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Empyrean Energy PLC

("Empyrean" or the "Company"; Ticker: (EME))

Sugarloaf Project, ("Sugarloaf"), Block B, Texas USA

- **Further success at Sugarloaf.**

Empyrean is pleased to provide the following update on operations at the Sugarloaf Project within the Sugarkane Gas & Condensate Field, Texas.

Morgan-1H

Following the successful fracture stimulation of approximately 4,400 ft of horizontal section as per the frac design, the Morgan-1H well was flowed back to sales commencing on 27th April 2010. The well production has now stabilised and the following Initial Production rate was achieved:

- **5.16 mmscf/d Gas & 2,046 bcpd or 31 mmscfe/d**

Easley-1H

Following the successful fracture stimulation of approximately 2,750 ft of horizontal section as per the frac design, the Easley-1H well was flowed back to sales commencing on 1st May 2010. The well production stabilised relatively quickly and the following Initial Production rate was achieved:

- **6.81 mmscf/d Gas & 780 bcpd or 17.9 mmscfe/d**

Whilst these initial rates are very encouraging, the following points should be noted:-

- These values are the maximum average rates achieved over consecutive 24 hour flowing periods since the wells were brought on line.
- The gas equivalent rates have been calculated using a 12:1 conversion ratio and a 25% uplift in the gas rate based on the observed high calorific value of the gas produced within the field to date.
- These are initial production rates observed during clean up and as such are not yet indicative of a short or long term production profile.
- The wells still have considerable fluids to recover from the fracture stimulation operations.
- The wells are currently producing through the production casing. A production tubing string will be installed in due course in each well.

A further announcement will be made as significant developments occur.

Commenting today, Executive Director Tom Kelly said "Hilcorp is doing an excellent job as operator right now. Since their agreement to farm-in they have successfully brought 4 wells into commercial production. The objectives of the farm-out to Hilcorp included achieving a free carry on this appraisal stage of the project and partnering with an operator with the necessary experience and resources to successfully advance the project into the full development phase. These objectives are being met. The initial production rates from Morgan and Easley are at the top end of expectations and the combined gas and condensate rates compare very favourably with initial production rates within the regional Eagle Ford Shale trend. We look forward to the results from the fracture stimulation of the Rancho Grande well in due course."

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.

For further information

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