



EMPIRE OIL & GAS NL

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

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ABN 55 063 613 730
ASX Code EGO

Ground Floor
229 Stirling Highway
CLAREMONT 6010
WESTERN AUSTRALIA

Tel: + 61 8 9286 4600
Fax: + 61 8 9284 6588
Email: admin@empireoil.com.au
Web: www.empireoil.com.au

Empire Oil and Gas begins Red Gully North-1 Completion & Testing

- **All operational plans on track and completion regulatory approvals received;**
- **The completion is designed to allow the 53m net gas pay in the C and D Sands to be produced individually;**
- **Testing success can be rapidly commercialised via the nearby Red Gully Processing Facility.**

Oil and gas producer Empire Oil and Gas (ASX: EGO) has started completion operations at its recently drilled Red Gully North-1 well, located four kilometres to the north of the Company's Red Gully Processing Facility. Close proximity to the facility will allow for a fast tie-back and commercialisation of the well in the event of positive testing results.

The Red Gully North-1 well was drilled by the Enerdrill Rig 3 in November/December 2015 to a total depth of 4,410 metres. The 7" casing was run and cemented from 4392 metres to surface.

A detailed analysis of all data from the Cattamarra Coal Measures resulted in an interpreted average porosity of the 53 metres gas net pay intervals in the C and D sands of 10% and 9% respectively. An independent reserve audit confirmed 2C contingent resources of 10.7PJ in Red Gully North-1 (5 February 2016 ASX Release).

The completion on Red Gully North-1 will be run by Enerdrill Rig 1 and is expected to take approximately 13 days. The testing will follow immediately after the completion and is expected to take a further 9 days. Farley Riggs Pty Ltd has been appointed as contractor to supply well testing and support services.

Empire Oil and Gas CEO Ken Aitken said completion and testing success at Red Gully North would provide numerous benefits to Empire and its shareholders.

"The well test rates of the C and D sand and the volume of gas and condensate reserves booked will play an important role in determining whether gas and condensate produced from Red Gully North-1 well should be utilised to increase the life of the nearby processing facility, or expand production capability beyond the current design capacity of 10TJ per day.

“Subject to a successful test and conversion of contingent resources to reserves, Red Gully North-1 will play an important role in strengthening Empire’s existing production hub, leveraging the company’s 100% owned infrastructure, further providing production margins and significantly increasing cashflow.”

“The success at Red Gully North-1 enhances the prospectivity of the northern portion of EP 389 in which Red Gully North-1 is located. A series of structural high trends were identified by the Black Swan Airborne Geophysical Survey to the north of Red Gully North-1 and will be the target of further exploration activities, most likely the acquisition of infill 2D seismic.”

Completion Objectives

The production completion was designed to allow zonal isolation for an enhanced testing program and ability to individually produce the C and upper and lower D sands. This completion design also maximises the hydrocarbon recovery from all 3 zones. The hydrocarbon potential of the lower Cattamarra sands can be tested later in well life without removing the completion.



Testing Objectives

The testing program is designed to recover gas and condensate samples and determine the following from the C sand and upper and lower D sand:-

- (i) Gas deliverability; and
- (ii) Gas condensate ratio.

This information will then be provided to the independent reserve auditor to consider upgrading contingent resources to reserves.



A weekly update will be provided to shareholders, along with the additional releases in the event of significant events.

Yours sincerely

For Empire Oil & Gas NL

Ken Aitken

Chief Executive Officer

For further information, please contact:

Ken Aitken
Chief Executive Officer
Empire Oil & Gas NL
Telephone: +61 8 9286 4600
www.empireoil.com.au

Cameron Morse
FTI Consulting

Telephone: +61 8 9485 8888

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 150kms 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 5,000 Terajoules (TJ) of gas. Gas produced to date has been contracted to Alcoa and delivered through the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which lies next to the Processing Facility. Condensate produced is transported via road to BP.

EGO is the holder of the largest net acreage in the highly prospective Perth Basin with its production licenses and permits covering more than 10,000km², representing 48% of the currently granted acreage in the Perth Basin. Close to pipeline infrastructure and with rapid commercialisation opportunities, the Company has significant exploration potential in an underexplored, proven petroleum system.

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, enabling Empire to attract quality farm-in partners to assist in accelerating growth plans.