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 Empyrean Energy PLC
 23 December 2010

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

Interim Results for the six months ended 30 September 2010

Empyrean today announces its unaudited interim results for the period ended 30 September 2010.

Operational highlights for the period

Sugarloaf Project

- Optimisation of completion techniques resulting in favourable increase in estimated recoverable reserves in Block B by the Hilcorp Energy Company; and
- Commencement of an accelerated development phase.

Riverbend Project

- Cartwright 1 spudded 29 May 2010 subsequently opened to the pipeline on 8 November 2010.

Hercules Project

- BP America A-740#1 well completed and commenced production to sales on the 4 September 2010;
- Production rates have increased to 1,069mscf/d and 48bb/d of condensate by December 2010; and
- At least three offset wells have been identified by the operator as probable future drilling locations.

Tom Kelly, commercial director commented:

"We now have three of our four current projects in production. All three of these projects offer significant upside for Empyrean either through cash flow, development, optimisation initiatives, operational improvements or reserve assessment and upgrade. We have significant further exploration upside at our Eagle Oil Pool Development Project in California and look forward to 2011 where we aim to add further value."

Please find below the Chairman's and Technical Director's statement and the interim accounts.

Contact

Tom Kelly Empyrean Energy Plc Tel: +61 8 9388 8041

Nominated Adviser and Broker:

Anita Ghanekar /Edward Mansfield Shore Capital & Corporate Limited Tel: +44 (0) 20 7408 4090

CHAIRMAN'S AND TECHNICAL DIRECTORS STATEMENT**Chairman's Introduction**

I am pleased to report that for the sixth year running, the first half of this financial year has been a period of growth for Empyrean Energy. The Sugarloaf Project has been re-vitalised as a result of the farm-out of Block B to the Hilcorp Energy Company ("Hilcorp"), in which Hilcorp has assumed the role of operator. The Sugarloaf Project is in the condensate rich corridor of the sought after Eagle Ford Shale trend. Hilcorp has now entered into an accelerated development phase. Recent wells have been optimised to enhance overall estimated recoverable reserves. Hilcorp has achieved success here by using restricted choke size to limit fall offs in pressure thus reducing decline rates and maximising recoverable volumes. Results achieved to date by Hilcorp have, management believe, compared favourably with other wells in the Sugarkane Field. Empyrean will be participating in an independent reserve assessment for data up until 31 December 2010. This report will be a substantial milestone for the Company, it is expected that the report will be published by February 2011. Consolidation activities have accelerated in the Eagle Ford Shale trend and in particular within our project area which is encouraging for the attractiveness of our project.

The Riverbend and Hercules projects, operated by Krescent Energy Partners II, LP of Houston Texas, have both resulted in discoveries. Both of these projects, as well as the Sugarloaf Project, are already producing gas and condensate for sales to the market.

In California, drilling in an adjacent area is understood to be planned to begin in the first quarter of 2011, which may stimulate interest farm-in interest in Eagle.

Empyrean obtained interim financing by way of a convertible loan facility of £2,500,000 with Apnea Holdings Pty Ltd, of which £1,500,000 has been drawn down to meet the Company's share of the costs to drill and complete development wells at the Sugarloaf Project, onshore Texas.

The following technical report provides more detail on all five of the projects in which Empyrean Energy is currently engaged.

Technical Overview

Operations Report May 2010 - December 2010

Empyrean Energy Plc ("Empyrean") continues to be an active participant in five separate projects, all located onshore USA.

Activities during the past six months have focussed on three separate projects onshore Texas. These are the Sugarloaf Project, the Riverbend Project and the Hercules Project, all of which are today producing gas and condensate to market.

The Sugarloaf Project, in particular, has been the scene of a re-invigorated programme of re-entry, fraccing and development drilling. This increase in tempo has come as a direct result of the farm-in of Hilcorp Energy Company ("Hilcorp") which replaced Texas Crude Energy Inc. ("TCEI") as operator of Block B. Following the farm-in, Empyrean now participates with a 3% working interest in all wells drilled by Hilcorp in Block B, save Kowalik- 1R in which it has a 10.2% interest.

In Block A Empyrean has maintained its 7.5% in the four producing wells operated by Conoco-Philips and is currently involved in no further development drilling there.

