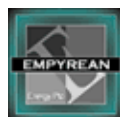


## Regulatory Story

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**Empyrean Energy PLC** - EME Completion of Mako Well and Stabilised Flow Rates  
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**05 July 2017**

**Empyrean Energy PLC ("Empyrean" or the "Company")**

**Completion of Mako South-1 Well with Stabilised Flow Rates**

- **Mako South-1 well exceeds operator's expectations**
- **High permeability sands in the multi Darcy range**
- **High quality gas with no contaminants**
- **Final stabilised flow rate of 10.9 million cubic feet of gas per day**
- **Flow rate limited by available down hole production testing equipment**

Empyrean, the oil and gas development company with interests in China, Indonesia and the United States, is pleased to announce that it has been advised by the operator of the Duyung PSC in the Natuna Basin Offshore Indonesia, Conrad Petroleum ("Conrad") that the Mako South-1 well testing operations has been successfully completed and the rig is currently demobilising back to its home base in Labuan, Malaysia.

Conrad has reported that the well performance was exceptional, and the drilling operations were carried out on time, on budget and with zero safety incidents.

Testing of the previously discovered gas-bearing sand at the Mako South-1 well has established 23 feet of net pay in the shallow Intra Muda Formation, with excellent quality rock, far better than Conrad's original prognosis. The well flowed high quality gas that is close to 100% methane,

with no CO<sub>2</sub>, H<sub>2</sub>S, or other contaminants. No sand production was recorded during testing.

As previously reported on 28 June 2017, a final stabilised flow rate of 10.9 million cubic feet of gas per day ("mmcfcpd") was reached during testing on fixed choke of 128/64. The flow rate was limited by the available down hole production testing equipment. Down hole pressure gauges retrieved following the flow test confirmed no pressure depletion over the extended production test. Conrad reports that the test results suggest that the reservoir consists of laterally continuous, high permeability sands in the multi Darcy range. Further permeability analysis will take place over the coming months on the core taken prior to flow testing.

Mako is a very large gas accumulation with a lateral extent of approximately 340km<sup>2</sup>. With the addition of the Mako South-1 well, four wells have now penetrated the Intra Muda Formation, but Mako South-1 is the only well to have been production tested. Testing operations conducted over several days collected a raft of important data. Conrad now plans to thoroughly analyse the latest information (both the production test and other down hole data including core), and aggregate it with that from previous wells in order to progress a development plan.

Empyrean owns 10% of West Natuna Exploration Limited ("WNEL"), a holding company that owns 100% of the Duyung PSC. Conrad own the remaining 90% of WNEL.

Shareholders and interested parties can also view a short Vimeo presentation of photos and video taken by Conrad during the testing operations via the link [www.vimeo.com/conradpetro/mako](http://www.vimeo.com/conradpetro/mako)

Further announcements will be made in due course.

**Tom Kelly, Empyrean CEO, commented:** "Empyrean once again commends the entire Conrad team for their excellent planning and execution of the Mako South-1 well drilling and testing operations. The results have exceeded everyone's expectations. An excellent flow rate of 10.9 million cubic feet of gas per day that was limited by the available down hole equipment and may, subject to full analysis of core and other data have room for improvement is simply such a pleasing result for all of our shareholders. These results dramatically de-risk this project and confirm a very large accumulation of gas with terrific reservoir quality in a region that achieves high gas prices due to high regional demand. With planning for our high impact Dempsey-1 well in the Sacramento Basin, California progressing very nicely we expect the coming weeks to be extremely exciting as we execute further our aggressive high impact exploration campaign".

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

For further information:

**Empyrean Energy plc**

Tom Kelly

Tel: +61 8 9481 0389

**Cenkos Securities plc**

Neil McDonald

Tel: +44 (0) 131 220 9771

Beth McKiernan

Tel: +44 (0) 131 220 9778

Nick Tulloch

Tel: +44 (0) 131 220 9772

**St Brides Partners Ltd**

Lottie Brocklehurst

Tel: +44 (0) 20 7236 1177

Olivia Vita

Tel: +44 (0) 20 7236 1177

The information contained in this announcement was completed and reviewed by the Company's Technical Director, Mr Frank Brophy, who has over 40 years' experience as a petroleum geologist.

