

Regulatory Announcement

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TIDM EME
Headline Increased interest -Sugarloaf
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Empyrean Energy PLC

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

Increased interest in the Sugarloaf Project Area, ("Sugarloaf") Texas USA

- New Agreement signed with Texas Crude Energy Inc ("TCEI") covering a sixteen (16) well program over Block A and Block B
- New working interest on any well in the 16 well program in respect of Block A
- Working Interest increased from 6% to 18% on any wells in the 16 well program operated by TCEI in respect of Block B

Empyrean has entered an Oil & Gas Exploration And Development Agreement with TCEI to participate in a new sixteen (16) well program covering two projects, "Block A" and "Block B".

In Block A, TCEI has an interest through an Operating Agreement with a major international oil and gas company ("Block A Operator") (name undisclosed for confidentiality purposes and to preserve and protect competitive advantage). In Block B, TCEI is the operator and Empyrean already has a 6% working interest in this Block via a previous agreement and its participation in the drilling of the Sugarloaf-1 well.

The new agreement covers the next sixteen (16) wells to be drilled on either Block A and / or Block B. The agreement provides for Empyrean to pay 12.5% of costs to first production to earn a working interest of 7.5% in wells drilled on Block A and to pay 20% of costs to first production to earn a working interest of 12% in wells drilled on Block B. Empyrean's agreement covering a pre-existing 6% working interest in Block B remains unchanged and is in addition to this new agreement.

The Block A Operator has drilled a first exploratory test well on Block A and this well is a discovery well which it has been reported flowed gas and associated condensate on test. This exploratory test well does not form part of the 16 well program. On Block B, during the drilling of the Sugarloaf-1 well Empyrean previously reported to the market on the 29th September 2006 a 92 feet (28 metres) zone of possible gas pay, interpreted from wire-line logs and gas shows in Cretaceous age carbonates. Preparations are underway for testing to be carried out on these possible pay zones.

It is estimated that wells in this program will have a total cost in the

order of US\$5million each. Emyprean's agreement with TCEI is structured on a well by well basis with the right to proceed or withdraw at any stage. If Emyprean withdraws then wells earned to that date are protected. It is also understood that the Block A Operator is preparing for drilling to commence on the next well in Block A within the next 2 months.

A further update will be provided as soon as confirmation of the date for spudding the first well in this sixteen well program is advised by TCEI, along with testing dates for the Sugarloaf-1 well.

Commenting today, Emyprean's Commercial Director, Tom Kelly said "Today's agreement with Texas Crude Energy allows Emyprean to increase its interest in the Sugarloaf Project Area and in particular the shallow potential pay zones to be tested in the Sugarloaf-1 well. We look forward to testing these chalk zones in the Sugarloaf-1 well and to the commencement of the sixteen well program".

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

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