



EMPIRE OIL & GAS NL

## ASX RELEASE

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### Red Gully North-1 Remediation Update

- Enerdrill Rig-1 successfully removed the second completion packer from the hole
- The first remedial cement squeeze program between the upper D and C sand progressed to plan
- Currently preparing for the second remedial cement squeeze above the C sand

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 second packer of the original completion, which had become stuck in the casing at the bottom of the C sand perforations, was successfully retrieved. On retrieval of the packer to surface, a large amount of compacted shale/sand was seen, and is believed to be the most likely cause of the difficulty in retrieving the packer. The 7-inch casing was successfully drifted to ensure that no further debris was present over the C and Upper D sand interval.

The completion packer removal issues have extended the planned remediation by approximately 11 days.

On setting a bridge plug and cement retainer, the first remedial circulation cement squeeze between the upper D sand and C sand proceeded as planned. A second cement retainer has been set in preparation for the second remedial circulation squeeze above the C sand. An equipment failure associated with workover rig temporarily halted progress on the evening of 1 December. The equipment is currently being assessed and the repair is anticipated to be within 24 hours.

#### Participants

Empire Oil and Gas 100%

#### Plan/Next Steps

The current plan is to:

- Perform the second remedial cementing operation
- Run cement bond logs to evaluate cement integrity.

Provided cement bond logs show acceptable cement integrity, the following additional steps will be taken:

- Clean-out well, re-perforate and run new two zone isolation completion
- De-mobilise the workover rig
- Mobilise testing equipment and test well.

**Location/History**

RGN-1 is situated in EP 389 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.

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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 km<sup>2</sup>, 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.