



Empyrean Energy PLC - EME Q2 2015 Production Update from Sugarloaf AMI
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Empyrean Energy PLC ('Empyrean' or 'the Company') Q2 2015 Production from Sugarloaf AMI, Texas

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 a production update from its flagship Sugarloaf AMI Project ('Sugarloaf' or the 'Project') in the prolific Eagle Ford Shale, Texas, for the three month period to the end of June 2015 ('Q2 2015' or the 'Quarter').

Empyrean has a 3% working interest in the Project, which is operated by Marathon Oil Company, a subsidiary of US major Marathon Oil Corporation (NYSE: MRO) ('Marathon' or the 'Operator').

Highlights for Q2 2015

- **Consistent production rates of 108,849 boe net to Empyrean's interest after royalties and costs ('royalties') (Q1 2014: 109,425)**
- **Average daily production of 1,196 boe net to Empyrean's interest after royalties (Q1 2014: 1,216)**
 - **231 gross producing wells as at 30 June 2015, an increase of 26 since Q1 2015**
 - **241 gross producing wells as at 26 August 2015, including 32 in the overlying Austin Chalk formation**
 - **Inventory of 58 wells drilled and in various stages of completion at the end of the Quarter**
 - **Major flooding during March, April and May contributed to disruptions and delays to production operations during the Quarter**
- **Independent reserves report by DeGolyer MacNaughton published on 8 July 2015 highlighted:**
 - **63% increase in proven reserves (1P) to 5.78MMboe**
 - **94% uplift in proven plus probable reserves (2P) to 12.64MMboe**
 - **The Upper Eagle Ford was not included for upside locations in the reserve report and this formation represents significant upside potential as wells are successfully drilled and put on production**
- **ASX listed partner AWE Limited (ASX code: AWE) has announced an internal update (not independently verified) of its reserves to 30 June 2015 that would have a read across 2P reserves uplift net to Empyrean to 14.40MMboe, an increase of 14% over the recent DeGolyer MacNaughton reserve report**

Empyrean CEO, Tom Kelly said, "This has been a successful quarter which has seen us report a dramatic increase in our reserves at Sugarloaf and deliver consistent production despite some disruptions due to flooding in Texas. A positive development in this current oil and gas environment is that costs are continuing to come down. The upside potential of the Upper Eagle Ford is exciting from a potential reserves perspective with early production from a small number of wells performing similarly to Lower Eagle Ford and Austin Chalk wells. More data will be required to convert the Upper Eagle Ford into reserves, however we are encouraged by the early results. Over the coming months, this initiative will be advanced and further new wells will be put on to production, as we focus on extracting further value from this excellent Project, located in the 'sweet-spot' of the Eagle Ford Shale."

Further Information

The Company is pleased to report that total production for Q2 2015 was 108,849 boe net to Empyrean's interest *after* royalties, representing a small decrease on production for Q1 2015 due to the disruptions and delays resulting from flooding in Texas during March, April and May. Net average daily production for Q2 2015 was steady at 1,196 boe/d *after* royalties.

At the end of the quarter, Empyrean had 231 gross wells that were producing at Sugarloaf, an increase of 26 wells since the end of March 2015. Furthermore, as at 26 August 2015, Empyrean had 241 gross wells that were producing at Sugarloaf and, of these, there are 32 wells in the Austin Chalk formation.

The Company continues to benefit from the additional cost reductions achieved by Marathon. To date, drilling costs have reduced by approximately 21% since 2014 and wells are now being drilled, completed and equipped for approximately US\$6.5 million, with further efficiencies expected in the second half of this year. However, recent oil price lows have impacted heavily on the global oil and gas industry. The Company's Sugarloaf acreage is held by production and the Company has the ability to opt out of wells, if necessary, in order to help manage its cashflow should the pace of development necessitate or oil prices remain low or should adequate funding not be available to allow the Company to participate. Any such decisions would be made in the context of the prevailing environment.

Corporate

The Company made a scheduled repayment of its loan facility with Macquarie Bank of US\$1m at the end of June 2015. The total outstanding under the facility currently stands at US\$20.67m.

****ENDS****

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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.

Notes to Editors:

Empyrean Energy Plc is an AIM listed (Ticker: EME) profitable US on-shore oil, gas and condensate exploration, development and production company with 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 241 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 a term debt facility of up to US\$50 million with Macquarie Bank, subject to reserve hurdles and drawdown approvals, in place in order to develop this acreage which is operated by US major Marathon Oil Company.

Other assets include a 58.084% 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.

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