Empyrean also farmed into the Riverbend and Hercules projects in 2009. Both projects are operated by Krescent Energy Partners II, LP of Houston Texas ("Krescent") and each has resulted in discoveries of a gas-condensate and gas field.

In California, at the Eagle Oil Pool Development Project, drilling in an adjacent area is planned to begin in late December /early January 2011 which may attract 3rd party interest.

Sugarloaf Project

Block B

Hilcorp has followed the drilling of its three obligatory farm-in development wells, Easley-1, Morgan-1H and Rancho Grande- 1, with six additional wells to date. Although the objective formation has remained the same, an adjustment of the geological nomenclature has recently occurred. Where once the original objective reservoir, the Austin Chalk, had been divided (by some authors) into "Upper", "Middle" and "Lower" , the lower 2 divisions are now incorporated into the Eagle Ford Shale. The Eagle Ford Shale is a Lower Cretaceous, organic-rich, shaley limestone which directly underlies the traditional Upper Cretaceous Austin Chalk and overlies the Buda Limestone. It is now considered that all wells so far drilled in Block B, with the exception of Kowalik-1H and Weston -1H, are producing from the fractured Eagle Ford Shale.

The 6 post-farm-in wells, and their results, are as follows:

- **Kowalik - 1R** (10.2% WI) spudded on the 9 July 2010, drilled to a TD of 18,132ft, and fraced along 14 intervals of a planned 23. An obstruction in the casing required remedial treatment before installation of production tubing. Commercial gas condensate production with a restricted choke commenced on the 11 December 2010 and the following early production data is based on the last 24 hours and provides an indication of recent flowrates from the well of an average daily equivalent gas rate of 8,810 mscfe/d and average daily equivalent oil rate of 735 boe/d.
- **Luna -1H** (3%WI) spudded on the 7 August 2010, drilled to a TD of 17,550ft providing approximately 5,000ft of horizontal section which was fraced in 14 stages. On a restricted choke the well was reported on 20 December 2010, to have produced flowrates of an average daily equivalent gas rate of 11.17 mscfe/d and average daily equivalent oil rate of 931 boe/d.
- **May -1H** (3%WI) spudded on the 7 September 2010 and drilled to a TD of 17,550ft providing approximately 5,000ft of horizontal section within the reservoir. A 16 stage fracc over a 4,800ft section was successfully completed and commenced flowback on 5 November 2010. On the 10 December 2010 it was reported to have produced flowrates of an average daily equivalent gas rate of 9,214 mscfe/d and average daily equivalent oil rate of 954 boe/d.
- **Urrutia - 1H** (3%) spudded on the 10 September 2010 and drilled to a TD of 17,411ft. It underwent a 19 stage fracture stimulation over an approximate 4,400ft interval and was cleaned up for sales on the 12 December 2010. On a restricted choke setting the well was producing recently at 1,940 mscf/d and 752 bbls/d of condensate.
- **Direct Assets - 1H** spudded on 30 September 2010 and drilled to a TD of 17,600ft providing 5,000ft of horizontal section. Fracc operations are at present being concluded.
- **Gilley -1H** spudded on the 20 November 2010 and recently reached a TD of 16,969ft with approximately 4,200ft of horizontal reservoir section.

Riverbend Project (10%WI)

The original attempt to re-enter the highly pressured Austin Chalk reservoir of Quinn 3-H was unsuccessful, as was the production test of the secondary objective, the Saratoga Formation, higher up the well.

A second well, Cartwright No1, having the same objectives as at Quinn 3-H and located 3.3 miles to the northeast, was spudded on the 29 May 2010. It reached a TD of 14,844ft (measured depth). On the 5 November 2010 it was announced that during a six day flow test rates of production varied between 1.4 and 6 mmscf/d. The flows currently fluctuate and are not yet stable due to the suspected presence of drilling mud and solids lost to the reservoir during drilling.

The well has been opened to the pipeline since the 8 November 2010 producing at variable rates of up to 1.5 mmscf/d. The plan is to carry out a coiled tubing operation to clear the 3.5inch slotted liner of any remnant obstructions.

