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## ASX Announcement – Drilling Update

15 July 2011

### DEVELOPMENT WELL DRILLING PROGRAM – UPDATE DEVELOPMENT WELLS 1 TO 4

Empire Energy Group Limited (Empire) is pleased to announce the following update on its 2011 drilling program:

Drilling has now been completed on Kollman #15 and logs are currently being reviewed. Following the completion of drilling on Kollman #15 the drill rig moved to the Carmichael/Kollman West Unit #4 location with the well spudded on 14 July 2011.

After several delays the pumping unit for the Boxberger Solomon #14 well has been installed with flow rates expected next week. Completion of C L Newcomer #9 is expected mid next week.

Well Name	Field	County	WI	Status
Boxberger – Solomon #14	Hall-Gurney	Russell County, KS	70.7%	Successful/ Completion underway
C L Newcomer #9	Hall-Gurney	Russell County, KS	90.13%	Successful/ Completion underway
Kollman #15	Bemis-Shutts	Ellis County, KS	86.0%	Drilling completed
Carmichael/Kollman West Unit #4	Bemis-Shutts	Ellis County, KS	90.13%	Drilling commenced

### CREDIT FACILITY

Based on the success of its current drilling program in Kansas and North Dakota, Empire Energy will seek to increase its borrowing base by up to US\$4 million to facilitate the drilling program of up to 15 wells in the two States.

### 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 and also operates a small oil and gas field service operation. It has operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas).

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:

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