

RNS Miscellaneous

Block 29/11, China – NH9 rig to mobilise

EMPYREAN ENERGY PLC

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Empyrean Energy plc

Block 29/11, China - NH9 rig to mobilise to Jade this week

4 April 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 (the "**Jade Prospect**") at its 100% owned Block 29/11 permit, offshore China.

HIGHLIGHTS

- **Drill Well On Paper ("DWOP") meeting for operations related to the upcoming drilling of the Jade prospect conducted on 1 April 2022**
- **COSL has implemented stringent Covid measures for conducting safe operations**
- **COSL has advised that rig mobilisation operations will commence 6 April 2022**
- **Spudding of LH 17-2-1 well over Jade Prospect is expected within days of rig being safely anchored on well site**

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.

The China Offshore Services Limited ("**COSL**") drilling team invited Empyrean and CNOOC EnerTech ("**EnerTech**") for a 'Drill Well On Paper' ("**DWOP**") meeting on 1 April 2022. COSL has prepared a thorough and comprehensive operational plan for the Jade well operations.

Key operational points are as follows:

1. Two onshore bases have been setup for helicopter to rig transfers, to provide an alternate and manage any shutdowns due to Covid
2. Drilling mud properties optimisation process has been finalised
3. Well-defined operational team structure has been setup with clear roles and responsibilities between EME, COSL and EnerTech
4. Various drilling services (including drilling fluid, cement, log tools, shipping vessels) are ready
5. Towing and navigational warning permit, a responsibility of COSL, is in hand
6. Stringent Covid protocols and policies are in place with entire drilling crew required to have negative PCR test 48 hrs before leaving home, followed by 4 days quarantine in central facilities and, finally, will need a negative PCR test before flying to rig

With the improvement in the weather, COSL has advised that up-anchor, rig mobilisation and then operations to anchor the rig at Jade will commence 6 April 2022. Safety protocols require sea conditions to be a 6 or less on the Beaufort Scale for towing and anchoring operations, which are expected to take 4 days in total.

A further update will be provided once operations commence and a spud date estimate can be provided.

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:

"The effort, preparation and cooperation between Empyrean, COSL and CNOOC EnerTech has been excellent. With the improvement in weather, we are excited to be so close to commencing drilling at the 395 million barrel Jade target within days. Shareholders can feel confident that Empyrean is well represented on the ground in China with Company technical director, geologist and geophysicist - Gaz Bisht - overseeing the drilling campaign on behalf of Empyrean."

Background Information on Jade and Topaz prospects**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.

The Topaz Prospect

Following any potential success at the Jade Prospect, Empyrean would like to drill the much larger Topaz Prospect, to which Gaffney Cline & Associates ("GCA") assigned a Geological Chance of Success ("GCoS") of 30%. 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 35%. Further, any discovery at the upcoming Jade well significantly increases the geological chance of success at Topaz

The Topaz Prospect has GCA audited mean in place potential of 434 MMbbl and a P10 in place upside of 891 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.

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