



NS Miscellaneous

MAKO GAS SALE KEY TERMS SIGNED WITH PGN

[EMPYREAN ENERGY PLC](#)

Released 07:57:34 28 March 2024

RNS Number : 67461
Empyrean Energy PLC
28 March 2024

This announcement contains inside information

Empyrean Energy Plc / Index: AIM / Epic: EME / Sector: Oil & Gas

Empyrean Energy plc

Mako Gas Sale Key Terms Signed with PGN & updated Mako Field Resources

28 March 2024

Empyrean Energy plc ("**Empyrean**" or the "**Company**"), the oil and gas development company with interests in China, Indonesia and the United States, notes the announcement released by Conrad Asia Energy Ltd ("**Conrad**" or the "**Operator**"), the holder of a 76.5% operated interest in the Duyung Production Sharing Contract (PSC), offshore Indonesia, in which Empyrean has an 8.5% interest.

Conrad has announced that it has entered into binding Key Terms for the sale and purchase of the domestic portion of Mako gas ("**Key Terms**") with PT Perusahaan Gas Negara Tbk ("**PGN**"), the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia. Under these binding Key Terms, Conrad and PGN will agree in good faith and sign a fully termed Gas Sales Agreement for the domestic portion of the gas produced from the Mako field ("**GSA**") located in the Duyung Production Sharing Contract ("**PSC**") in the West Natuna Sea, offshore Indonesia.

- **On 27 March 2024, Conrad and PGN entered into binding Key Terms thereby committing to agree and to sign a GSA for the domestic portion of the gas produced from the Mako field.**
- **Under the Key Terms, the parties will conclude negotiations for and agree in good faith a GSA that will include and be based upon the Key Terms. The parties shall endeavor to sign such GSA by no later than 31 May 2024.**
- **This GSA will be subject to the construction of the pipeline connecting the West Natuna Transportation System ("**WNTS**") with the domestic gas market in Batam. It forms part of the Domestic Market Obligation ("**DMO**") as set out in the Mako's revised Plan of Development ("**POD**"). The sales volumes under this GSA will represent approximately 29.5% of Mako sales gas volumes until the PSC expires in January 2037^[1].**
- **The remainder of the Mako sales gas volumes will be sold to Singapore where a term sheet was signed in 3Q 2023^[2] and Conrad is moving towards finalising a GSA over the coming months.**
- **These Key Terms are an important step towards the Mako development final investment decision ("**FID**") planned by midyear 2024.**

Empyrean CEO, Tom Kelly, commented:

'These Domestic Market Obligation key terms are an important step towards FID for the Mako gas field development. The domestic sales are subject to a pipeline spur being built connecting WNTS with Batam, and sales gas will be sold into Singapore if the spur does not proceed or until it is completed. This is another milestone for the project on the pathway to production.'

Duyung PSC - Update re Mako Gas Field Resources

In its Annual Report, Conrad also provided an update in respect of, inter alia, Mako Gas Field reserves and resources as of 31 December 2023 following of an updated reserves and resources report (the "Update Report") prepared by Gaffney, Cline & Associates (Consultants) Pte Ltd ("**GCA**") in which GCA has updated its assessment of resources for current expectations of Final Investment Decision and production commencement delay. The Update Report follows an earlier 1st July 2022 GCA reserves and resource report.

As approved by the Indonesian regulatory authority SKK Migas in 2022, a two-phase development plan based on six initial development wells tied back to a leased production platform at the Mako gas field is proposed, with sales gas transported via the West Natuna Transport System ("**WNTS**") pipeline to Singapore for sale to the Singapore market, and potentially to the Indonesian domestic market via a yet-to-be constructed spur from the WNTS. Two further development wells are planned 3 years after first gas. The development plan proposes a plateau production of 120 MMscfd for 3.5 (Low case), 6.5 (Best case), or 11.5 (High case) years.

Update Report

The revised estimates of gross (full field - 100%) recoverable dry gas to the end of the PSC as of 31 December 2023 per the Update Report are:

Gross Contingent Resource Estimates	Update Report (31 st Dec 2023)	Change from GCA Report (1 st Jul 2022)
1C (Low Case) Bcf gas	227	-8.8%
2C (Best Case) Bcf gas	376	-8.9%
3C (High Case) Bcf gas	425	-3.8%

Consequently, the net attributable to Empyrean 2C resources are reduced from 24 to 20.8 Bcf gas.

Revisions pertain to the revised FID timing and delay in Mako field production startup until mid-2026.

The full field resources above are classified as contingent.

Gas volumes are expected to be upgraded to reserves once select commercial milestones have been achieved, including execution of a Gas Sales Agreement ("GSA") and a Final Investment Decision.

Notes:

- Gross field Contingent Resources are 100% of the volumes estimated to be recoverable from the Mako Field in the event that it is developed in accordance with the approved plan of development.*
- Net Contingent Resources represent Empyrean's actual net entitlement under the terms of the PSC that governs the asset.*
- The volumes presented in the table above are "unrisked" in the sense that no adjustment has been made for the risk that the asset may not be developed in the form envisaged.*
- Last economic production year prior to the Duyung PSC expiry date for 1C, 2C and 3C is 2033, 2036 and 2036, respectively. Without considering the Duyung PSC expiry date, 2C and 3C can be produced commercially up to 2037 and 2041 respectively.*

The technical information contained in this announcement has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 32 years' experience as a hydrocarbon geologist and geoscientist.

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^[1] Conrad Quarterly Activities Report for the Period Ending 30, September 2023, issued 27 October 2023

^[2] Conrad Quarterly Activities Report for the Period Ending 30, September 2023, issued 27 October 2023.

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