



EMPIRE OIL & GAS NL

ASX RELEASE

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## Red Gully North-1 Remediation Update

- **Workover program recommenced on 28 December 2016**
- **Removed temporary suspension work string**
- **Re-perforated C sand on wireline**
- **Ran well completion and Upper D sand perforating guns**
- **Pressure test on completion tubing successful, and on casing annulus unsuccessful indicating upper packer has not sealed**
- **Subject to regulatory approval, plan to proceed with Upper D sand test immediately**
- **The majority of the 7.5 PJ contingent resource is in the Upper D sand. Successful flow testing of the Upper D sand will allow the determination of and conversion to reserves**
- **Workover rig will be demobilised prior to mobilising well test equipment**

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 workover program at RGN-1 resumed on 28 December 2016 following remobilisation of the Enerdrill Rig-1 crew and support services. The well suspension work string was successfully removed from the hole. A wireline conveyed bridge plug was set below the Upper D sands. The C sand was re-perforated using 4.5" OD electric line conveyed guns. A work string was run to clean-up the hole prior to running the completion. The two zone isolation completion including 4.5" OD tubing conveyed perforating guns was run. The production tubing was successfully tested however the casing annulus test proved unsuccessful and further diagnostic testing indicated a lack of integrity of the upper completion across the C sand which means that the C sand cannot be flow tested at this time. Technical discussions with the regulator will be required to determine if the Upper D sand flow test can proceed as planned immediately. The majority of the workover rig and associated equipment will be demobilised from site prior to mobilising the well test equipment. The testing program is anticipated to be complete around the middle of January 2017.

Empire will assess merits of further testing of the C sand following flow testing of the Upper D sand pending results and analysis.

### Participants

Empire Oil and Gas 100%

## Plan/Next Steps

The current plan is:

- Demobilise the workover rig and associated services
- Gain approval from regulator to test Upper D sand
- Mobilise and rig up the testing equipment
- Perforate and flow-test the Upper D sand
- On cessation of testing operations, secure well and de-mobilise testing equipment.

## 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.

In November/December 2016 the RGN-1 remedial cementing workover successfully isolated the water zone connecting with the Upper D and C sand hydrocarbon zones. The workover program was suspended on 13 December to allow the Enerdrill Rig-1 crew time to take field leave due to reaching personnel fatigue safety limits.

– 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 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.