

## Regulatory Announcement

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**Company**            [Empyrean Energy PLC](#)  
**TIDM**                EME  
**Headline**            Sugarloaf Prospect Update  
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Empyrean Energy PLC  
 ("Empyrean" or the "Company"; Ticker: (EME))

Sugarloaf Prospect, ("Sugarloaf") Texas USA  
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Empyrean provides the following update on the Sugarloaf Prospect as provided by the operator.

### Sugarloaf-1 Well

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The rig required to undertake remedial cementation and formation testing has arrived on site. Remedial cementation operations will start immediately and are expected to take up to three weeks to complete. This will be followed by fracture stimulation and flow testing of each of the three zones of possible gas pay, identified from wire-line logs and gas shows in carbonate rocks of Cretaceous age.

For engineering reasons the deepest zone will be tested first. Should any of the zones of interest produce hydrocarbons at commercial rates, it is likely they would be placed on long term production testing to assess reservoir performance.

### Sugarkane Gas Field

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The upper zone of possible gas pay in the Sugarloaf-1 well is believed to correlate with the producing zone in a new field discovery well, located 6.6 kilometres west of the Sugarloaf-1 well on Block A. The new discovery is known as the Sugarkane Gas Field. Empyrean has no interest in the discovery well, but does have an interest in future wells to be drilled in the Sugarkane Gas Field on Block A via a previously announced 16 well deal with Texas Crude Energy Inc (operator of the Sugarloaf Joint Venture on Block B). Further details of the discovery are not yet available but the well is vertical and is believed to have been producing gas and condensate continuously for more than eight months.

Although the upper zone of possible pay in the Sugarloaf-1 well has not yet been flow tested, on wire-line log, gas log and regional seismic interpretation grounds, the upper zone in Sugarloaf-1 appears to be within the Sugarkane Gas Field.

Study of regional seismic and well information by Texas Crude Energy Inc, suggests the Sugarkane Gas Field is extensive.

TCEI JV Block A -1 well

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The recently spudded TCEI JV Block A-1 well is targeting the same producing zone as the newly discovered Sugarkane Gas Field. The latest information from Texas Crude Energy Inc was that the well was drilling ahead.

#### Proposed Sugarloaf-2 Well

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As leasing of acreage is now essentially complete, the Sugarloaf Project operator has proposed the drilling of a second well, located about 1.6 kilometres from the Sugarloaf-1 well.

The well is an exploration well and is proposed to be drilled vertically to just above the target and then horizontally for 5,000 feet (1,524 metres) in the target upper zone of possible gas pay defined in Sugarloaf-1. As already mentioned, this is the zone which is believed to correlate with the producing zone in the Sugarkane Gas Field discovery well.

Horizontal drilling has been selected, as successful wells commonly produce at rates several times that of a vertical well at the same point in the reservoir.

A suitable rig has been identified and subject to Joint Venture approval and execution of relevant documentation, is expected on location about the end of August. The Operator estimates Empyrean's share of dry hole costs to be approximately US\$940,000 (total well dry hole cost US\$3.6 million) and completion costs to be approximately US\$430,000 (total well completions costs US\$1.65 million).

Empyrean has an 18% working interest in the Sugarloaf-2 well.

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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