Hercules Project (10%WI)

BP America A-740#1 well, completed as a producer in the Upper Wilcox Formation, commenced production to sales on the 4 September 2010. A compressor was installed which enabled the rate to be increased initially to an average of 634mscf/d and 26.24bbl/d. These rates have steadily increased and at the beginning of December 2010 the well was producing at rates of 1,069mscf/d and 48bbl/d. At least three offset wells have been identified by the operator as probable future drilling locations.

Outlook

The reserves in the Sugarloaf project are currently the subject of an independent assessment, and valuation. Empyrean will participate in this assessment and the report will include data to 31 December 2010.

With a portfolio of additional projects already identified and being evaluated, the Company's expansion will continue to be pursued with vigour, and as rapidly as global economic conditions permit.

Dr Patrick Cross
Chairman
23 December 2010

FJ Brophy BSc (Hons)
Technical Director
23 December 2010

The technical information contained in this report 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.

INDEPENDENT REVIEW REPORT TO EMPYREAN ENERGY PLC**Introduction**

We have been engaged by Empyrean Energy Plc (the "Company") to review the interim financial statements for the six months ended 30 September 2010 comprising the statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the rules of the London Stock Exchange Plc for companies trading securities on the AIM Market.

As disclosed in Note 1, the accounting policies are consistent with those that the directors intend to use in the next financial statements. The interim financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the interim financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review we are not aware of any material modifications that should be made to the financial information as presented in the interim financial statements for the six months ended 30 September 2010.

CHAPMAN DAVIS LLP
Chartered Accountants
2 Chapel Court
London SE1 1HH

23 December 2010

EMPYREAN ENERGY PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	6 months to 30 September 2010 (unaudited) £'000	6 months to 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
Revenue	110	182	310
Cost of sales			
Production costs (excluding oil and gas and exploration expenditure impairment)	(2)	(17)	(42)
Amortisation - oil and gas properties	(355)	(394)	(758)
Gross loss	<u>(247)</u>	<u>(229)</u>	<u>(490)</u>
Administrative expenses	(406)	(289)	(540)
Exploration expenditure (impairment/ write off)	(4,303)	-	(3,237)
Operating loss	<u>(4,956)</u>	<u>(518)</u>	<u>(4,267)</u>
Interest receivable	1	-	1
Loss on ordinary activities before taxation	<u>(4,955)</u>	<u>(518)</u>	<u>(4,266)</u>
Taxation on loss on ordinary activities	-	-	-
Loss for the financial period	<u>(4,955)</u>	<u>(518)</u>	<u>(4,266)</u>
Other comprehensive income			
Share based payment reversal	273	-	-
Total comprehensive loss for the period	<u>(4,682)</u>	<u>(518)</u>	<u>(4,266)</u>
Attributable to			
Equity shareholders of the Company	<u>(4,682)</u>	<u>(518)</u>	<u>(4,266)</u>
Basic loss per share (expressed in pence) (please refer to Note 3)	(2.81)p	(0.46)p	(3.65)p

All financial results presented are from continued operations.

EMPYREAN ENERGY PLC
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	6 months to 30 September 2010 (unaudited) £'000	6 months to 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
Assets			
Non-current assets			
Intangible assets	5,980	8,931	6,217
Oil and gas properties	4,451	6,632	6,320
Plant and equipment	-	-	-
	<u>10,431</u>	<u>15,563</u>	<u>12,537</u>
Current assets			
Trade and other receivables	429	100	33
Cash and cash equivalents	511	906	254
	<u>940</u>	<u>1,006</u>	<u>287</u>
Total assets	<u>11,371</u>	<u>16,569</u>	<u>12,824</u>
Liabilities			
Current liabilities			
Trade and other payables	(4)	(43)	(34)
	<u>(4)</u>	<u>(43)</u>	<u>(34)</u>
Net current assets	<u>936</u>	<u>963</u>	<u>253</u>
Net assets	<u>11,367</u>	<u>16,526</u>	<u>12,790</u>
Shareholders' equity			
Called up share capital	364	244	244
Share premium account	23,139	19,825	19,862
Other reserves	524	975	662
Retained loss	(12,660)	(4,518)	(7,978)
Total equity	<u>11,367</u>	<u>16,526</u>	<u>12,790</u>

