



## EMPIRE OIL & GAS NL

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22 January 2015

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
**SYDNEY NSW 2000**

### ***Red Gully B Sand 2P Gas Reserves increase by 46%***

Please find attached an Empire Oil & Gas NL (ASX: EGO) ASX Announcement advising of a major upgrade in the Red Gully B Sand gas reserves.

Yours sincerely  
**For Empire Oil & Gas NL**

**Timothy Spencer**  
Company Secretary

22 January 2015

## Red Gully B Sand 2P Gas Reserves increase by 46%

- **1P Gas reserves up 35.4% to 8.39PJ**
- **2P Gas reserves up 46% to 14.53PJ**
- **1P Condensate reserves up 18.6% to 340 MSTB**
- **2P Condensate reserves up 21.2% to 557 MSTB**

EMPIRE OIL & GAS (ASX:EGO) is pleased to advise an increase in proven gas and condensate reserves for the B Sand of the Red Gully-1 well, in Production Licence-18 in the Northern Perth Basin. This follows an independent resource evaluation report prepared by RISC in accordance with the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS). A detailed reserves assessment is attached (Attachment 1).

The Red Gully-1 B Sand has been in production for approximately 7 months. The table below summarises the changes to the Red Gully B Sand Gas Reserves as of 1 January 2015.

<b>Red Gully B Sand Gas Reserves PJ (100%)</b>			
Reconciliation	1P	2P	3P
Reserves at 1 Oct 2014*	6.897	10.659	15.447
Revisions	2.195	4.574	2.129
Production	0.699		
Reserves at 1 January 2015	8.393	14.534	16.877

**Table1 Red Gully-1 B Sand Reserves Reconciliation**

\* Based on RISC's independent technical specialist report (November 2014) included in KPMG's Independent Expert Report 3 November 2014. (refer ASX release dated 12 November 2014)

CEO Ken Aitken said "The significant increase in Red Gully reserves is excellent news and justifies Empire's belief in Red Gully and its purchase of ERM's 23.61% interest in the Red Gully field. These additional reserves significantly increase the overall value of the Red Gully project."

This 2P reserve upgrade provides the Board with increased confidence that the Red Gully B Sand has more than sufficient reserves to cover Tranche 2 of the Alcoa contract.

# Attachment 1

## Reserves

Red Gully gas total reserves in Table 1.1 include 0.116 PJ of D sand reserves.

The Gingin West well has not been in production and the reserves are unchanged from the independent expert report (IER) released on 12 November 2014.

RISC has estimated a slow decrease in the condensate gas ratio over the field life and Red Gully 3P condensate reserves have reduced compared to the (IER) report.

**Table 1.1 Red Gully and GinGin West Reserves at 1 January 2015**

	Reserves (100%)		
	1P	2P	3P
Red Gully Sales Gas PJ	8.39	14.65	17.22
Red Gully Condensate Mstb	340.0	561.5	621.0
Gingin West Sales Gas PJ	0.01	0.2	0.3
Gingin West Condensate Mstb	0.5	10.4	15.6
<b>Total Sales Gas PJ</b>	<b>8.4</b>	<b>14.85</b>	<b>17.52</b>
<b>Total Condensate Mstb</b>	<b>340.5</b>	<b>571.9</b>	<b>636.6</b>

- Note:
1. Red Gully comprises the B and D Sand reserves discovered by the Red Gully-1 Well. Gingin West comprises the D Sand reserves discovered by the Gingin West-1 well.
  2. Additions beyond the field level have all been made arithmetically. As a result RISC cautions that the 1C aggregate quantities may be very conservative estimates and the 3C aggregate quantities may be very optimistic due to portfolio effects.
  3. Probabilistic and deterministic evaluation methods have been used.

## Qualifications

RISC is an independent oil and gas advisory firm. All of the RISC staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years.

The preparation of this report has been supervised by Mr. Geoffrey Barker, RISC Partner. He has over thirty years of global experience in the upstream hydrocarbon industry, with extensive expertise in the areas of asset valuation, business strategies, evaluation of conventional and non-conventional petroleum (coal seam gas and tight gas), due diligence assessment for mergers, acquisitions and project finance requirements and reserves assessment/certification and preparation of Independent Technical Specialist reports. Mr. Barker is a Past Chairman of the SPE WA Section, a past member of the SPE International's Oil and Gas Reserves Committee 2007-2009, and is a co-author of the Guidelines for Application of the Petroleum Resources Management System published by the SPE in November 2011 (Chapter 8.5 Coal Bed Methane). Mr Barker is a Member of the Society of Petroleum Engineers (SPE), and holds a BSc (Chemistry), Melbourne University, 1980 and a M.Eng.Sc (Pet Eng), Sydney University, 1989 and is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules.

## Media

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