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ASX Announcement

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NEW YORK STATE HYDRAULIC FRACTURING MORATORIUM ENDS

The New York State Department of Environmental Conservation's (DEC) de facto moratorium on hydrofracking in New York State ended on July 1, 2011. The DEC has released details of its recommendations for shale development and production

Following a series of announcements over the past two days the Directors are pleased to announce that it appears that the hydraulic fracturing moratorium in New York State is coming to an end.

With extensive Marcellus (230,000 acres gross) and Utica (225,000 acres gross) Shale acreage in New York State this will now enable the Company to seek ways to monetise this asset over the medium term.

New Recommendations Issued in Hydraulic Fracturing Review

The New York State Department of Environmental Conservation (DEC) has released its revised recommendations on mitigating the environmental impacts of high-volume hydraulic fracturing (high-volume fracturing). The recommendations contain these major guidelines:

- High-Volume Fracturing Would be Prohibited in NYC and Syracuse Watersheds
- Drilling would be prohibited within primary aquifers and within 500 feet of their boundaries;
- Surface drilling would be prohibited on state-owned land including parks, forest areas and wildlife management areas;
- High-volume fracturing will be permitted on privately held lands under rigorous and effective controls;
- Advisory Panel on Implementation to Be Appointed and
- DEC will issue regulations to codify these recommendations into state law.

Approximately 85% of the Marcellus Shale would be accessible to natural gas extraction under these recommendations.

The DEC plans for a 60-day public comment period commencing in August.

Economic Benefits of Shale Development

Last week Empire Energy posted to its website an independent Report based on the Pennsylvania shale industry, “The Economic Opportunities of Shale Energy Development”. In summary, this shows for the Commonwealth of Pennsylvania, on average each Marcellus well provides \$4 million in Economic and Environmental benefits against Environmental Costs of \$14,178.

As has been known by the natural gas industry for many years, the economic benefits of shale gas production far outweigh the environmental costs.

Empire Energy and Shale Position

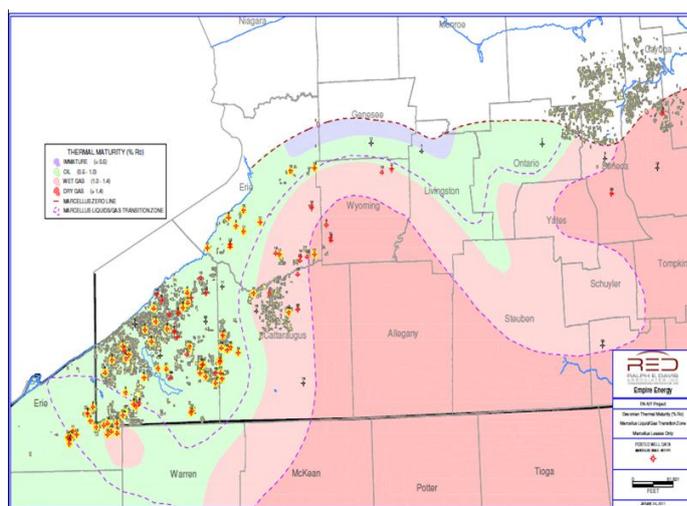
From a preliminary review of the information provided, Empire Energy’s leases, in the western part of New York State, will not be affected by any of the drilling exemptions set out above, namely:

- No leases in the New York City and Syracuse watersheds; or
- From a preliminary review of its leases, Empire Energy does not have any leases adjacent in primary aquifers; and
- Minimal leases on public forests, wildlife areas and parkland.

In 2010 Empire Energy appointed an Independent Engineering and Geological Group to undertake a review of the Company’s shale interests:

Marcellus Shale

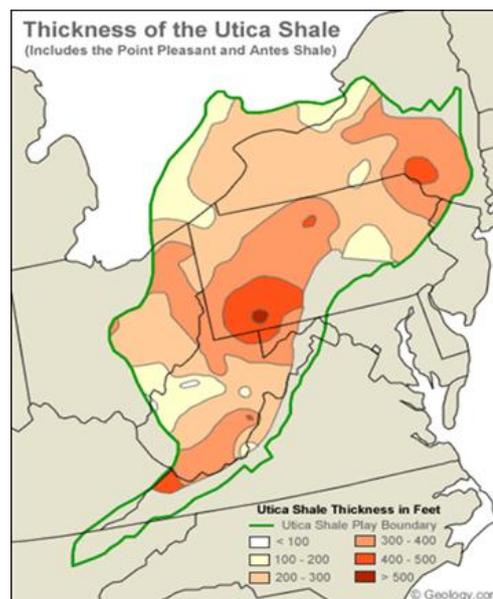
As shown in the map below, Empire Energy holds approximately 230,000 acres (gross) in the liquids/wet gas/dry gas zone of the Marcellus shale zone in the NW part of New York State. Acreage held by the Company in the northern region is not considered perspective for Marcellus targets.



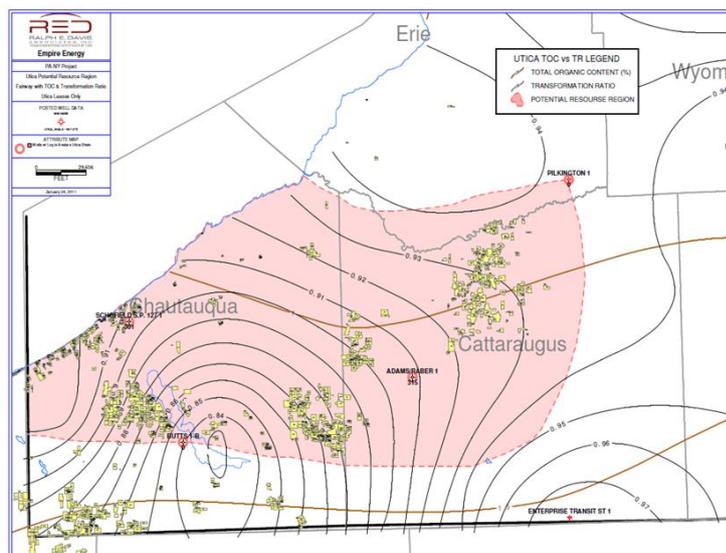
A Resource/Reserve of +70 million Bbls (gross) was calculated on the development of 100,422 acres calculated to produced 2-5,000 Bbl/5 acres and a recovery factor of 5%. In addition, natural gas of P50 = 49.5 Bcf was calculated over 20,006 acres (gross) with an 8% recovery.

Utica Shale

Lying beneath the Marcellus Shale is the thicker and less explored Utica shale. The map below shows the extensive nature of the Utica Shale, underlying a significant portion of New York State, including all of the Company's leases.



Empire Energy holds approximately 224,759 acres (gross) in the Utica shale zone in the NW part of New York State. With little in control wells, shown on the map below circled in red, an initial Prospective Resource of ~1Tcf has been estimated over an area of 18,571 acres.



The Company will make further information available to the market as information becomes available.

The information in this announcement which relates to reserves is based on information compiled by Ralph E Davis Associates Inc, Houston, Texas, professional petroleum engineers with over 40 years experience.

Neither Ralph E Davis Associates Inc, nor any of its employees have any interest in Empire Energy E&P, LLC or the properties reported herein.

For more information:

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