EMPYREAN ENERGY PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	6 months to 30 September 2010 (unaudited) £'000	6 months to 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
Cash received/(used) in operating activities	(160)	(94)	(203)
Other Receivables	-	43	-
Net cash inflow / (outflow) from operating activities	(160)	(51)	(203)
Interest received	1	-	1
Net cash inflow from returns on investments	1	-	1
Purchase of tangible assets	-	-	(44)
Purchase of intangible assets	(2,988)	(1,650)	(2,119)
Net cash outflow from capital expenditure	(2,988)	(1,650)	(2,163)
Net cash outflow before financing	(3,147)	(1,744)	2,365
Issue of ordinary share capital	3,600	2,444	2,456
Share issue costs	(196)	(128)	(128)
Net cash inflow from financing	3,404	2,316	2,328
Increase/(decrease) in cash	257	615	(37)
Cash and cash equivalents at beginning of period	254	291	291
Cash and cash equivalents at end of period	511	906	254

EMPYREAN ENERGY PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Called up Share Capital	Share Premium	Share Based Payment Reserve	Retained Loss	Total Shareholders Equity
	£'000	£'000	£'000	£'000	£'000
6 months ended 30 September 2010					
As at 1 April 2010	244	19,862	662	(7,978)	12,790
Shares issued during the period	120	3,480	-	-	3,600
Share issue expense	-	(203)	7	-	(196)
Equity-settled share-based payments	-	-	128	-	128
Share based payments reversal	-	-	(273)	273	-
Loss for the period	-	-	-	(4,955)	(4,955)
Balance as at 30 September 2010	364	23,139	524	(12,660)	11,367
6 months ended 30 September 2009					
As at 1 April 2009	132	17,621	975	(4,000)	14,728
Shares issued during the period	112	2,332	-	-	2,444
Share issue expense	-	(128)	-	-	(128)
Loss for the period	-	-	-	(518)	(518)
Balance as at 30 September 2009	244	19,825	975	(4,518)	16,526
Year ending 31 March 2010					
As at 1 April 2009	132	17,621	975	(4,000)	14,728
Shares issued during the period	112	2,344	-	-	2,456
Share issue expense	-	(128)	-	-	(128)
Share based payments reversal	-	25	(313)	288	-
Loss for the period	-	-	-	(4,266)	(4,266)
Balance as at 31 March 2010	244	19,862	662	(7,978)	12,790

EMPYREAN ENERGY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

1. Basis of preparation

The interim report has been prepared in accordance with the AIM rules and the basis of accounting policies set out in the accounts for the year to 31 March 2010 and on the basis of all International Financial Reporting Standards (IFRS) that are expected to be applicable to the company's statutory accounts for the year ended 31 March 2010, except as disclosed below. If any amendments, new standards or new interpretations are issued these may require the financial information provided in the interim report to be changed. The interim financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The interim financial statements have been prepared on a going concern basis in accordance with IFRS and comply with IAS 34.

The amounts in the interim report for the periods ended 30 September 2010 and comparative 30 September 2009 are unaudited. The amounts in this report for the year ended 31 March 2010 are extracted from the audited statutory accounts for that period and as such are not the company's statutory accounts for that financial year. The 31 March 2010 accounts have been reported on by the company's auditors and delivered to the Registrar of Companies and received an unqualified audit report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim report of Empyrean Energy Plc was authorised for issue by the Board on 23 December 2010.

Going concern

The directors have a reasonable expectation that Empyrean Energy Plc have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the interim accounts.

2. Segmental Analysis

There are currently two geographical segments being North America for exploration and production activities and the United Kingdom which is where the corporate office is located. Prior to 31 March 2010 the Company also had exploration and production activities in Continental Europe, which ceased on 31 March 2010.

During the period the Company continued to receive revenue from oil and gas sales in North America, from four wells at the Sugarloaf Hosston prospect. The Company also incurred direct expenditure on generating this revenue which is shown as direct cost of goods sold.

The Company's headquarters remains in the United Kingdom where all interest revenue is generated and corporate expenditure incurred.

There has been no significant seasonal or cyclical variation in revenue or operating results during the period.

