



**EMPIRE ENERGY GROUP LIMITED**  
Level 7, 151 Macquarie Street  
Sydney NSW 2000  
T: 02 9251 1846  
F: 02 9251 0244  
(ASX: EEG)  
(OTCQX: EEGNY)

## ASX Announcement – Drilling program 2012

19 July 2012

Empire Energy Group Limited (Empire Energy) is pleased to provide an update on the 2012 drilling and work over programs.

### Kansas Development Well Drilling Program – 2012

Results of the third well are as follows:

Well Name	Formation	County, KS	WI	Status
Kirkman #2	Arbuckle	Stafford County	92.6%	Flow rate = ~5.0 Bbl/d (gross)

### Up-hole Completions

Of the 10 producing wells completed over 2011 and 2012, oil bearing formations identified but yet to be tested up-hole, will be targeted during 2012. All wells drilled have initially focused on the Arbuckle formation, which is strongly water driven. In wells drilled to date, the program has been to target the entire Arbuckle formation, as opposed to the first few feet of the formation. The concept is to get a better understanding of the geology of the Arbuckle formation and to identify closed, oil producing layers within the formation itself. With the wells drilled to date, only single layered Arbuckle formations have been encountered. With the exception of Wells 1&2, drilled in early 2011, the other 8 producing wells have not yet tested the Lansing – Kansas City (“LKC”), Viola, Big Springs and Toronto formations (where applicable). These formations tend to be less water prone and have significant potential for oil production, particularly in the LKC and Viola formations. Potential oil pay in these zones has been shown to range of thickness from 15 feet to 50 feet. As the oil cut in the Arbuckle formation of these new wells reach a less than optimal level, each well will be temporarily plugged at the Arbuckle formation and targeted up-hole formations tested.

### Well polymerisation

Over the past 2 months the Company has undertaken its first polymerisation, in the producing Kollman #4 well. Production increased from around 2Bbl/d to over 15Bbl/d with oil production still increasing. The target is to get the well producing to around 25Bbl/d, from which there will then be a gradual decline over the next 24 months.

## **Drilling Program**

Empire proposes to drill at least 10 development wells in the Central Kansas Uplift Region over 2012.

### **The Central Kansas Uplift**

Historically, Kansas has been a very prolific oil and gas producing state with cumulative production exceeding 6.1 billion barrels of oil (BBO) and 37.5 trillion cubic feet of gas. Current yearly production is approximately 33 million barrels of oil and 342 billion cubic feet of gas from over 60,000 wells. The most prolific oil reservoirs are the Arbuckle (Ordovician) and Lansing-Kansas City (Pennsylvanian) formations particularly from fields located on the Central Kansas Uplift (CKU). Arbuckle reservoirs have produced over 2 BBO statewide. Of the 31 counties in which the Arbuckle has been productive, over 70% of the production has come from 10 counties situated on the Central Kansas Uplift in which Empire Energy operates.

Empire Energy's initial focus in the Central Kansas Uplift will be to drill low risk development wells. At the same time the objective is to delineate additional prospects and to convert probable reserves to reserve 1P category.

### **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). In addition it holds approximately 400,000 acres of Marcellus and Utica shale formations in New York State USA.

A 100% owned subsidiary Imperial Oil & Gas holds 14.5 million acres of potential shale formation in the Northern Territory, Australia.

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:

Bruce McLeod  
Executive Chairman  
Empire Energy Group Limited  
+61 2 9251 1846