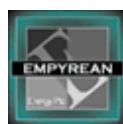


## Regulatory Story

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**Empyrean Energy PLC** - EME Mako South-1 Well Drilling and Testing Update  
Released 07:48 26-Jun-2017



RNS Number : 1132J  
Empyrean Energy PLC  
26 June 2017

*This announcement contains inside information*

**Empyrean Energy PLC / Index: AIM / Epic: EME / Sector: Oil & Gas**

**26 June 2017**

**Empyrean Energy PLC ("Empyrean" or the "Company")  
Mako South-1 Well Drilling and Testing Update**

- **Mako South-1 Well successfully reaches Total Depth of 1,707 feet**
- **99% of conventional core recovered from target zone**
- **Modern suite of logs taken over target zone**
- **23 feet of net gas pay interpreted from logs**
- **The main target Upper Intra Muda gas bearing sands exhibit better than expected porosity, permeability and gas saturation from initial log interpretation**
- **Testing operations have commenced with gas flowing to surface**

Empyrean, the oil and gas development company with interests in China, Indonesia and the United States, is pleased to announce that it has been advised by the operator of the Duyung PSC in the Natuna Basin Offshore Indonesia, Conrad Petroleum ("Conrad") that the Mako South-1 well has reached its planned Total Depth ("TD"). Coring and logging is completed and testing is underway.

Since the 21 June 2017 update, drilling operations to acquire a conventional core of the target zone of interest was successful with approximately 99% recovery. Following the recovery of core, the well was drilled to its planned TD of 1,707 feet. Hepta Combo logs were then successfully run. Subsequently, MDT logs were successfully run. The well is currently undergoing a Drill Stem Test ("DST") to establish an indicative flow rate. Further updates will be made once a stabilized flow rate including gas quality and pressure data has been acquired.

Prior to the DST, interpretation of the logs established 23 feet of net gas pay from the main target, the Upper Intra Muda Sands. Importantly, the logs are exhibiting better porosity, permeability and gas saturation than originally modelled.

Further work will now be carried out on the core and it is likely that as previously planned, a 3D seismic survey over the discovery will be carried out to obtain a better understanding of the reservoir size and characteristics.

Further announcements will be made in due course as testing and appraisal continues.

**Tom Kelly, Empyrean CEO, commented:**

*"Whilst we have further work to do at Mako to determine the overall size of the potential gas accumulation, Empyrean is extremely pleased that our aggressive exploration programme has kicked off with great success. We have a gas discovery with excellent reservoir quality here at the Mako South-1 well location, our first exploration well since we have re-established Empyrean with exciting new assets. Empyrean has set out to build a core portfolio of potentially transformational exploration assets in prolific hydrocarbon basins, close to infrastructure and energy hungry markets. We have achieved this first stage of our strategy in a relatively short time frame, and now we have our first exploration success with many more chances to come in the near-term. Mr Frank Brophy and Mr Gaz Bisht must be commended for their efforts in this regard. In relation to our opportunity at the Duyung PSC, in Indonesia, we commend the operator Conrad Petroleum for their professional approach, planning and execution thus far of the Mako South-1 drilling and testing programme. They have exceeded our expectations with regards to timeframes while keeping to budget. These are certainly exciting times for Empyrean and its joint venture partners. We look forward to providing further updates on testing in the short term."*

**\*\*ENDS\*\***

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The information contained in this announcement was completed and reviewed by the Company's Technical Director, Mr Frank Brophy, who has over 40 years' experience as a petroleum geologist.

**Notes to Editors**

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**About Empyrean Energy Plc (LON: EME)**

Empyrean is a London AIM listed oil and gas explorer with three potentially high impact new projects. Empyrean has a 1800km<sup>2</sup> offshore oil permit located in the Pearl River Mouth Basin, China where it has commenced 3D seismic Q2, 2017 to further mature two large oil prospects, Jade and Topaz. The permit is directly South East of the billion barrel+ Lihua Oil Field operated by CNOOC and two recent discoveries to the permits West and South further enhance the merit of Jade and Topaz. Empyrean is operator and holds 100% of the exploration rights through to commercial discovery where CNOOC have a back-in right to 51%.

Empyrean also has a 10% interest in West Natuna Exploration Limited that holds 100% of the Duyung PSC in offshore Indonesia and is targeting the Mako Shallow Gas Discovery that has an independently verified 2C and 3C gas resource of between 430-650 Bcf recoverable gas. Empyrean is currently participating in drilling the Mako South-1 well which is planned to take core, run a full suite of modern logs and conduct a flow test. Conrad Petroleum is the operator and 90% interest owner in the Mako South - 1 well and Duyung PSC.

Empyrean also has a joint venture with ASX listed Sacgasco Limited on a suite of projects in the Sacramento Basin, onshore California, USA. The package includes two mature, multi-Tcf gas prospects, 'Dempsey' (Empyrean earning 30%) and 'Alvares' (Empyrean earning 25%) and an Area of Mutual Interest (the "Dempsey Trend AMI")(Empyrean earning 30%) that includes at least three already identified, large Dempsey-style follow up prospects. Dempsey is a large structure mapped with 3D seismic and interpreted by Sacgasco to have the potential to hold a prospective resource of over 1 Tcf of gas in up to seven stacked target reservoirs. The Company plans to commence a 3,200 metre (~10,500 feet) combined appraisal and exploration well, Dempsey-1, in Q3 2017 to evaluate this prospect.

Aside from compelling technical merit, the Dempsey-1 well location sits next to existing gas metering and surface infrastructure that is owned by the joint venture. This will allow for any gas discovery to be tested and connected into the local pipeline at relatively low cost and in an accelerated timeframe. This early potential for short-term cash flow in the event of a commercial

discovery would be significant for the joint venture and for the state of California where gas demand is high and approximately 90% of consumption is imported from other states. Gas produced in the Sacramento Basin currently prices at a 10-15% premium to Henry Hub Gas Prices. The joint venture will be drilling and testing the Dempsey Prospect, a 1 Tcf gas target in Q3, 2017.

Alvares is a large structure mapped with 2D seismic and interpreted by Sacgasco to hold prospective resources of over 2 Tcf estimated potential recoverable gas. A well drilled by American Hunter Exploration Limited in 1982 for deeper oil intersected 5,000ft of gas shows. No valid flow test was conducted due to equipment limitations and the deeper oil target failing. However minor gas flows to surface were recorded even with these limitations. The possibility of using the existing well bore to sidetrack and get a valid flow test, thus reducing costs will be examined.

The Dempsey Trend AMI is an Area of Mutual Interest extending to approximately 250,000 acres and containing the Dempsey prospect (described above) as well as at least three other, Dempsey-style prospects which have been identified on existing seismic.

[www.empyreanenergy.com](http://www.empyreanenergy.com)

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