

## Regulatory Story

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**Empyrean Energy PLC** - EME Dempsey Gas well update  
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**Empyrean Energy PLC ("Empyrean" or the "Company")  
Dempsey Gas well update**

Empyrean Energy (EME: AIM), 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" or "the Operator"), the operator of the Dempsey 1-15 well in the Sacramento Basin, onshore California, that perforating and flow-testing of the Dempsey 1-15 well is continuing as planned.

The second zone of gas shows in the well has been perforated and is in the process of being tested. This zone has flowed dry natural gas and no water and has confirmed initial shut-in pressures exceeding 6,000 psi. Further gathering of test data is required before the Operator has sufficient information to meet regulator guidelines on reporting results. Analysis of the potential of this zone is still at a very early stage.

No conclusions as to the potential commerciality of this zone can be drawn from this early testing.

The testing programme has followed good oilfield practise by beginning testing from the bottom of the well. These tests are not in order of interpreted potential based on quality of log and gas show response. The zone currently being tested is the second of multiple additional zones to test below the field production level reservoirs.

The test programme has also been carried out in a methodical and measured way to ensure safe outcomes. The Dempsey reservoirs are high pressure and the Operator is working in a considered fashion to ensure the best outcome for JV partners. Notably, the well activities include extensive exploration components that require the assessment of information from each operation as the basis of design for the following stage. This analysis between tests takes some time to ensure the Operator receives the maximum resource information in an efficient way.

While work is still ongoing on Dempsey, planning for a re-entry of the Alvares gas discovery well is progressing.

Since the last test update, the results of the gas quality from the first flow test of the lowermost zone in Dempsey 1-15 have confirmed clean gas of pipeline quality with a Higher Heating Value (HHV) better than the gas from the overlying field reservoirs in the Rancho Capay Gas Field.

Additional information on the Dempsey well will be provided as testing is carried out.

**Empyrean CEO Tom Kelly commented,** "We are at an early stage of testing the multiple zones of interest in the Dempsey well. We are happy with the measured and methodical approach that the Operator is taking to assess the gas reservoirs."

This announcement has been reviewed by Empyrean's Technical Director, Mr Frank Brophy BSc (Hons), who has over 40 years experience as a petroleum geologist.

**\*\*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 completed 3D seismic in Q3, 2017 to further mature two large oil prospects, Jade and Topaz. Processing and interpretation is underway and preliminary internal interpretation of the raw seismic data has confirmed the structural validity of the Jade and Topaz prospects and also identified a third significant target named Pearl, which is located north of 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. 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 joint venture has completed drilling of a 2,970 metre (9,747 ft) combined appraisal and exploration well; Dempsey 1-15, to evaluate this prospect. Wireline logs confirmed numerous zones for production testing.

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 is currently testing the Dempsey Prospect.

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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