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Company Empyrean Energy PLC
TIDM EME
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 Empyrean Energy PLC
 14 December 2012

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Empyrean Energy PLC
 ("Empyrean", "EME" or the "Company"; Ticker (EME))

Sugarloaf Project, ("Sugarloaf"), Eagle Ford Shale, Texas USA

SIGNIFICANT INCREASE IN 1P AND 2P RESERVES AT SUGARLOAF
Upgraded total of 4.39 Million Barrels of Oil Equivalent ("MMboe") (2p)

- **Empyrean's proven reserves (1P) have increased by 54.4% to 2.3 MMboe**
- **Empyrean's probable reserves have increased by 20.1% to 2.0 MMboe**
- **Empyrean's proven plus probable reserves (2P) have increased by 36% to 4.39 MMboe**

Further to the announcement of 28 October 2011, Empyrean is pleased to report that independent petroleum consultants, Netherland Sewell & Associates, Inc. ("NSAI"), of Houston, Texas have completed updated estimates of petroleum reserves and future revenues for Empyrean's interest in the Sugarloaf Project. The Sugarloaf Project is producing from the Eagle Ford Shale formation. The NSAI report is based on data as at 1 September 2012.

The Following table summarises the Reserve estimates by Netherland Sewell & Associates, and % change in the estimates from the previous report as at 31 August 2011.

Empyrean Net Reserves	Oil (MBBL)	NGL's (MBBL)	Gas (MMCF)	Total BOE (MBBL)	% Change
Proved (1P)	1,118.2	535.2	4,013.9	2,322.3	+ 54.4
Probable	915.6	515.3	3,864.9	2,075.0	+ 20.1

Proved + Probable (2P)	2,033.8	1,050.5	7,878.8	4,397.3	+ 36.0
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Netherland Sewell and Associates Inc have prepared the estimates in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE).

Reserves are for Empyrean's post farmout interest in Sugarloaf (3.0%) and are net of all royalties. Two wells, Kennedy and Kowalik, are calculated at their higher working interests of 9% and 10.2%. There are various producing wells that have lower than 3% working interests and these have been calculated at their respective correct percentages.

Key Assumptions

Period Ending	Oil/NGL Price (\$/Barrel)	Gas Price (\$/MMBTU)	Period Ending	Oil/NGL Price (\$/Barrel)	Gas Price (\$/MMBTU)
12-31-2012	96.77	2.994	12-31-2019	86.32	5.052
12-31-2013	97.56	3.478	12-31-2020	86.25	5.383
12-31-2014	94.25	3.866	12-31-2021	86.25	5.730
12-31-2015	90.92	4.082	12-31-2022	86.25	6.070
12-31-2016	88.52	4.279	12-31-2023	86.25	6.410
12-31-2017	87.11	4.486	Thereafter	86.25	6.749
12-31-2018	86.50	4.749			

- Oil and NGL prices used are based on NYMEX West Texas Intermediate prices and are adjusted for quality, transportation fees and regional price differential. Gas prices are based on NYMEX Henry Hub prices and are adjusted for energy content, transportation fees, and a regional price differential. All prices before adjustment are shown in the table above;
- NSAI have used 500' spacing between each well and varying lateral lengths between 5,000-6,000' (~60-70 acres) with a few 4,000' laterals (~ 45 acres)
- Well costs of US\$8.3 million per well for undeveloped locations
- 46 developed producing and 262 undeveloped well locations
- Operating costs per well of US\$20,000 per month

There is potential to increase reserves by proving up additional productive horizons such as the Austin Chalk and Pearsall Shale, increasing recovery per well and by proving that reducing future well spacing will have a positive impact. These initiatives are being further tested by the operator.

There is potential to reduce the operating costs per well as economies of scale are achieved.

Commenting today, CEO Mr Tom Kelly said - "We are delighted with another transformational increase in Proven and Probable Reserves. Marathon has done an excellent job as operator in a short space of time. We look forward to seeing the results of their initiatives to add further efficiencies and optimise the drilling and completion processes. We also look forward to the results of pilot programs aimed at improving recoveries and reserves. We have not included NPV calculations with

our summary of this report because we view them as confidential at this time due to the recent corporate activity and acquisitions within the Sugarloaf Project."

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.

Abbreviations

MBBL - thousands of barrels
MMCF - million cubic feet
MMBTU - millions of British thermal units
BOE - barrels of oil equivalent
MM - million
M - thousand
NGL - natural gas liquids
NYMEX - New York Mercantile Exchange

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Notes to Editors:

Empyrean Energy is an AIM-listed (Ticker: EME) oil and gas exploration and production company focused in the Eagle Ford shale, Texas, USA. Other assets include a 10% working interest in the Riverbend Project, Texas, just south of the prolific Bookeland Field (Austin Chalk) as well as a 48.5% interest in the Eagle Oil Pool Development Project located in the San Joaquin Basin, southern California.

Empyrean's portfolio includes interests in 63 producing wells at the Sugarloaf Project, Texas. In addition, there are currently two wells being drilled and a further three wells in the process of having completion/ stimulation operations carried out.

This information is provided by RNS
The company news service from the London Stock Exchange

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