

Block 29/11, China – Jade drilling update**EMPYREAN ENERGY PLC**

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Empyrean Energy plc**Block 29/11, China - Jade drilling update**

11 March 2022

Empyrean Energy plc ("**Empyrean**" or the "**Company**"), the oil and gas development company with interests in China, Indonesia and the United States, is pleased to provide the following update on preparations to drill the Jade prospect at its 100% owned Block 29/11 permit, offshore China:

HIGHLIGHTS

- **Empyrean has secured the China Oilfield Services Limited ("COSL") owned NH9 drill rig for drilling the Jade well**
- **NH9 is currently being used to drill a well for China National Offshore Oil Company ("CNOOC")**
- **COSL will drill the Jade well immediately following completion of operations at the current CNOOC well**
- **Empyrean anticipates that NH9 will become available by the end of March if the current well does not encounter testable hydrocarbons or approximately 2 weeks later if a testing program is required**
- **Following a safety inspection, there would be approximately 2 days mobilisation to the Jade well location from the current CNOOC well location**
- **At this stage Jade will spud early April or mid April depending on results of the current CNOOC well**

Empyrean is the operator of Block 29/11 in China and has 100% working interest during the exploration phase. In the event of a commercial discovery, its partner, China National Offshore Oil Company ("CNOOC"), may assume a 51% participating interest in the development and production phase.

Empyrean has been in discussions with COSL and CNOOC to establish rig availability and a 'rig slot' to drill the Jade well now that the well site survey is complete over the Jade well location. CNOOC has the NH9 well under contract with COSL for approximately the next 12 months. CNOOC has created a slot for Empyrean to drill the Jade well in its schedule, immediately following the well currently being drilled using NH9. The rig is anticipated to become available late March or mid April depending on whether the current well encounters testable hydrocarbons.

CNOOC EnerTech Drilling and Production Co ("CNOOC EnerTech") has been contracted to provide comprehensive pre-drilling, drilling and testing services to Empyrean for the Jade well. CNOOC EnerTech has a wealth of global experience, but more importantly has vast local hands-on experience managing the drilling of wells within the Pearl River Mouth Basin where the Block 29/11 permit sits. The Empyrean/ CNOOC EnerTech team will be present both onshore, and offshore on the rig, during the drilling of Jade. Offshore, the team will consist of a hand picked drilling supervisor, well site geologist, mud logger and an electric logging expert.

Following the recently completed well site survey over the Jade drilling location, Empyrean is expecting to receive the final survey report within the next few days. It is then anticipated that the final permit to drill Jade will be applied for and received within approximately 1 week.

Empyrean and the CNOOC EnerTech team are taking every precaution to plan for a safe drilling campaign at Jade. The COSL owned NH9 rig and its drilling team are 'drill fit' and at this stage it is envisaged that the NH9 rig will be mobilised straight to the Jade well location from its current position without the need to go back to port.

From the spud date, now anticipated to be early April to mid-April, the Jade well is anticipated to take approximately 26 days to drill to Total Depth on a trouble free basis. There are no overly challenging drilling zones anticipated with the Jade well design and program. If the Jade well intercepts a hydrocarbon zone, as anticipated, then testing is planned to take approximately a further 2 weeks.

Further, more accurate, anticipated rig mobilisation and a spud date will be announced along with further drilling details in due course.

The Jade Prospect

The 2021 drilling campaign is targeting a world class conventional oil target in the Jade Prospect, to which Gaffney Cline & Associates ("GCA") assigned a Geological Chance of Success ("GCOS") of 32%. Subsequent to this independent assessment, the Company completed a gas cloud study and post stack seismic inversion study that it believes further mitigates risk and increases the GCOS to 41%.

The Jade Prospect has a GCA audited mean in place potential of 225 MMbbl and a P10 in place upside of 395 MMbbl. Four recent nearby discoveries by CNOOC immediately to the West of the Jade Prospect are filled to their P10 potential or better. All four CNOOC discoveries have gas clouds showing in the overburden on seismic.

Empyrean's excellent quality 3D seismic indicates that there is a classic "fill to spill" geological setup in the basin, and a robust regional seal, that provides the Jade and Topaz Prospects with a very real possibility of being filled in a similar fashion to nearby discoveries. The Jade and Topaz prospects both have gas clouds, similar to nearby discoveries, in the overburden on 3D seismic. Dry wells nearby do not have gas clouds. The Jade Prospect is the first of the three identified prospects within Block 29/11, which also contains the Topaz and Pearl prospects. The combined audited mean in place potential of all three prospects is 884 MMbbl and a P10 in place upside of 1,588 MMbbl. The post stack seismic inversion study showed Jade and Topaz both have the potential for excellent carbonate buildup reservoir quality with excellent porosity and permeability. Any oil discovered is expected to be light oil in the 38-41 API range, similar to nearby discoveries. These attributes combined with the potential for exceptional natural reservoir drive supports the potential for excellent recovery rates.

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:

"After nearly 6 years of early stage exploration, including modern 3D seismic and rigorous geological studies we are finally ready to drill the exciting Jade well. We are literally weeks away from testing the 225-395 mmbbl light oil target at Jade. In terms of impact - and by that I mean the potential impact a discovery, within the 225-395 mmbbl range, would have in the success case upon our current market capitalisation - Jade is one of the most exciting wells to be drilled globally in 2022. The challenges that have been overcome in order to get to this stage and be ready to drill are many and this achievement is a credit to Empyrean's small team and a great reflection of the excellent teamwork, expertise, professionalism and cooperation carried out between the Company, its partner CNOOC, and its technical service providers CNOOC EnerTech and COSL. We are particularly appreciative of CNOOC facilitating a rig slot for Empyrean to drill Jade using the NH9 rig. Every effort and precaution is being taken to drill the Jade well safely. We now need to let the drill bit do the talking! We look forward to providing our shareholders with further updates as we get even closer to spudding the exciting Jade well."

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