



EMPIRE OIL & GAS NL

ASX RELEASE

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Red Gully North-1 Remediation Update

- Enerdrill Rig-1 successfully removed the upper completion packer from the hole
- Second completion packer has been unset but has not yet been removed from the hole due to suspected shale/formation debris causing obstruction
- Currently preparing to fish the second packer from the wellbore after washing out formation debris surrounding the packer

Perth Basin domestic gas producer, Empire Oil & Gas NL (Empire, ASX:EGO) provides the following update on the Red Gully North-1 (RGN-1) project.

Progress

The original plan was to remove the two packers covering the C and Upper D sands in one run however, this could not be achieved. The upper completion packer was cut and successfully retrieved from the wellbore. The second packer assembly was latched and pulled 20 metres before becoming stuck in the hole at the bottom of the C sand perforations. The current assumption is that compacted shale/sand from the C sand perforations have wedged in the narrow clearance between the casing and the unset packer.

A wash over tool was run to circulate out the shale/sand formation material and evidence of debris was seen at surface. The fishing string is currently being rerun to remove the second packer from the hole.

The completion packer removal issues have extended the planned remediation by approximately 8 days.

Participants

Empire Oil and Gas 100%

Plan/Next Steps

The current plan is to:

- Remove the second packer assembly from the well to allow access to both the C and Upper D perforations
- Install bridge plugs/retainers and perform two remedial cementing operations. Run cement bond logs to evaluate cement integrity.
- Clean-out well, re-perforate and run new two zone isolation completion
- Test well after de-mobilising the workover rig

**Location/History**

RGN-1 is situated in EP389 approximately four kilometres to the north of the Company's Red Gully Production Facility. RGN-1 was drilled in November/December 2015 and discovered 53 metres of moveable gas and condensate. In March/April 2016 RGN-1 was successfully completed, however the test results on the Upper D and C sands were compromised by a nearby water production zone due to a shale washout-affected cement bond.

The RGN-1 remedial cementing workover and test is designed to isolate the water zone connecting with the Upper D and C sand hydrocarbon zones. A new well completion is then planned which will be followed by the individual testing of the Upper D and C sands.

– ENDS –

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About Empire Oil & Gas

Empire Oil & Gas NL ('Empire' or the 'Company') is an onshore conventional gas and condensate producer and explorer listed on the Australian Securities Exchange (ASX: EGO) with key assets in the Perth Basin in Western Australia.

The Company's producing assets at Red Gully are less than 150 kms from the city of Perth where there is a strong gas market. Since commencing operations in 2013, the 100% owned Red Gully Processing Facility has produced and delivered over 8,350 Terajoules (TJ) of gas. Gas produced to date has been contracted to Alcoa of Australia (Alcoa) and delivered through the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which runs close to the Red Gully Processing Facility (RGPF). Condensate is transported via road to BP.

Empire is the holder of the largest net onshore acreage in the highly prospective Perth Basin with its production licenses and permits covering more than 8,000 km², representing 46% of the currently granted acreage in the onshore Perth Basin. Close to pipeline infrastructure and with rapid commercialisation opportunities, the Company has significant exploration potential in an underexplored, proven petroleum basin.

Empire's vision is to sustainably grow the business into a mid-tier exploration and production company. Empire's strategy is to be the Perth Basin operator of choice, safely supplying WA domestic gas by growing the Red Gully production hub, delivering reserves and production growth by drilling material quality exploration prospects in the high profit margin onshore Perth Basin and, enabling Empire to attract quality farm-in partners to assist in accelerating growth plans.