Capitalised exploration, evaluation and development expenditure can be analysed by the following geographical segments:

EMPYREAN ENERGY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

2. Segmental Analysis continued...

	6 months to 30 September 2010 (unaudited) £'000	6 months to 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
<u>LOSS ON ORDINARY ACTIVITIES</u>			
UNITED KINGDOM			
Interest Received	1	-	1
General and administrative expenses	(278)	(289)	(540)
Share Based Payments	(128)	-	-
Total Expense	(406)	(289)	(540)
Loss on Administrative Activities	(405)	(289)	(539)
CONTINENTAL EUROPE			
Exploration Expenditure (impairment/ write off)	-	-	(2,794)
	-	-	(2,794)
Loss on Ordinary Activities (before tax)	-	-	(2,794)
NORTH AMERICA			
Oil and Gas Revenue	110	182	310
Cost of Sales	(357)	(411)	(800)
Exploration Expenditure (impairment/ write off)	(4,303)	-	(443)
	(4,550)	(229)	(933)
Loss on Ordinary Activities (before tax)	(4,955)	(518)	(4,266)
<u>INTANGIBLE ASSETS</u>			
CONTINENTAL EUROPE			
Exploration Expenditure	-	2,793	2,793
NORTH AMERICA			
Exploration Expenditure	5,980	6,138	3,434
Total Intangible Assets	5,980	8,931	6,217
<u>OIL AND GAS PROPERTIES</u>			
NORTH AMERICA			
Oil and Gas Properties	4,551	6,632	6,320
Total Oil and Gas Properties	4,551	6,632	6,320

During the half year the Company wrote off £4.303m for the Kowalik 1H, Acquarius and Quinn 3-H wells.

EMPYREAN ENERGY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

3. Loss per share

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:

	6 months to 30 September 2010 (unaudited) £'000	6 months to 30 September 2009 (unaudited) £'000	Year ended 31 March 2010 (audited) £'000
Net loss after taxation (£'000)	(4,955)	(518)	(4,266)
Weighted average number of ordinary shares used in calculating basic earnings per share	176,053,695	111,806,427	116,865,556
Basic loss per share (expressed in pence)	(2.81)p	(0.46)p	(3.65)p
Weighted average number of Ordinary shares of £0.002 in issue inclusive of outstanding options	188,052,056	122,506,427	125,065,556

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be antidilutive and, as such, a diluted loss per share is not included.

4. Called Up Share Capital

The authorised share capital of the Company and the called up and fully paid amounts at 30 September 2010 were as follows:

	£'000
Authorised	
1,000,000,000 ordinary shares of 0.2p each	<u>2,000,000</u>
Issued and fully paid	
182,224,460 ordinary shares of 0.2p each	<u>364,449</u>

Share options

The following equity instruments have been issued by the Company and have not been exercised at 30 September 2010:

Equity	Number of options	Exercise Price	Expires
Incentive options	1,225,000	25 pence	27 February 2011
Incentive options	1,225,000	25 pence	27 February 2011
Incentive options	3,300,000	4 pence	31 March 2012
Incentive options	9,075,000	6 pence	28 May 2013

During the half year, 500,000 options exercisable at 6p on or before 16 April 2010 were granted. The associated expense recognised was £7,236.

EMPYREAN ENERGY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

During the half year, 2,450,000 options exercisable at 50p each expired on 28 June 2010. The associated expense de-recognised was £273,471.

5. Dividend

The Directors do not recommend the payment of a dividend.

6. Post balance sheet events

On 18 November 2010 the Company advised that £1,500,000 of the £2,500,000 Convertible Loan Facility with Apnea Holdings Pty Ltd had been drawn down for the purposes of working capital for the Company, in particular, for the Sugarloaf Project expenditure commitments.

7. Directors' responsibility statement

The Directors confirm that, to the best of their knowledge the condensed set of financial statements for the six months ended 30 September 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The Directors of Empyrean Energy plc and their functions are: Dr Patrick Cross (Chairman), Mr Thomas Kelly (Commercial Director), Mr Frank Brophy (Technical Director) and Mr John Laycock (Finance Director).

8. Availability of accounts

Copies of these interim results are available from Empyrean Energy Plc, PO Box 1905, Subiaco WA 6904, Australia. Alternatively a downloadable version is available from the following web address: <http://www.empyreanenergy.com/news/reports.html>.

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Regulatory