



## EMPIRE OIL & GAS NL

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20 June 2014

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

### ***EP 389 RED GULLY-1 B SANDS GAS CONDENSATE TEST***

Please find attached an Empire Oil & Gas NL (ASX: EGO) ASX Announcement providing the initial flow-test rates of the Red Gully-1 B Sands Perforation and Well Test program.

#### **Joint Venture interests in EP 389 and PL 96 are:**

Empire Oil & Gas NL (Empire Oil Company (WA) Limited) Operator	76.39%
ERM Power (ASX: EPW) (ERM Gas Pty Ltd)	23.61%

Yours faithfully,

**Kent Quinlan**  
**Company Secretary**

20 June 2014

## **Successful Red Gully-1 B Sands gas condensate test** ***Further production testing and reservoir analysis will take place over coming weeks to determine optimal future production rates***

Empire Oil & Gas NL (ASX: EGO) as operator of the EP 389 Joint Venture is pleased to advise that the Red Gully-1 B Sand Perforation and Well Test Program (Red Gully-1 Well Program) has resulted in the production of gas condensate to surface.

The Red Gully-1 Well Program, which involved the perforation and testing of the Cattamarra Formation B Sands is expected to be completed over this coming weekend. The Red Gully-1 well head ("xmas tree") was replaced and a gauge run completed on the Gingin West-1 well to gather down-hole pressure information and the planned maintenance shutdown on the Red Gully Facility was completed.

A total of 24 metres of the B Sand formation was perforated over five zones and initial flow-testing has indicated initial flow rates of 9.9 million cubic feet per day (or approximately 11.5 terajoules per day) on a 32/64" choke at a flowing well head pressure of 2,106 psi with initial condensate flows of 595 barrels per day, which equates to a condensate yield of approximately 60 barrels per one million cubic feet of gas.

Initial gas testing indicates that the gas is of a similar quality to the Red Gully-1 D Sands. Samples of the gas and condensate have been collected and sent for laboratory analysis to determine their export compatibility under the current sales agreements. Information collected by the various testing equipment will be downloaded and analysed over the coming weeks.

The contractor, Expro Group will de-mobilise its personnel and equipment from the Red Gully site this weekend and production through the Red Gully Facility is scheduled to resume early next week.

Further flow-testing, via production through the facility and analysis of the results of the Red Gully Well Program and data collected from the gauge run on the Gingin West-1 well will take place over coming weeks. The data collected during the test programme and this production flow-testing will form the basis of an updated reservoir development plan for Red Gully and will focus on both the optimal and sustained continuous production rates to maximise reservoir recovery in the B Sands. This work will also form the basis for a review of the recoverable reserve estimates for the B Sands and the Gingin West-1 well.

Empire CEO Ken Aitken said "This is an excellent result confirming the Cattamarra B Sands as a hydrocarbon producing reservoir. The B Sand recoverable reserves are expected to be significantly larger than the D Sands which has produced over the last 9 months."

The Red Gully-1 Well Program is aimed at increasing gas sales and enabling the joint venture to obtain independent reserves certification at Red Gully by production flow-testing (via the Red Gully Facility) for six to nine months.

**Media****For further information, contact:****Paul Armstrong****Read Corporate****08 9388 1474/0421 619 084**

Unless otherwise indicated, any statements contained in this ASX Announcement about both the EP 389 Joint Venture and Empire's reserves and resource estimates have been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. This information is based on, and fairly represents, information and supporting documentation prepared by Mr Ian Paton, who has consented to the inclusion of this information in the form and context in which it appears in this report. Mr Paton holds degrees in Geophysics (BSc (Hons)) and Petroleum Engineering (MPet Eng) and has over 35 years of experience as a specialist geophysicist with extensive experience in petroleum field exploration and development, and he is also a qualified petroleum reserves and resources evaluator and member of the Society of Petroleum Engineers. Mr Paton is a consultant to ERM Gas Pty Ltd and has been seconded to Empire.