**Notes to Editors**

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**About Empyrean Energy Plc (LON: EME)**

Empyrean is a London AIM listed oil and gas explorer with three potentially high impact new projects. Empyrean has a 1800km<sup>2</sup> offshore oil permit located in the Pearl River Mouth Basin, China where it has commenced 3D seismic Q2, 2017 to further mature two large oil prospects, Jade and Topaz. The permit is directly South East of the billion barrel+ Lihua Oil Field operated by CNOOC and two recent discoveries to the permits West and South further enhance the merit of Jade and Topaz. Empyrean is operator and holds 100% of the exploration rights through to commercial discovery where CNOOC have a back-in right to 51%.

Empyrean also has a 10% interest in West Natuna Exploration Limited that holds 100% of the Duyung PSC in offshore Indonesia and is targeting the Mako Shallow Gas Discovery that has an independently verified 2C and 3C gas resource of between 430-650 Bcf recoverable gas. Empyrean is currently participating in drilling the Mako South-1 well which has recorded better than expected flow rates, porosity, permeability and gas saturation in the target Intra Muda Formation than expected. A stabilised flow rate of 10.9 million cubic feet of gas per day with multi Darcy permeability and excellent reservoir characteristics was recorded.

Empyrean also has a joint venture with ASX listed Sacgasco Limited on a suite of projects in the Sacramento Basin, onshore California, USA. The package includes two mature, multi-Tcf gas prospects, 'Dempsey' (Empyrean earning 30%) and 'Alvares' (Empyrean earning 25%) and an Area of Mutual Interest (the "Dempsey Trend AMI")(Empyrean earning 30%) that includes at least three already identified, large Dempsey-style follow up prospects. Dempsey is a large structure mapped with 3D seismic and interpreted by Sacgasco to have the potential to hold a prospective resource of over 1 Tcf of gas in up to seven stacked target reservoirs. The Company plans to commence a 3,200 metre (~10,500 feet) combined appraisal and exploration well, Dempsey-1, in Q3 2017 to evaluate this prospect.

Aside from compelling technical merit, the Dempsey-1 well location sits next to existing gas metering and surface infrastructure that is owned by the joint venture. This will allow for any gas discovery to be tested and connected into the local pipeline at relatively low cost and in an accelerated timeframe. This early potential for short-term cash flow in the event of a commercial discovery would be significant for the joint venture and for the state of California where gas demand is high and approximately 90% of consumption is imported from other states. Gas produced in the Sacramento Basin currently prices at a 10-15% premium to Henry Hub Gas Prices. The joint venture will be drilling and testing the Dempsey Prospect, a 1 Tcf gas target in

Q3, 2017.

Alvares is a large structure mapped with 2D seismic and interpreted by Sacgasco to hold prospective resources of over 2 Tcf estimated potential recoverable gas. A well drilled by American Hunter Exploration Limited in 1982 for deeper oil intersected 5,000ft of gas shows. No valid flow test was conducted due to equipment limitations and the deeper oil target failing. However minor gas flows to surface were recorded even with these limitations. The possibility of using the existing well bore to sidetrack and get a valid flow test, thus reducing costs will be examined.

The Dempsey Trend AMI is an Area of Mutual Interest extending to approximately 250,000 acres and containing the Dempsey prospect (described above) as well as at least three other, Dempsey-style prospects which have been identified on existing seismic.

[www.empyreanenergy.com](http://www.empyreanenergy.com)

**About Sacgasco Limited (ASX. SGC)**

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration in the Sacramento Basin, onshore California. SGC has an extensive portfolio of gas prospects at both exploration and appraisal stages, including multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market in North America. SGC is of the view that the size of the prospects in California have the potential to supply both the domestic Californian gas market and export LNG markets.

[www.sacgasco.com](http://www.sacgasco.com)

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