

## Regulatory Story

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**Empyrean Energy PLC** - EME Commercial gas flows at ~1,200 mcfpd from Dempsey  
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**23 May 2018**

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

### **Dempsey to produce commercial gas flows at ~1,200 mcf per day**

- Represents combined gas flow rate from Field Level Intervals and from Zones 2, 3 and 4
- Dempsey will generate cash flow from this production very shortly
- Multiple options being pursued to further develop Dempsey well and field reservoirs now commercial production has been established
- Work on the "Alvares" structure is being scheduled for Q3 2018

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 Sargasco Limited (ASX: SGC) ("Sargasco"), the operator of the Dempsey 1-15 well ("Dempsey") in the Sacramento Basin, onshore California, that Dempsey will very shortly produce into the sales gas pipeline at an anticipated rate of 1,200 mcf per day from Field Level Kione Sandstone and the combined Zones 2, 3 and 4. Consequently, Dempsey will very shortly be generating cash flow for the Dempsey JV partners. Empyrean has a 30% working interest in the Dempsey Gas Project.

Zone 4 was perforated and tested with gas flow co-mingled with production from Zones 2 and 3 at a combined rate of 175 mcf / day on a 12/64" choke with associated minor water. The gas

contribution from Zone 4 is interpreted to be minimal. The field and older zones in the well will now be produced and monitored in separate streams (via a dual completion) at the surface to enable reservoir assessment as the basis for further development activities in these levels.

Based on test data the Dempsey well has produced clean dry natural gas from a vertical interval of over 2,000 feet, and this information will be integrated with geology and seismic to evaluate production options, including reservoir production enhancement through fracture stimulation, and alternative deviated well configurations.

Production data and economic assessments will determine the development plans for Dempsey reservoirs and associated JV drilling activities in the Sacramento Basin.

Sagasco also advised of advanced plans to connect four idle wells into the sales gas system in the Dempsey area that are hoped to add to production and cash flow.

Applications have been submitted to the regulator to permit re-entry of the Alvares 1 wellbore. The plan is to assess the integrity of the well bore as the basis for a decision to either log through casing and perforate zones of interest for natural gas production, or alternatively drill a sidetrack well to enable gas-filled reservoir assessment in a newly drilled interval of reservoirs. Commencement of these activities is planned for Q3 2018.

**Empyrean CEO Tom Kelly commented,** "Thanks to the close proximity of existing infrastructure owned by the JV, the Dempsey Well can be connected to the sales pipeline in an expedited timeframe. With production of commercial gas flows at ~1,200 mcf per day imminent, we look forward to reaping the benefit from this early cash flow as one of the JV partners with a 30% working interest. Additionally, there is significant upside potential from nearby wells where plans are in place to connect four idle wells into the grid to further increase production and cash flow. We also look forward to providing further updates on the Alvares 1 wellbore, where Sagasco is planning to commence activities in Q3 2018."

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

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The information contained in this announcement was completed and reviewed by the Company's Executive Director, Mr Gajendra (Gaz) Bisht, who has over 28 years' experience as a petroleum geoscientist.

## 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 feet) 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)

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