



## **Aztec Announces Cooperative Waterflood**

**HOUSTON, TX October 20, 2011** -- Aztec Oil & Gas, Inc. (Pink Sheets: AZGS – News) formally announced an agreement with Texas Secondary Oil Company (“TSOC”) to install a cooperative waterflood in Medina County, Texas, involving hundreds of jointly and separately owned wells.

“This project, which has been planned for over 1 ½ years, has been intensely negotiated and reviewed over the past several months in an effort to bring it to fruition. Like most waterflood/secondary recovery projects, it took significant study and is expected to definitely increase both production and total recovery from the subjected wells,” stated Waylan R. Johnson, President, Aztec Oil & Gas, Inc.

Mr. Johnson went on to state, “Our project was more difficult than many because of the two firms having varied ownership in varied groups of wells over multiple leases. This complexity was emphasized recently by certain outside parties’ inability, or unwillingness, to understand the dynamics and sizable benefits, established historically, of waterfloods on well production rates and increased total recoveries. Regardless, while we could not announce the project until all the details were determined and agreed upon, our people and TSOC have worked diligently on making this all a reality, and now we are finally able to put it into effect.”

### **About Aztec Oil & Gas, Inc.**

Aztec is an experienced oil and gas exploration, development and production company focusing on Texas plus other areas of the U.S. Its interests are highly diversified between exploration drilling and development drilling; however, when it offers drilling/production partnerships, Aztec focuses primarily on shallow, Texas, lower risk, development and step out wells. When offered, those programs/partnerships are placed, with accredited investor partners, only through FINRA registered Broker Dealers and Registered Investment Advisors, and are focused primarily on oil, with natural gas normally a secondary target.

Aztec entered the sponsored drilling program industry in 2006. Over the next two and one half years, it intentionally restricted itself to only three small, very limited Appalachian drilling partnerships in order to study and become fully familiar with the nuances of the sponsored drilling program industry before expanding to the Company's full capabilities. In the summer of 2008, Aztec publicly announced it was discontinuing any natural gas drilling in Appalachia, and was ready to substantially expand its sponsored drilling program activities, along with its other activities, primarily for oil in Texas.

As to only its drilling partnerships, when offered; since 2008, Aztec has, indeed, focused almost all of those on oil wells in Texas. In addition to its early, initial three small Appalachian natural gas drilling partnerships mentioned above, Aztec has, intermittently, sponsored and closed a very significant number of other drilling/production partnerships (all of the latter, as

stated, focused on drilling for oil in Texas). Aztec Energy LLC, a wholly-owned subsidiary of Aztec, is the Managing General Partner of all Aztec drilling partnerships and another wholly-owned Aztec subsidiary, Aztec Drilling & Operating, LLC, is the drilling contractor and operator for such partnerships. Through its own participation and contributions, Aztec owns a 30% interest in all of its drilling/production partnerships. In general clarification of its activities, in addition to its own direct corporate participations in industry partner wells, Aztec sometimes sponsors lower risk, development drilling/production programs which include significant tax benefits, all of which are offered only through FINRA Registered Broker Dealers and Registered Investment Advisors to Accredited Investors. Aztec's sponsored drilling/production programs, when offered, focus primarily on shallow oil/gas drilling, are considered unique, and also incorporate a sophisticated exit strategy for investors.

Please feel free to visit Aztec on the web at [www.AztecOG.com](http://www.AztecOG.com). An option is provided on the website to join the Aztec (corporate) mailing list and receive up to date information on general Aztec activities, including all Aztec press releases.

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