

Regulatory Story

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TIDM EME
Headline Farm-out of Block B Sugarloaf
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Empyrean Energy PLC

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

Sugarloaf Project, ("Sugarloaf"), Block B, Texas USA

- **Successful farm-out of Block B to major US oil and gas company**
- **Free carried work program to commence shortly**

Empyrean Energy Plc is pleased to advise that Texas Crude Energy Inc ("TCEI") has been successful in its efforts to farm out Block B in the Sugarloaf Project, part of the Sugarkane gas and condensate field, in Texas, USA. TCEI have signed a farm out agreement with Hilcorp Energy Company ("Hilcorp"), estimated to be the 4th largest private E&P company in the USA, and field activities are expected to commence promptly. A brief description of Hilcorp is included at the end of this announcement.

The key elements of this farmout for Empyrean are as follows:-

- The farm-in by an established and material company such as Hilcorp to the Sugarkane field is a significant endorsement of the multi-Tcfe potential of this gas and condensate asset. Hilcorp has considerable operating experience in onshore USA.
- Empyrean will be free-carried for the drilling, completion and tie in of up to 3 new horizontal wells and the stimulation of the three existing Sugarloaf horizontal wells; Kennedy-1H, Kowalik-1H and Weston-1H. This will establish a total of 6 wells on production across Block B. Under the terms of the farm-out this work program has a series of deadlines over the next 20 months. No interest will be earned unless the agreed work programs are completed.

- Hilcorp will earn an interest in Block B incrementally as each farm-in activity is completed up to a maximum of 50% of Empyrean's interest in Block B.

Empyrean's pre-farm-out working interest across Block B is 6%.

Commenting today Empyrean Executive Director -Tom Kelly said "This farm-out is an excellent outcome for Empyrean and its partners in the Sugarloaf Project. Importantly, it achieves the stated goals of generating significant momentum for the project and allowing the acreage position to be actively managed. It gives Empyrean and its partners the best chance of unlocking significant value from the Austin Chalk and Eagleford Shale plays within the field. In addition, it allows Empyrean to focus on its other high impact projects immediately".

Hilcorp Energy Company

Hilcorp was founded 20 years ago and is now the 4th largest private E&P company in the USA* with operations based primarily in the Gulf coast region and Powder River Wyoming. The company is headquartered in Houston, Texas and has a demonstrated record of commercialising their investments. The company has an annual production of 15.8 mmbob* of oil and a staff of over 600 professionals and is an experienced operator in the USA.
(* Source Oil and Gas Financial Journal)

For further information

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