

## Regulatory Story

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Empyrean Energy PLC

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

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

Empyrean is pleased to provide the following update on operations at the Sugarloaf Project ("the Project"), an Eagle Ford Shale liquids rich producing field within the Sugarkane Gas & Condensate Field, Texas

Key status points:-

- As at today's date there are 24 wells on production that Empyrean has an interest in, including 6 farmout wells.
- Marathon Oil Corporation ("Marathon") has assumed operatorship of the Project as of 1 November 2011.
- Empyrean has been advised by Former operator, Hilcorp, that the cost recovery mechanism on the farmout pool of 3 new Sugarloaf wells has been repaid and that Empyrean will participate in the revenue from those wells from October. The payout period has taken considerably longer than the simple cost recovery of well Capex because of the inclusion of additional infrastructure costs in the payout calculation mechanism. This infrastructure has facilitated early field production.

Gross total production from the Sugarloaf Project was 230,973 boe in November which comprises 135,064 bbls oil and 34,527 bbls Non Gas Liquids ("NGLs") and 368.3 MMcf gas by volume. The liquids rich nature of the acreage results in approximately 80% of production being derived from oil and NGL's by volume. Production figures have been influenced by a number of wells being shut in for the installation of production tubing during November; the figures this month do not reflect field production capacity.

## Production Data

The following wells have been on production for a period of 30 or 60 days and Empryean is pleased to provide the market with an update on produced volumes during that period:-

### Well

Well	Days	Working Interest	Total Gas Production (mscf)	Total Condensate Production (bbls)	Average Daily Equivalent Oil Rate (boe/d)*
Holland Brown #1H	30	3.0%	28,926	29,177	1,183
YoskoBorgfield #1H	60	1.51%	39,535	38,233	798

\*The equivalent barrels per day production rate has been calculated on a simple 6:1 ratio.

\*\* Note the cumulative production volumes are the actual volumes of oil and rich gas, as recorded at the time, produced during the 1st 30 day period, therefore at times the well may not have been on production for the full 30 day period. The production rate is the average achieved during the periods when the well was flowing during the 30 day period, the figure is calculated from the rich gas and liquids produced at the wellhead and does not account for subsequent treatment, i.e. NGL yield is not considered in these figures.

## Operations

Following the assumption of Operatorship, Marathon advised that it planned a systematic program of tubing installation across the wells in the field. The majority of the wells have to date produced through 5 1/2" production casing and are to have 2 3/8" production tubing installed with gas lift valves for future purposes. The smaller bore tubing will help optimise the lift performance of these high liquid content wells.

The following wells have commenced production since the last operational update.

Well	Working Interest	Date of 1 <sup>st</sup> Production
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Holland Opiela #1H

0.35%

08/12/11

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.

For further information

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