

## Regulatory Story

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**Empyrean Energy PLC** - EME Drilling to commence at Dempsey Well, California  
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*This announcement contains inside information*

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**1 August 2017**

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

### **Drilling to commence at 1Tcf+ Dempsey Natural Gas Well, onshore California**

Empyrean, the oil and gas development company with interests in China, Indonesia and the United States, is pleased to announce that it has been informed by Sacgasco Limited (ASX: SGC) ("Sacgasco"), the operator of the Dempsey 1-15 well in the Sacramento Basin, onshore California, that it plans to commence drilling the Dempsey 1-15 well on 1 August 2017 (California time). Dempsey 1-15 is expected to take 30-40 days to drill to ~10,000ft targeting the 1Tcf Dempsey natural gas prospect in which Empyrean has a 30% interest.

#### **Highlights**

- Drilling to commence at Dempsey 1-15 well on 1 August 2017 for an expected 30-40 day drill time
- Dempsey prospect contains over seven stacked conventional sandstone reservoir targets
- Offset wells have had gas shows and production from Kione and Princeton Canyon formations above the Forbes producing reservoirs
- Dempsey 1-15 is the first well to test the primary reservoir formations in this part of the under-explored Sacramento Basin
  - While there is limited subsurface control for the under-explored parts of the Sacramento Basin, the petroleum play is proven with reservoirs, seals and demonstrated traps

- Secondary reservoirs are interpreted to be gas bearing and on trend with the Dempsey prospect
- Gas shows and flows in similar local reservoirs are interpreted to indicate pipeline quality "dry gas"
- To view a press release with pictures please visit [www.sacgasco.com](http://www.sacgasco.com)

**Tom Kelly, Empyrean CEO, commented:**

*"With drilling now expected to be underway at Dempsey within hours, we look forward to the next 30 to 40 days as the 1Tcf+ prospect is targeted. Similar reservoirs have been interpreted to indicate pipeline quality "dry gas" which bodes well should Dempsey 1-15 be successful as the well is located next to existing gas metering and surface infrastructure that is owned by the joint venture. I look forward to reporting on the drill progress over the coming weeks with the hopes of adding another discovery to our portfolio in 2017 following the success of our Mako South-1 well offshore Indonesia."*

**Dempsey Prospect and Dempsey 1-15 Well**

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. Individual, unrisks Deterministic Prospective Resources for the primary targets range from 116 Bcf to 352 Bcf of recoverable gas. Should all the stacked reservoirs be full of gas, the cumulative unrisks recoverable Prospective Resources within the Dempsey prospect could exceed 1 Tcf.

The primary targets are interpreted in a series of Cretaceous sandstone reservoirs that exhibit structurally consistent amplitude anomalies similar to those that are observed on seismic data elsewhere in the basin where conventional sandstone reservoirs have trapped natural gas in mapped structural closures, for example the Tulainyo / James and Alvares wells.

Sacgasco expects to intersect gas shows in a number of zones in the Dempsey 1-15 well and these will be assessed based on the information available, but quantitative results will need to await conventional logging after drilling each section of the well and may need flow testing to be definitive.

The Dempsey 1-15 well is planned to be drilled in three discrete sections to depths of approximately 600m, 2,000m and 3,200m associated with decreasing planned casing sizes. The well has been designed conservatively to provide flexibility to respond to well bore conditions and progressive results.

Empyrean has also been informed that since the Dempsey 1-15 well will be exploring for a new gas pool, Sacgasco has requested that the regulator keep the records confidential for two years as allowed by Section 3234 of the Public Resources Code of California. The regulator has approved the "Confidential Status" for Dempsey 1-15 in order to protect longer-term shareholder value.

Aside from compelling technical merit, the Dempsey 1-15 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.

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

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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+ Liuhua 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. Successful testing operations were recently completed at the Mako South-1 Well with 10.9 million cubic feet of gas flow and better than expected reservoir quality and multi Darcy permeability. The operator is currently analysing data with a view to providing a development plan.

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' and 'Alvares', and an Area of Mutual Interest (the "Dempsey Trend AMI") 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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