

## Regulatory Announcement

[Go to market news section](#)



**Company**            [Empyrean Energy PLC](#)  
**TIDM**                EME  
**Headline**           Acquisition  
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 Empyrean Energy PLC  
 06 April 2006

Empyrean Energy PLC  
 ("Empyrean" or the "Company"; Ticker: (EME))  
 Farm-in Agreement for Gas Exploration - Texas, USA

- Acquisition of 6% working interest in the Sugarloaf Hosston Prospect, South Texas
- Multi trillion cubic feet gas target - 0.97-2.3 TCF
- Farm-in agreement with Texas Crude Energy, Inc (Operators)
- Drilling scheduled for Q3 2006

AIM quoted Empyrean today announces that it will participate in the Sugarloaf Hosston Prospect, South Texas, USA ("the Project") following a farm-in agreement with local Houston based operator/explorer Texas Crude Energy, Inc.

The Sugarloaf Hosston Prospect (Cretaceous) is a 20,000 acre 4-way closure with multi trillion cubic feet ("TCF") gas potential in one of the most prolific hydrocarbon provinces in the world. An independent expert has estimated that the Sugarloaf Hosston Prospect could contain a P50 (probability 50%) reserve of 0.97 TCF gas, with the P10 assessment estimated at 2.3 TCF gas.

Texas Crude Energy will be the operator of the project and plan to have an initial well drilled to a total depth of 21,000 feet commencing during Q3 2006. The large anticlinal structure is well defined by some 24 lines of re-processed 2D seismic data. The target Hosston Sands are in the lower cretaceous and are predicted to occur at 17,000 feet. Drilling is estimated to take 110 days to this depth.

The terms of the agreement with Texas Crude Energy are for Empyrean to pay 7.5% of the costs of the initial well (including lease costs and operating expenses) until payout after which Empyrean's working interest reverts to 6.0% (4.26% NRI). The initial well is expected to cost a total of US\$6 million with lease costs and completion costs a further US\$4 million. Empyrean's share of this expenditure is estimated at US\$750,000.

Commenting today Tom Kelly, Executive Director states "The participation in the Sugarloaf Hosston Prospect allows Empyrean exposure to a potentially massive gas resource. The profile of this prospect is in line with our strategy to develop high value energy projects in politically stable countries with high levels of infrastructure and healthy domestic energy markets. We look forward to seeing results from the Project later this year once drilling commences in Q3 of 2006.

This is an exciting and busy time for our company with horizontal completion at our Eagle Oil Pool Development Project in California underway and testing at the Glantal Gas Project in Germany commencing soon and drilling at the Sugarloaf Hosston Prospect enhancing the portfolio."

The information contained in this announcement has been reviewed by the Technical Director of Empyrean Energy Plc, Mr Frank Brophy BSc (Hons) who has over 40 years experience as a petroleum geologist.

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#### Appendix

As previously announced :

Eagle Oil Pool Development Project  
San Joaquin Basin, California, USA ("the Project")  
Farm-in agreement with Australian Stock Exchange quoted Victoria Petroleum NL ("Vicpet").

The San Joaquin Basin in southern California is a proven oil and gas field that has produced in excess of 12 billion barrels of oil and 11 trillion cubic feet of gas. The Eagle North-1 appraisal well is being drilled up dip from a previous discovery well. An independent expert has estimated that the Eagle Oil Pool Development Project could contain a P50 (probability 50% unrisks) reserve of 7.1 million barrels of recoverable oil and 12.3 billion cubic feet of associated gas, with the P10 assessment estimated at 22.7 million barrels of oil and 22.7 billion cubic feet of associated gas. The Project is a structural-stratigraphic trap play targeting the Eocene aged Gatchell Sand formation.

Horizontal completion drilling is underway following positive interpretation of electric logs that were conducted following drilling of the vertical well.

Glantal Prospect, Neues Bergland permit  
Frankfurt, Germany  
Farm-in agreement with Pannonian International Ltd ("Pannonian"), a wholly owned subsidiary of U.S.-based Galaxy Energy Corporation (OTC BB: GAXI)

The highly prospective area of the Neues Bergland permit is located close to Frankfurt in Germany. The permit contains the Pfalzer Anticline which is a 515 square kilometre structure containing deep anthracitic coal beds overlaid by shale and sediment. The coal beds are too deep to mine economically but have been estimated by the independent expert to have a recoverable gas potential of up to 6.2 Tcf in the first drilling prospect alone. The independent expert has calculated the smallest potential pay-zone has the potential to hold a recoverable 1.2 Tcf of gas.

Electric logs from the Glantal-1 well (including FMI analysis) have been completed and a testing program is currently being finalized by the operator.

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