



EMPIRE OIL & GAS NL

ASX RELEASE

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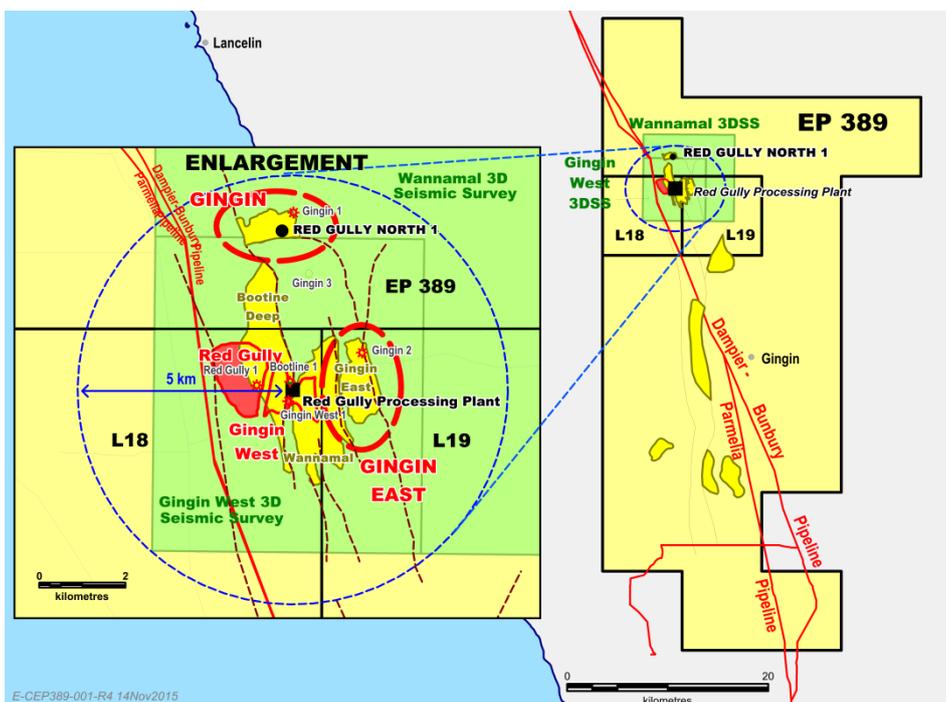
The Manager
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Empire Oil and Gas spuds Red Gully North-1 well

- Empire returns to exploration, targeting additional gas/condensate potential;
- Exploration success can be rapidly commercialised via the Red Gully Processing Facility.

Oil and gas producer Empire Oil and Gas has spudded its Red Gully North-1 exploration well, located four kilometres to the north of the Company's Red Gully Processing Facility. Proximity to the Red Gully Processing facility will allow for a fast tie-back and commercialisation of the well if successful.

The Red Gully North-1 well will be drilled by the Enerdrill Rig 3 and is expected to take approximately 44 days to reach a final proposed total depth of 4377 metres. The objective section of the well will be evaluated using wireline logs after total depth is reached.



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Empire Oil and Gas CEO Ken Aitken said drilling success at Red Gully North would provide numerous benefits to Empire and its shareholders.

“Empire is focussing on growing its reserves and resources to build on the Company’s existing 1P reserves of 12.29PJ and 2P reserves of 17.8PJ. The Red Gully North prospect is seen as a low risk opportunity to add reserves and resources in the case of a significant discovery,” Mr Aitken said.

“It would also provide a low cost tie-in to the Red Gully Processing Facility to generate additional gas sales and revenue for Empire. Commercial success at Red Gully North-1 will further assist in reducing risks associated with other exploration leads in the north of EP 389, which have been identified by the Black Swan Airborne Geophysical Survey, undertaken by Empire in mid-2015.”

“In addition, supply of gas to the Red Gully Processing Facility from multiple, rather than a single well, will provide potential investors with greater confidence around the sustainability of gas supply to the plant and the associated cash flow.”

Target Prospectivity

Empire considers Red Gully North-1 to be a relatively low risk exploration well, located structurally up dip of the existing Gingin-1 well gas discovery made by WAPET in the 1960’s. The Red Gully North structure has subsequently been re-defined by modern 3D seismic conducted by Empire. It was the interpretation of this modern seismic data, and a review of the old Gingin-1 discovery, which allowed Empire to select the Red Gully North-1 well location. Gingin-1, located close to the edge of the target structure, tested gas from four zones in the Jurassic age, Cattamarra Coal Measures at a total, aggregated maximum flow rate of 16 mmcf/d with minor amounts of associated condensate. Gingin-1 produced gas for a brief period in the 1970’s before being abandoned due to high levels of water production. Empire considers that the high level of water influx was due to a combination of the location of the well close to the edge of the structure, poor well integrity and a less than optimal completion of the well.

“With the help of modern technology we consider that gas remains up dip of the old Gingin-1 well, and that further potential exists to extract gas from other reservoir sands which were seen to be gas-bearing but failed to flow in the original well,” Mr Aitken said.

RISC have independently estimated a 2C Contingent resources of 7.9PJ and (mid case) prospective resource at 4.9PJ for the Gingin field.

The Red Gully North-1 well will also meet the Year 4 drilling commitment in EP 389.

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Forward plan on success

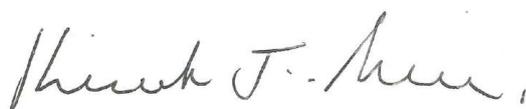
In the event of a discovery, the well would subsequently be completed and tested with a smaller rig in Q1/Q2 2016. The RGN-1 well could then be tied into the Red Gully Production facility via a pipeline in Q3/Q4 2016, subject to government approval.

A commercial discovery would further strengthen Empire's resource base, adding significant gas and condensate reserves, providing alternatives to either extend the life of the Red Gully Production facility or allow a plant expansion subject to the estimated volume of hydrocarbons discovered.

Empire is excited to be returning to the exploration of its extensive acreage portfolio in the Perth Basin with RGN-1 representing the first of three exploration wells planned over the next 18 months. A weekly update will be provided to shareholders, along with additional releases in the case of significant events.

Yours sincerely

For Empire Oil & Gas NL



Ken Aitken

Chief Executive Officer

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About Empire Oil & Gas

Empire Oil & Gas NL ('Empire' or the 'Company') is an onshore conventional gas and condensate producer and explorer listed on the Australian Securities Exchange (ASX: EGO) with key assets in the Perth Basin in Western Australia. The Company's producing assets at Red Gully are less than 150kms from the city of Perth where there is a strong gas market. Since commencing operations in 2013, the 100% owned Red Gully Processing Facility has produced and delivered over 5,000 Terajoules (TJ) of gas. Gas produced to date has been contracted to Alcoa and delivered through the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which lies next to the Processing Facility. Condensate produced is transported via road to BP.

EGO is the holder of the largest net acreage in the highly prospective Perth Basin with its production licenses and permits covering more than 10,000km², representing 48% of the currently granted acreage in the Perth Basin. Close to pipeline infrastructure and with rapid commercialisation opportunities, the Company has significant exploration potential in an underexplored, proven petroleum system.

Empire's vision is to sustainably grow the business into a mid-tier exploration and production company. Empire's strategy is to be the Perth Basin operator of choice, safely supplying WA domestic gas by growing the Red Gully production hub, delivering reserves and production growth by drilling material quality exploration prospects in the high profit margin onshore Perth Basin, enabling Empire to attract quality farm-in partners to assist in accelerating growth plans.

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