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**Company** [Empyrean Energy PLC](#)  
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### **Empyrean Energy PLC ('Empyrean' or 'the Company') Q2 2014 Production and Operational Update**

Empyrean Energy, the profitable US onshore oil, gas and condensate exploration, development and production company with assets in Texas and California, is pleased to provide the following production and operations update for the three month period to the end of June 2014 ('Q2 2014' or the 'Quarter') updated with current data since the end of the Quarter, where available..

Empyrean has a 3% working interest in its flagship Sugarloaf AMI ('Sugarloaf' or the 'Project') in the prolific Eagle Ford Shale, Texas. The Project is operated by Marathon Oil Company, a subsidiary of US major Marathon Oil Corporation (NYSE: MRO) ('Marathon' or the 'Operator').

#### **Sugarloaf AMI Highlights**

- **128 gross producing wells on Sugarloaf AMI as at end of June 2014, an increase of 7 wells since the end of March 2014**
- **154 gross producing wells (8 Austin Chalk) on Sugarloaf AMI as at 15 September 2014**
  - 18 wells coming in to production during August alone
- **3 wells drilling (1 Austin Chalk) and 25 wells undergoing completion operations (3 Austin Chalk) currently**
- **Average Production for the Quarter of approximately 840 boe/day net to Empyrean**
- **Total production for the Quarter of 77,159 boe, representing a reduction of 5.2% over the previous quarter (81,398 boe) and a 6% decrease compared to Q2 2013 (82,062 boe)**
- **Marathon has announced that it has delineated a substantial Austin Chalk 2P resource\* on the back of encouraging results**
  - The Company announced in May 2014 a 2C Contingent Resource for the Austin Chalk formation of 3.87 Mmboe from a DeGolyer MacNaughton reserves report dated 31 December 2013
  - The 2C Contingent Resource was based on 60 acre spacing and does not account for recent, successful down spacing initiatives or production profiles from wells in production since 31 December 2013
- **Marathon advises a new 'stack and frac' pilot programme to commence in Q4 2014 designed to drive recovery and optimise co-development of multiple horizons**
  - Stack and frac pilot will target Austin Chalk, Upper Eagle Ford Shale and two Lower Eagle Ford Shale layers
- **Marathon advises that enhanced completion techniques are delivering an average 25% improvement in initial performance**

- **Marathon advises 30 acre spacing for high gas to oil ratio areas and is testing stage spacing tighter than 30 acres**

Empyrean CEO, Tom Kelly said, "The strength of activity at the Sugarloaf AMI Project demonstrates the exciting future production profile of this highly efficient operation. After a period of consolidation, we are starting to see the relatively large inventory of drilled wells come in to production with 18 wells added to production in August alone and an intensive drilling programme planned with up to 100 wells targeted in calendar year 2014. Completion optimisation and well down spacing initiatives continue to improve economics. More good news has recently come from Marathon with further positive Austin Chalk results delineating a substantial acreage and number of future well locations for development. In May 2014, we announced a 2C Contingent Resource for the Austin Chalk formation of 3.87 Mmboe (in a DeGolyer MacNaughton reserve report dated 31 December 2013), and these developments have further highlighted our belief that this can be moved into 2P Reserves in the short term. The implementation of a 'stack and frac' pilot programme in the coming months offers further potential reserve upside for both the Eagle Ford Shale and the Austin Chalk with indications that spacing of 175ft (~20 acre) will be tested."

Lee M. Tillman, Marathon's President and CEO cited in its 3 September 2014 press release "...we're executing with confidence in the Eagle Ford. We're on plan with our delineation of Austin Chalk co-development and expect to pilot our first 'stack and frac' of the Upper Eagle Ford in the fourth quarter of 2014. Our completion optimization work continues to generate high incremental returns with tighter spacing delivering incremental rates of return of approximately 100 percent..."

