

# Empire hits liquids at Beetaloo well

EMPIRE Energy has struck oil and gas at its anticipated Carpentaria-1 well in the Northern Territory's Beetaloo Sub-basin, with a far higher liquids proportion than expected, pushing shares up in morning trading.



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Editor

The well spud in permit EP187 last month using the Schlumberger Land Rig 183.

Empire said this morning it had intersected an "extensive" interval of liquids rich gas in the Velkerri Shale based on mud gas liquids readings and the proportion of liquids "dramatically" exceeds analogue wells previously drilled in the area and also exceeds its own pre-drill estimates.

It's good news for the area after the fracking moratorium ended in 2018 and work slowly ramped back up. Origin Energy and Irish partner Falcon Oil & Gas have completed an 11-stage frac campaign at the big budget Kyalla-117 well in the sub-basin and plans flow test in coming weeks.

The Velkerri was one of two targets, the other being the Kyalla, which Empire confirmed this morning was absent in the well location, but said if it were present it would only offer a "modest incremental prospective resource" estimated by certifiers Netherland Sewell and Associates to only offer 0.5% of total resources.

The Velkerri was intersected from 833 metres to 1831m, from the top of the Upper Velkerri to the top of the Bessie Creek Sandstone.

"The substantial proportions of heavier end, high value liquids hydrocarbons indicated in the target Velkerri shale will materially enhance the economics of any future production," it said.

The Velkerri shale interval in its permit is shallower than analogue wells in other parts of the sub-basin with equivalent thickness and gas shows resulting in reduced drilling costs.

"The Velkerri Shale intersected in Carpentaria-1 has comparable thickness to other wells in the Beetaloo Basin including Santos' Tanubirini-1 vertical well where equivalent elevated gas shows were recorded," it said.

That well was flow tested across several intervals earlier this year after vertical fracking with a peak flow rate of 1.2 million cubic feet per day, exceeding Santos' initial expectations.

It plans appraisal early next year during the dry season including fracking and flow testing, which if successful will allow the company to book maiden contingent resources.

Managing director Alex Underwood said in the pre-drill planning "we have worked with various seismic interpretations and our 'most likely' model was that we would encounter the Velkerri at greater depth and it would be drier gas. This has been the experience of the wells drilled across the Beetaloo Sub-basin," he said.

The presence of high levels of associated gas liquids in the target shales is encouraging for future commercial production scenarios because high-value liquids can significantly enhance economics, he said.

Empire is up 16.4% today at 39c per share.



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