

RNS Miscellaneous

Jade prospect well design and engineering project

EMPYREAN ENERGY PLC

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Empyrean Energy plc

Block 29/11, China - Jade prospect well design and well engineering project

Empyrean Energy ("Empyrean" or the "Company"), the oil and gas development company with interests in China, Indonesia and the United States, provides the following update on well design and engineering work for the Jade prospect on Block 29/11, offshore China.

HIGHLIGHTS

- **Comprehensive analysis completed of drilling data from nearby offset wells, including four CNOOC owned wells**
- **A robust well design for the Jade prospect has been finalised after considering two casing design options**
- **All drilling operation issues have been analysed comprehensively for a safe and cost-effective drilling operation**
- **The Jade prospect has been assessed by Gaffney Cline to have Oil in Place (STOIP) potential of 225 MMbbl (mean) with an upside case of 395 MMbbl (P10)**

On 23 April 2021, Empyrean announced that the Company had commenced comprehensive planning for the drilling of the Jade prospect in order to ensure a safe and secure drilling campaign and had awarded a contract to AGR's team in Australia to assist with well planning. AGR has now completed the well design and engineering project, and provided Empyrean with its detailed report.

The AGR team completed a comprehensive review of offset wells in the vicinity of the Jade prospect, which includes four CNOOC wells.

Two well design options were identified, including a three-string (casing) design and a four-string (casing) design in a success case.

AGR has recommended the four-string design as it provides a more robust well design with reduced exposure to potential unplanned events and associated costs.

Key Benefits of the four-string design include:

- The surface casing shoe can be set shallower to provide sufficient kick tolerance reducing the risk of surface hole problems, or requirement for a pump and dump mud and associated costs.
- Reduced risk of hole problems while drilling the final hole section that can lead to difficulties evaluating target formations and / or results in a contingency casing string across the reservoir in the success case. Planning for contingent testing equipment for this scenario would be required, reducing the cost benefits associated with string elimination.
- Reduced risk of complications during abandonment operations due to failure to achieve sufficient annular cement if the production string is run/cemented.

Based on AGR analysis and recommendation, EME management has decided to plan for a four-string design for the Jade prospect well.

In addition, the AGR report has provided a comprehensive design recommendation for drilling fluids, cement and abandonment for the well. Abandonment of the exploration and appraisal wells is a requirement even in the success case. The plan is to drill and test the Jade prospect. Following a successful test, a subsequent appraisal well would be drilled and core taken to assist with development planning. Following development approval, subsequent wells are designed for production.

The information contained in this announcement has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 31 years' experience as a hydrocarbon geologist and geoscientist.

Empyrean CEO, Tom Kelly, stated:

"With the timely completion of well design and engineering work, Empyrean is confident of conducting a safe and secure drilling campaign for the exciting and potentially transformational Jade prospect. AGR has completed a detailed, comprehensive and

professional analysis, with recommendations that the Empyrean team are able to implement and act upon. Our next step is to utilise the report and recommendations to identify and negotiate a suitable rig for the drilling of Jade. We plan to update shareholders on our ongoing well planning soon."

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