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## ASX Announcement – Drilling Update

13 January 2014

### **IDENTIFICATION OF AN EXTENSION TO THE BRADFORD OILFIELD**

The Directors are pleased to announce that the Company has successfully identified a north-eastern extension to the Bradford Oilfield.

The Company has drilled two wells (100% working interest), both producing, free, high API oil. Little water is encountered in the Bradford Sand formations. Based on log data it is expected that the project will be commercially successful. Fracking of the initial two wells is expected to take place over the next 10 days. A drilling program will then be implemented once the results of the first 2 wells are known.

As per typical wells in the Bradford Sands, depths are up to 2,000 feet with the Company being able to drill and complete for less than \$130,000 per well. These wells generate small EUR's (economic ultimate recovery's), but the typical payback is around 12 months and they can produce for many years. The nearest oil refinery, at Bradford, PA, is about 30 miles away.

The Company has been able to purchase and/or acquire options on an attractive parcel of acreage in the vicinity of where these 2 wells have been drilled, a region where oil production has been undertaken since the initial days of oil production in the USA. Leasing in the region is often complex and time consuming as ownership to oil and gas leases can date back to initial grants in the late 1800's.

The Bradford Oil field in Western New York/Pennsylvania was one of the world's first large size oilfield discoveries, producing over 750MMbbls since initial production.

The Company will provide further updates as the development program continues.

### **ABOUT EMPIRE ENERGY GROUP LIMITED**

In early 2007, the Company established Empire Energy USA, LLC. Empire Energy USA is an oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas). Total combined 2P reserves are estimated at 14.8 million Boe.

The Company holds approximately 220,000 acres of Marcellus Shale and 180,000 acres of Utica Shale in western New York State and Pennsylvania. In addition, the Company has an Exploration Licence and 6 Applications over 14.6 million acres in the McArthur Basin, Northern Territory, Australia, which is considered prospective for both conventional and unconventional petroleum systems.

Empire Energy has implemented a US\$150 million credit facility with Macquarie Bank Limited for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility is currently drawn to around US\$42 million.