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ASX Announcement – Kansas Drilling Update

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DRILLING OPERATIONS COMMENCE IN KANSAS

The Directors are pleased to announce that Empire Energy Group Limited (“Empire” or “the Company”) at the end of last week spudded its first oil well since 2014. The well, targeting the oil producing Arbuckle formation, is the Thompson #9 in Rooks County, Kansas. Total depth of the well, which has been drilled on a seismic high, is estimated to be at ~3,500 feet. Drilling is expected to be completed early this week at which time a decision on completion will be made.

This is the first well to be drilled by the Company since 2014 when drilling programs were halted due to historically low oil prices. Stabilised oil prices and significantly lower drilling and completion costs in 2017 provide the basis for Arbuckle wells to be commercially successful at oil prices around \$50/Bbl. Should favourable oil prices prevail the Company intends to drill further oil wells in Kansas and Oklahoma over 2017.

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. 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 state-wide. 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.

ABOUT EMPIRE ENERGY GROUP LIMITED

Empire Energy is a conventional oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the MidCon (Kansas and Oklahoma). The Company has ~14.6 million acres in the McArthur & Beetaloo Basins, Northern Territory, both of which are considered highly prospective for large shale oil and gas resources. Work undertaken by the Company over the past 5 years demonstrates that the Central Trough of the McArthur Basin, (of which the Company holds around 80%), is a major Proterozoic depo-centre that forms one segment of a series of extensive prolific hydrocarbon basins similar to those extending through Oman, Siberia and Southern China and which contain resources of billions of barrels of oil equivalent.