

Regulatory Story

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Empyrean Energy PLC - EME Further Exploration Risk Mitigation on China Block
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Empyrean Energy PLC ("Empyrean" or the "Company")
Presence of Gas Clouds on 3D seismic further mitigates exploration risk on
Jade and Topaz Prospects, offshore China Block 29/11

Highlights

- Comprehensive analysis of 3D seismic confirms presence of well-defined gas clouds over Jade and Topaz prospects
- All nearby CNOOC Oil discoveries show similar well-defined gas clouds in overburden whereas dry wells do not have gas clouds in overburden
- The detection of gas clouds in seismic data is therefore being used as a tool in an effort to distinguish between hydrocarbon charged traps and dry wells in the area

Empyrean Energy Plc, the oil and gas development company with interests in China, Indonesia and the United States, is pleased to advise that comprehensive analysis of the excellent quality 3D seismic data, acquired by Empyrean during 2017, confirmed the presence of well-defined low reflectivity zones in the overburden strata above the Jade and Topaz structures on offshore China Block 29/11. These low reflectivity zones are commonly referred to as 'gas clouds' within the oil and gas industry. In good quality 3D seismic, presence of gas clouds has been used as an effective exploration tool in prolific basins worldwide including the North Sea, Gulf of Mexico, and the Malaysian Sabah basin contributing to the discovery of significant amounts of oil.

For example, South Arne Field in the Danish North Sea was discovered by Hess Corporation, using the presence of gas clouds as an indication of a large oil field. Furthermore, all seven large oil fields, including the giant Kikeh Oil Field offshore Sabah, Malaysia have well-defined gas clouds.

In order to increase the confidence of using the presence or absence of gas clouds as a valid exploration tool for Empyrean's Block 29/11, China National Offshore Oil Company ("CNOOC") allowed Empyrean to independently analyse their 3D seismic data, immediately west of Block 29/11 over four large oil discoveries located close to Empyrean's Block 29/11.

Empyrean has analysed the data and confirmed the presence of gas clouds in the overburden of all four discoveries.

Simultaneously, three dry wells drilled by CNOOC in close proximity to the discoveries, outside Empyrean's Block 29/11, were analysed, and the 3D seismic data over these wells confirmed that no gas clouds were present. Similar technical work was carried out over two dry wells in Block 29/11. These wells were drilled prior to Empyrean's involvement and without any 3D seismic data. Both wells confirm that no gas clouds were present in overburden.

As a result, it is Empyrean's interpretation that the Southern part of the Pearl River Mouth Basin, where Block 29/11 is located, is behaving similarly to all worldwide basins, where the presence of gas clouds have resulted in large discoveries of oil, and/or gas clouds have been shown to be present post discovery on 3D seismic. Presence of well-defined gas clouds in the overburden on both the Jade and Topaz structures mitigates the exploration risk on these prospects significantly.

The Pearl prospect does not have 100% coverage with 3D seismic to enable the same comprehensive analysis and assessment at this point in time.

Empyrean will be presenting these new exploration developments at the 121 Oil and Gas Conference in Hong Kong from Thursday 16 May - Friday 17 May 2019. A copy of the presentation, including gas cloud imagery, will be made available on Empyrean's website at www.empyreanenergy.com.

Empyrean CEO, Tom Kelly commented *"We are delighted with the continued excellent collaboration with the CNOOC technical team. The presence of well-defined gas clouds at our two premier prospects in China with good reflectivity above and laterally gives additional confidence in the technical merit of our world class oil exploration play in offshore China. It also further solidifies our understanding of why previous wells drilled on Block 29/11 were dry and demonstrates the value of systematic and rigorous technical evaluation in reducing the exploration risk for oil and gas."*

This report has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 29 years experience as a hydrocarbon geologist and geoscientist.

****ENDS****

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