### Operations

As at the end of Q2 2014, Empyrean had 128 gross wells that were producing at Sugarloaf, an increase of 7 wells since the end of March 2014. Activity since the end of June has picked up significantly with 154 wells in production as at 15 September 2014, with eight of these producing from the Austin Chalk. Currently, there are three wells drilling (including one Austin Chalk well) and a further 25 wells undergoing or awaiting completion operations (including three Austin Chalk wells). Total production for Q2 2014 (77,159 boe) was down 5.2% over the previous quarter (81,398 boe) and a 6% decrease compared to Q2 2013 (82,062 boe). Marathon continues to improve efficiencies and averaged 13 days spud to total depth for Q2 2014 and continues to strive for a 2014 target of 11 days spud to total depth.

In line with the Company's announcement of 3 July 2014, production data for the Quarter has been prepared on the basis of revenue remittance advice direct from Marathon, rather than wellhead production data, in order to establish revenues. These volumes are net to Empyrean before royalties.

### Corporate

The Company has a current cash at bank position of approximately US\$1.7 million and current outstanding debt to Macquarie Bank of US\$9.17 million.

**\*\*ENDS\*\***

For further information please visit [www.empyreanenergy.com](http://www.empyreanenergy.com) or contact the following:

Tom Kelly	Empyrean Energy plc	Tel: +618 9481 0389
Neil McDonald	Cenkos Securities Plc	Tel: +44 (0) 131 220 9771 / +44 (0) 207 397 1953
Nick Tulloch	Cenkos Securities Plc	Tel: +44 (0) 131 220 9772/ +44 (0) 207 397 1950
Hugo De Salis	St Brides Media & Finance Ltd	Tel: +44 (0) 20 7236 1177
Elisabeth Cowell	St Brides Media & Finance Ltd	Tel: +44 (0) 20 7236 1177
Lottie Brocklehurst	St Brides Media & Finance Ltd	Tel: +44 (0) 20 7236 1177

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.

## GLOSSARY OF ABBREVIATIONS

"bbls"	barrels of oil, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
"boe"	barrels of crude oil equivalent derived by converting natural gas to crude oil in the ratio of six thousand cubic feet of natural gas to one barrel of crude oil
"boe/day"	barrels of crude equivalent per day
"2P resource*" 2P	<i>- Most likely or "2P" volumes represent most likely deterministic estimates of proved plus probable reserves as defined by the SEC, plus contingent or "2C" volumes with the same technical certainty as proved and probable reserves that are expected to be recovered but that cannot yet be classified as reserves, or the P50 on the cumulative distribution of results from probabilistic estimates. NB - this definition is extracted from the Marathon Oil Company press release dated 3 September 2014</i>
"2P Reserves"	Proven plus Probable reserves as defined in the 31 December 2013 reserve report prepared by DeGolyer MacNaughton

**Notes to Editors:**

Empyrean Energy Plc is an AIM listed (Ticker: EME) profitable US on-shore oil and gas development and production company focussed primarily on the advancement of its assets in Texas and California. The Company's portfolio represents a mix of assets at various stages of development. Its flagship project is the Sugarloaf AMI in the prolific Eagle Ford Shale, Texas, where it has a 3% working interest in approximately 24,000 gross acres centrally positioned in the liquids rich sweet-spot within the field. Empyrean has an interest in 154 gross producing wells with

full development expected to reach over 770 wells. Further development of the Eagle Ford Shale anticipated to require in the order of a further 300 wells, with down spacing potential of a further 200 wells. Further development of the Austin Chalk anticipated to require in the order of a further 300 wells, with down spacing potential of a further 235 wells. The Company has term debt facility of up to US\$50 million with Macquarie Bank in place in order to develop this acreage which is operated by US major Marathon Oil Company.

Other assets include a 57.2% interest in the Eagle Oil Pool Development Project located in the San Joaquin Basin, southern California, a proven oil and gas province. Empyrean's large working interest in this project provides the Company with flexibility and leverage with potential high impact from success. Additionally, Empyrean has a 7.5% interest in the Sugarloaf Block A operated by ConocoPhillips in the Eagle Ford Shale, and a 10% working interest in the Riverbend Project in Texas currently producing from the Wilcox formation.

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