

# The West Australian

Public Companies

## Drilling success, rising prices lift Empire reserves



Wed, 16 February 2022 5:35PM

**Matt Birney**



Empire Energy's drilling success has led to an 866 per cent increase in its mid-range 2C resource estimates. Credit: File

Sydney-based oil and gas producer and explorer Empire Energy has booked its maiden contingent resource and significantly lifted all other estimates for its Beetaloo Basin assets in the Northern Territory after its successful 2021 drilling and testing operations on the Carpentaria project area.

Empire said independent consultant Netherland, Sewell and Associates, or "NSAI" conservatively calculated a 1C low estimate, the most conservative grading, for resource of 81 billion cubic feet of gas, or "bcf" for the relevant permit area. The result follows a year of drilling and remapping of the reservoir after incorporating the results of a 164-kilometre 2D seismic program shot over the Carpentaria area.

Oilfield contingent reserves figures usually range between three parameters: 1C being the most conservative estimate; 2C being a mid-range, ‘probable’ figure and 3C being the ‘blue sky’ high case estimate.

The headline number standing out was the upgraded, mid-range 2C best estimate, figure of 396 bcf, up from the previously modest 41bcf, an 866 per cent increase.

The company production tested the four producing Velkerri Formation, or “Fm” zones in the Carpentaria 1 discovery well, drilled the Carpentaria 2 vertical well and drilled and cased the Carpentaria 2H horizontal well in anticipation of a 2022 fracking program when the Northern Territory wet season finishes.

Drilling results, combined with a remapped picture of the aerial extent of the play courtesy of the Charlotte 2D seismic survey in late 2021 led to the resource upgrade.

The work increased confidence the Carpentaria East structure may prove even more prospective than the current discovery area.

Empire is also seeing an uplift in the value of its US operations due to rising local gas prices. It reported an 85 per cent increase in the net present value of its New York State and Pennsylvania operations from US\$8.5m to US\$15.9m on a Proved Developed Producing basis.

*We are very happy with results. We now have over 500 bcf of discovered resources within our 43 tcf inventory. The size of the resource has grown materially as a result of our recent drilling success and seismic coverage.*

*We are fully funded for upcoming horizontal fracture stimulation and flow test of Carpentaria 2H. With commercial arrangements in place with APA Group and Power and Water Corporation we remain on track to be the first commercial producers in the basin.*

Empire Energy Managing Director, Alex Underwood

There’s a ready home for Beetaloo gas at the nearby McArthur River zinc mine, one of the largest zinc mines in the world via the McArthur River gas pipeline that conveniently runs through Empire’s permits. Empire is aiming to send large volumes of low CO2 gas to Australia’s east coast and to LNG export markets via Darwin.

The company noted the estimates didn’t include further assessment of either its Western Beetaloo properties it acquired in 2021 or its northern properties targeting the Barney Creek or other McArthur Basin shale targets.

Empire’s drilling is showing plenty of match fitness. It managed to horizontally drill and case the Carpentaria 2H well, a complex engineering exercise, for roughly the same cost as drilling the simpler Carpentaria 1 vertical well.

Empire had \$25m in the bank at the end of the December quarter, after shareholders backed the company up by exercising \$3.8m of unlisted options.

Empire has money in the bank, a well-oiled drilling group and a pipeline to customers running directly through its acreage should the year's test of the Carpentaria 2H well flow as hoped. If things continue to stack up the Sydney-based player might just be off to the races.

*Is your ASX-listed company doing something interesting? Contact: [matt.birney@wanews.com.au](mailto:matt.birney@wanews.com.au)*