

21 January 2013

The Manager Companies  
Company Announcements  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

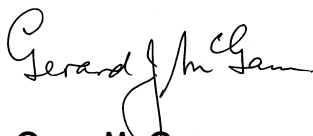
### **Florence Field Colorado – Four well drilling starts**

Incremental Oil and Gas Ltd is pleased to advise that the first well in its current drilling programme in its wholly owned Florence oilfield in Colorado has begun. **PATTI 32-29 SIDETRACK** began operations on January 18th. The existing Patti well will be side-tracked at 2,389' and drilled directionally to a seismically defined anomaly to a depth of 4360'.

Patti sidetrack is the first of four wells to be drilled in this campaign, all to target the shallow fractured Pierre Shale. All four wells are expected to be drilled in less than 6 weeks and should be placed on production shortly thereafter.

"It is exciting to be drilling new wells in our Florence Field. Pierre wells drilled by the previous owner of the field had an initial production rate averaging about 150 bopd, and we would hope to be able to at least replicate that production rate."

Updates will be provided in due course on the drilling and production of these new wells.



**Gerry McGann**  
**Managing Director**