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Empyrean Energy PLC - EME Duyung PSC, Operational Update
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Empyrean Energy PLC ("Empyrean" or the "Company") Duyung PSC, Operational Update

Empyrean Energy Plc, the oil and gas development company with interests in China, Indonesia and the United States, is pleased to provide an operational update in relation to the drilling campaign in the Duyung PSC in the West Natuna basin, offshore Indonesia, in which Empyrean holds an 8.5% interest.

Empyrean has been advised by the operator, Conrad Petroleum Limited ("Conrad"), that following the Tambak-2 well successfully reaching a total depth of 1,650 feet on 15 October 2019, the top of the targeted Intra-Muda reservoir depth came in as prognosed approximately 10 feet up-dip to Conrad's Mako South-1 gas discovery well over 13.5 km away.

A full logging suite was acquired, including formation pressure measurements, confirming a 33 feet gross gas pay zone (30 feet net) with formation permeabilities calculated to be over 1 Darcy across the best quality zone. The pressures and gas-water contact depth in Tambak-2 are the same as those encountered in Mako South-1, confirming a very large "single-tank" or areal extent of the Mako gas field.

While preparing for a Drill Stem Test ("DST") across the intra-Muda reservoir, an inflatable open hole bridge plug ("packer"), used to isolate the gas-bearing reservoir for testing, failed. During operations to recover the packer, the well started flowing natural gas to surface. For safety reasons, the well was immediately shut in. Subsequently, utilizing the appropriate well control practices, the well was killed using heavy mud containing barite. A significant quantity of the heavy mud was lost in the highly permeable Intra-Muda reservoir. Following this operation, the well was conditioned, and the DST equipment set-in place into the

wellbore. Two separate DST attempts failed to flow gas to the surface due to the heavy formation damage from the kill mud.

Miltos Xynogalas, Conrad Executive Director/CEO, commented: "The Tambak-2 well is an appraisal well of the Mako gas field accumulation located a significant distance from the Mako South-1 gas discovery and has delivered a result better than our pre-drill expectation. The result is likely to have a positive impact on Mako's gas-in-place and potentially recoverable volumes. Uncertainty in these parameters has been greatly reduced. The well confirmed the lateral extent of the high-quality reservoir and the presence of a continuous hydrocarbon accumulation. Initial petrophysical analysis suggests high gas saturations, while the gas mobility encountered during pressure measurements and the flow of gas while retrieving the packer confirms the ability of the hydrocarbons to flow to the surface. While the unsuccessful DST caused by the formation damage is disappointing, the well results are extremely encouraging for the development of the Mako gas field. Petrophysical analysis suggests any DST testing would have yielded similar high flow rates to the discovery well."

Tom Kelly, Empyrean CEO commented: "A valid flow test at Tambak-2 without kill mud being required due to the packer failure would have been desirable given the excellent quality reservoir seen on logs and the 33 feet of net gas pay. The logs confirm an excellent quality reservoir at an approximate 13.5km step out from Mako-South 1. This achievement alone is expected to have a positive bearing on resources and potential reserves. We now move on to Tambak-1 which in addition to appraising the intra-Muda sands of the Mako gas discovery, will also test the deeper lower Gabus target".

The information contained in this announcement has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 30 years' experience as a hydrocarbon geologist and geoscientist.

****ENDS****

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The Mako Gas Field, Duyung PSC, Offshore Indonesia

The Mako gas field is an extremely large, shallow structural closure, with an area extent of over 350 square km. The reservoir is a Pliocene-age sandstone, with a gas-water contact at approximately 391m true vertical depth sub-sea. The field has excellent seismic definition with direct hydrocarbon indicators being very evident.

Having been drilled but not tested by prior operators of the acreage, the commercial viability of the Mako gas field was demonstrated by the Mako South-1 well drilled by

Empyrean and its partner and operator, Conrad Petroleum Limited in 2017. The well was drilled to core and test the Mako reservoir, flowing up to 10.8 MMscf/d of dry gas on test. Overall four wells have penetrated the reservoir section, and while further appraisal is planned given the huge areal extent of the field, the reservoir distribution is reasonably well understood.

The Mako field is located in the prolific West Natuna basin, approximately 16 km from the WNTS pipeline system which delivers gas from Indonesia to Singapore. A plan of development has recently been approved by Indonesian authorities and initial gas marketing discussions have commenced, with a gas buyer in Singapore for the Mako gas. An independent report on the field's potential was recently carried out by Gaffney Cline & Associates, giving a 2C recoverable resource assessment of 276 Bcf and 392 Bcf of 3C recoverable resources.

Near Field Exploration Potential, To Be Tested in 2019

A series of prospects both beneath and above the Mako field have been mapped. Of particular note is the Tambak (formerly 'Mako Deep') prospect, a Lower Gabus structure that sits beneath the northern end of the Mako field. The target interval within Tambak exhibits seismic amplitude brightening, conformable with structural closure. The prospect has a prospective resource range of 200 to 300 Bcf with a mid-case 250 Bcf and a CoS of 45%.

At the southern end of the field, over the structure's crest, sits the Mako Shallow prospect. This again shows a very strong direct hydrocarbon indicators on seismic, conformable with closure in shallow Muda sandstones. The Shallow Muda prospect has potential to add a further 100 Bcf of recoverable resources and a very high CoS of 75%.

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