained high with 224 rigs reported as currently operating within the trend. Drilling has increasingly focused on the core area of the trend within which lies the Sugarkane Field. The Texas Railroad Commission reported an average Eagle Ford production rate for the month of January 2014 of 1.5 mmboe/d.

## Quarterly Revenue and Capital Expenditure

Aurora's revenue from oil and gas sales for the first quarter of 2014 totalled US\$182 million (US\$135 million after royalties).

Total development capital expenditure, including accruals for the quarter totalled US\$140 million representing development undertaken at the Sugarkane Field on both non-operated and operated acreage.

At March 31, 2014, Aurora had available liquidity of US\$244 million, comprising US\$48 million in cash and US\$196 million available from the existing revolving credit facility.

## About Aurora

Aurora is an Australian and Toronto listed oil and gas company active in the over-pressured liquids rich region of the Eagle Ford shale in Texas, United States. Aurora is engaged in the development and

production of oil, condensate and natural gas in Karnes, Live Oak and Atascosa counties in South Texas. Aurora participates in approximately 80,200 highly contiguous gross acres in the heart of the trend, including approximately 22,200 net acres within the Sugarkane Field in the over-pressured and liquids core of the Eagle Ford.

Technical information contained in this report in relation to the Sugarkane field was compiled by Aurora from information sourced from its operated assets and provided by the project operator for non-operated assets and reviewed by Michael L. Verm, BSc, Chief Operating Officer of Aurora, who has had more than 30 years' experience in the practice of petroleum engineering. Mr. Verm consents to the inclusion in this report of the information in the form and context in which it appears.

### **Cautionary and Forward Looking Statements**

*Aurora may present petroleum and natural gas production and reserve volumes in barrel of oil equivalent ("BOE") amounts. For purposes of computing such units, a conversion rate of 6,000 cubic feet of natural gas to one barrel of oil equivalent (6:1) is used. The conversion ratio of 6:1 is based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not represent value equivalence at the wellhead. Readers are cautioned that BOE figures may be misleading, particularly if used in isolation.*

*The reference point for the volumes produced is at the point of sale. Gas shrinkage and NGL yield assumptions by AML and operated assets are applied as appropriate.*

*Numbers in the tables above may not add due to rounding.*

*Statements in this press release which reflect management's expectations relating to, among other things, target dates, Aurora's expected drilling program and the ability to fund development are forward-looking statements, and can generally be identified by words such as "will", "expects", "intends", "believes", "estimates", "anticipates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that some or all of the reserves described can be profitably produced in the future. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.*

*Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include risks related to: exploration, development and production; oil and gas prices, markets and marketing; acquisitions and dispositions; competition; additional funding requirements; reserve estimates being inherently uncertain; changes in the rate and/or location of future drilling programs on our acreage by our operator(s), incorrect assessments of the value of acquisitions and exploration and development programs; environmental concerns; availability of, and access to, drilling equipment; reliance on key personnel; title to assets; expiration of licenses and leases; credit risk; hedging activities; litigation; government policy and legislative changes; unforeseen expenses; negative operating cash flow; contractual risk; and management of growth. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.*

*All of the forward-looking information in this press release is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Aurora disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.*

*References herein to "Sugarkane" or the "Sugarkane Field" are references to the Sugarkane natural gas and condensate field within the Eagle Ford and includes the two contiguous fields designated by the Texas Railroad Commission as the Sugarkane and Eagleville Fields.*

SOURCE Aurora Oil & Gas Limited

Image with caption: "Sugarkane Field - Eagle Ford Shale (CNW Group/Aurora Oil & Gas Limited)". Image

available at:

[http://photos.newswire.ca/images/download/20140430\\_C5797\\_PHOTO\\_EN\\_39791.jpg](http://photos.newswire.ca/images/download/20140430_C5797_PHOTO_EN_39791.jpg)

Image with caption: "Aurora Quaterly Net and Gross Daily Production, 2013/2014 (CNW Group/Aurora Oil & Gas Limited)". Image available at:

[http://photos.newswire.ca/images/download/20140430\\_C5797\\_PHOTO\\_EN\\_39792.jpg](http://photos.newswire.ca/images/download/20140430_C5797_PHOTO_EN_39792.jpg)

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