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## ASX Announcement – Appalachia producing ~160Bbl/d

**5 March 2012**

### **WELL WORKOVER PROGRAM - LANTZ #7 APPALACHIA**

Empire Energy Group Limited (Empire) is pleased to announce that the first well work over (Lantz #7) in the Bass Island Trend formation has increased production level to around 150 Bbl/d (water at around 0.01%). After 3 weeks the well continues to be run intermittently to help reduce potential paraffin build up (see below) and also due to the lack of well head production and storage equipment. The well is currently flowing under natural reservoir pressure. Wellhead pressure during shut in periods reaches ~510 psig and drops to ~70psig during producing intervals of around 10 hours per day. Daily gas production is averaging 30 Mcf/d. Cumulative oil production to date is ~1,500 bbl.

Weather conditions have hindered the completion of onsite oil production and storage facilities, although these are expected to be completed next week with the completion of an all-weather access road. Once onsite production equipment is completed the well will operate with gas being transported in existing pipelines and oil being trucked to a local refinery.

### **BASS ISLAND FORMATIONS**

The Bass Island Trend formations are a series of fields that produce oil and gas from fractured carbonate reservoirs. The Bass Island Trend runs SW-NE through Chautauqua, Cattaraugus (NY) and Erie Counties (NY & PA), where a large portion of the Company's oil and gas leases are held (see attaching map). Historically, the formation has been a known oil and gas producer, but Bass Island reservoirs have been difficult to target. 3D seismic technology has improved the probability of targeting these formations.

Wells in the trend produce oil and gas from faulted and fractured rock ranging in age from Silurian to Devonian at depths of 2,000 to 3,000 feet. It is known that producing the well at high rates tends to deposit paraffin in the production tubulars and perhaps the formation, as such the wells are generally managed at a reduced flow rate to prolong production.

In mid 2011 the Company commenced a program to review its 2,000+ wells to identify up hole development opportunities, especially Bass Island formation. A majority of Empire's natural gas wells produce from the Clinton/Media and Queenston formations which lie between the Marcellus (above) and Utica (below) Shale formations, in Pennsylvania and New York.

## **APPALACHIAN OPERATIONS**

The Company controls in excess of 300,000 acres in Appalachia (Pennsylvania and New York), operating over 2,000 wells. Appalachian gross production is around 7,000 Mcf/day and currently ~160 Bbl/d. The Company also holds ~220,000 acres of potential oil bearing Marcellus Shales formation and ~190,000 acres of potential wet and dry gas Utica Shale formation.

## **ABOUT EMPIRE ENERGY GROUP LIMITED**

In early 2007, the Company established Empire Energy USA, LLC and currently holds around 96% of its issued capital. Empire Energy USA is an oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas). Kansas net production is around 510 Bbls/d.

Empire Energy implemented a US\$100 million credit facility with Macquarie Bank Limited in early 2008 for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has been increased to US\$150 million.

For more information:

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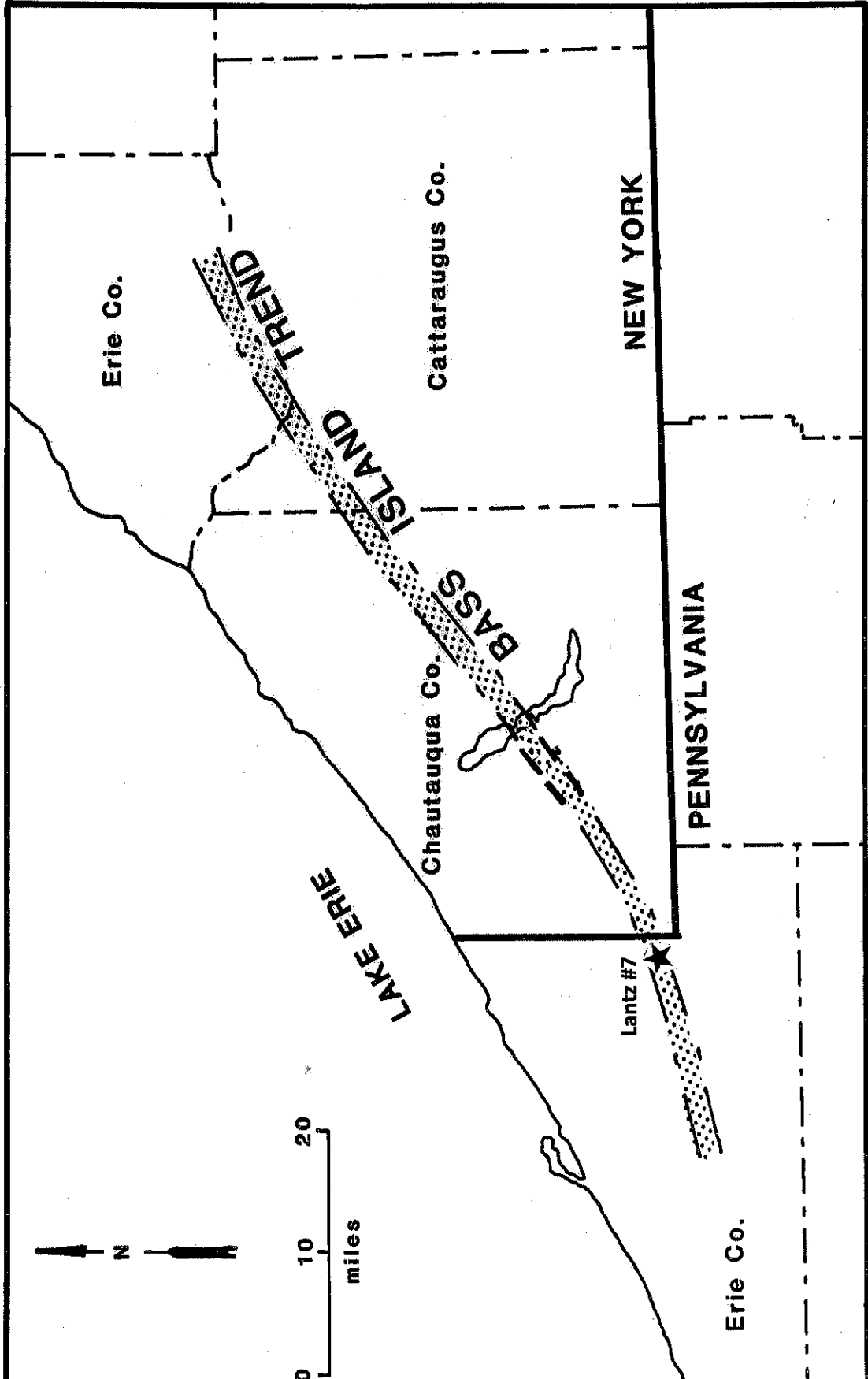


Figure 1