

## ASX Announcement

12 December 2011

### UPDATE ON NEW YORK STATE HYDRAULIC FRACTURING MORATORIUM

The Commissioner of New York State's Department of Environmental Conservation ("DEC") stated last Thursday that the DEC is likely to finish its review of hydrofracking in the State by spring 2012.

Earlier last week, the DEC extended the public comment period on its review of fracking, known as Supplemental Generic Environmental Impact Statement (SGEIS). The comment period was originally supposed to end on December 12th, but will now go until January 11, 2012. DEC officials cited the huge volume of comments they've received on their latest draft of the report. The SGEIS will determine whether New York moves forward to allow hydrofracking.

The DEC's current position is that the controversial drilling technique can be done safely, with strict regulations. That means drilling permits for fracking could quickly follow.

### Empire Energy and Shale Position

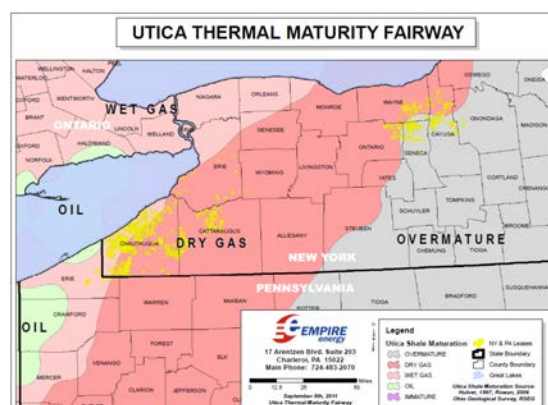
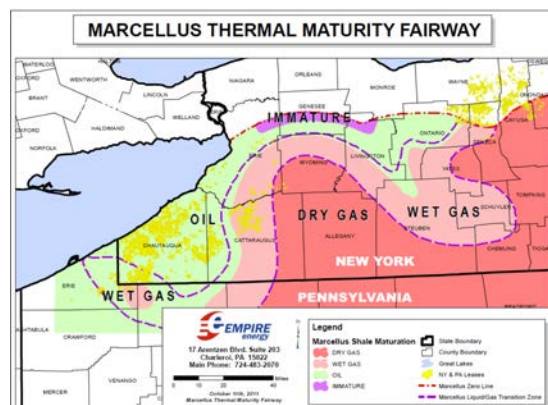
A summary of Empire Energy's shale position in the US is as follows:

#### Marcellus Shale

- Current hydraulic fracturing moratorium
- Acreage in the wet gas/oil transition zone
- ~220,000 gross acres
- Reserves/Resource based on 100,000 acres
- Gas – Resources P50 = 49.5Bcf
- Oil - Poss/Resources = 70.3 MMBbls (3% rf)
- Marcellus PA dry gas acreage sales (directly to south) in +\$5,000/ac

#### Utica Shale

- Current hydraulic fracturing moratorium
- Acreage in the wet gas/dry gas transition zone
- ~190,000 gross acres
- Shale thickness 150ft to 300ft
- Gas – P50 = 5 Tcf (GIP) (expected 20% rec)
- Recent Ohio Utica farm-in by Hess Corporation at \$6,000/ac (NPV basis) plus a further 85,000 acres at \$8,800/ac
- Valuation of Ohio Utica shale up to \$15k/ac



*The information in this announcement which relates to reserves is based on information compiled by Ralph E Davis Associates Inc, Houston, Texas, professional petroleum engineers with over 40 years experience. Neither Ralph E Davis Associates Inc, nor any of its employees have any interest in Empire Energy E&P, LLC or the properties reported herein.*

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