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## ASX Announcement –Drilling Update: Kansas & Nth Dakota

12 September 2011

### DEVELOPMENT WELL DRILLING PROGRAM – UPDATE DEVELOPMENT WELLS 1 TO 6

Empire Energy Group Limited (Empire) is pleased to announce the following update on its 2011 drilling program in the Central Kansas Uplift region:

Krankenbergs #5-19 well is now online producing over the past week at an average of 40BO/d. Two additional locations are currently being prepared.

Current progress can be summarised as follows:

Well Name	Field	County, KS	WI	Status
Boxberger – Solomon #14	Hall-Gurney	Russell	70.7%	Flow rate at 4BO/d + 220BW/d
C L Newcomer #9	Hall-Gurney	Russell	90.13%	Flow rate at 9BO/d + 132BW/d
Kollman #15	Bemis-Shutts	Ellis	86.0%	Flow rate at 12BO/d + 605BW/d
Carmichael/Kollman West Unit #4	Bemis-Shutts	Ellis	90.13%	Flow rate at 7BO/d + 110BW/d
Esfeld #9	Kraft-Prusa	Barton	58.48%	Flow rate at 41BO/d + 106BW/d
Krankenbergs #5-19	Krankenbergs	Stafford	73.9%	Flow rate at 40BO/d + 165BW/d

### 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.

### **JOINT VENTURE (EMPIRE WI =35%) - EXPLORATION WELL DRILLING PROGRAM EXPLORATION WELL 1 – NESHEM #26-1**

Following location issues the spudding of the Neshem #26-1 well is now expected to be September 13, 2011.

### **WILLISTON BASIN – NORTH DAKOTA**

The Canyon Shoreline Project is located on the northeast flank of the U.S. portion of the Williston Basin just east of the Nesson Anticline. The project targets the Sherwood Member of the Mission Canyon as the primary objective, and the Bluell Member as a secondary objective. Both of these members produce from stratigraphic traps associated with porosity and permeability development closely tied to the depositional facies and early diagenetic fabric found along the carbonate shorelines associated with the progradational parasequence sets of the Mission Canyon.

The initial prospect in the Shoreline Project, the Berthold Prospect, targets the "island crest" or "pisolite" facies. Through extensive subsurface mapping combined with core examination from many of the surrounding wells, this prospect has been developed as being on trend with an established fairway of production and directly offsetting a well that has produced 120,00 barrels of oil from the Sherwood. Within the fairway in the project area, wells in the Sherwood have been highly productive. Approximately 150 wells have produced greater than 19 million barrels of oil for an average of 129,000 barrels per well. With drilling depths of 6,500 feet to 8,000 feet and completed well costs of \$1,200,000, the economics of the Berthold Prospect are excellent.

Based upon production histories of trend wells, we anticipate reserves of 179,000 barrels of oil, an initial rate of 100 BO/d, and a 10 month payout with a 10% discounted return on investment of 4.29x.

### **ABOUT EMPIRE ENERGY GROUP**

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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