

## Regulatory Announcement

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**Company**            [Empyrean Energy PLC](#)  
**TIDM**                EME  
**Headline**           Drilling Report  
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Empyrean Energy PLC

("Empyrean" or the "Company"; Ticker: (EME))

Project Margarita, Gulf Coast Texas USA  
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- Production commenced from the shallow well program.
- One well (Milagro) connected to sales line with second (Dos Dedos) being connected.
- Commencement of final wells shallow drilling program - drilling expected late May.

AIM quoted Empyrean Energy PLC today announces the following update with regards the drilling program at Margarita:

1.            El Viejito #1 Well

The well flowed gas at a rate up to 210 mscfd within a 24 hour test period, however due to the high vertical permeability of the sands (atypical for these sands) water influx from below the gas bearing interval gradually choked off gas flow reduce, due to the increased column of water within the production string. If the gas bearing interval had a base seal separating the gas and water then the zone would have been a good commercial producer. It was determined that remedial work to prevent or inhibit water inflow was deemed to be unlikely to succeed and not cost justifiable; therefore the well was suspended and can be used as a water disposal well for other joint venture wells in the area.

2.            Dos Dedos # 1 Well

The well is currently being prepared to be connected to a gas sales line and this should be completed within a few days. It is proposed that the uppermost gas bearing sand in the well will commence production at 150,000 scfd. Probable reserves pertaining to this sand are of the order of 0.35 bcf gross gas. Further production and pressure data is required to more accurately predict potential reserves.

3.            Milagro #1 well

The well was connected to a gas sales line on April 3, 2007 and has been producing at rates up to 384,000 scfd, averaging around 375,000 scfd. The well is currently producing at 348,000 scfd with 1.67 bbls/d of oil. The prognosis from log analysis and sidewall cores is that the interval is oil bearing with a high gas oil ratio. This is based on a nearby analogue that produced 213,000 barrels of oil and 0.3 bcf of gas. Initial flow from the analogue was almost entirely gas before oil flowed. At this time further production and pressure

data is required to more accurately predict potential reserves. Prior to commencement of production, reservoir engineering analysis calculated potential reserves within the feature at approx. gross 150,000 bbls oil and this would likely take two wells to adequately recover these volumes.

#### FINAL WELLS SHALLOW DRILLING PROGRAM

Under the terms of the farmout agreement with Sun Resources NL a commercial success in the initial 3 well shallow drilling program would trigger the drilling of a further 3 shallow wells under the same terms.

Empyrean will now contribute to the funding of the next three wells, Agavero #1, Dona Carlota #1 & Climaco #1 in the shallow drilling program and earn equity from each of the operating USA subsidiaries of Sun Resources, Victoria Petroleum NL ("Victoria") and Wandoo Energy LLC ("Wandoo"). The terms and conditions of the farmout are the same as the initial 3 well program with Empyrean earning a 44% interest in these wells.

The next 3 shallow prospects to be drilled are analogues of Frio and Vicksburg sand production in the area at depths less than 2,000 meters. The drilling program is expected to commence around mid May 2007 and run until the end of July 2007. The prospects have the following mean reserve outcomes and total depths;

Prospect Name	Mean Reserves	Total Depth
Agavero	0.7 bcf	1,340 metres
Dona Carlota	0.8	1,525 metres
Climaco	1.6	1,980 metres

#### DEEP WELLS PROGRAM

Conditional upon Empyrean exercising its option on completion of the remaining 3 shallow wells, commencement of a deep drilling program on more substantial deeper targets at the Cook Mountain Formation and Wilcox Formation levels is expected to commence late September 2007. These prospects have potential recoverable gas volumes of 30 to 200 bcf unrisks.

Participants in the Margarita Project are:

Empyrean Energy PLC*	44.00%
Sun Resources NL#	20.00%
Victoria Petroleum NL#	20.00%
Wandoo Energy LLC +	16.00%
	100.00%

# ASX listed

\* AIM listed

+ USA Private Interest

The information contained in this announcement was completed and 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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