



EMPIRE OIL & GAS NL

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24 September 2007

ASX Limited
Company Announcements Office
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

RE: EP 104/R1 CANNING BASIN, WESTERN AUSTRALIA – UPDATE ON THE VALENTINE-1 WELL

Please find details of the progress of the drilling of the Valentine-1 exploration well, Canning Basin, Western Australia as of 0600 hours 24 September 2007.

Drilling operations at Valentine-1 have re-commenced and as at 0700 hours operations were drilling ahead at 3382 metres after repairing the drilling rig's top drive unit.

Top drive breakdown occurred on 22 September 2007 after drilling from 3241 metres on 20 September 2007 to 3377 metres on 22 September 2007.

Electric wireline logs are to be run in the well bore at total depth and will evaluate the sections drilled where minor mud gas shows were observed.

The objective porous sandstones of the Virgin Hills Formation have not been intersected in the well to date.

Regards

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**VALENTINE-1 DRILLING REPORT
CANNING BASIN, WESTERN AUSTRALIA**

Date:	24 September 2007	
Permit:	R1	
Well Location:	Lat : 17° 08' 23.46"S Long : 123° 42' 32.40"E	
Directional offset to target:	0 metres	
Elevation:	Ground Level is 12.4mAMSL Rotary Table is 18.1mAMSL	
Prognosed Depths (measured KB):	Top primary objective	Total depth
	3,222 metres	3,407 metres
Prognosed drilling time:	25 days	
Spud Date:	1230 hrs, WST 12 August 2007	
Present Depth at 0600 hrs:	3,377mMD	
Time of Reporting:	0600 hrs, WST 24 September 2007	
Operations Since Last Report:	Directionally drilled from 3241m as of 20/9/07 to 3,377m on 22/9/07 when drilling stopped due to a break-down of the top drive hydraulic unit on 22/9/07	
Current Operations:	At 0600 hrs this morning 24/9/07, repairs were almost complete and by 0700hrs the well was drilling ahead at 3382m MD.	
Hydrocarbon indications:	None	
Comment:	Lithologies are predominantly tight dolomites and minor dolomitic sandstones and claystones of Devonian age with minor mud gas shows observed. The primary reservoir objective porous sandstones of the Virgin Hills Formation have not been intersected in the well to date.	
Participants in the well (post earning):	Empire Oil and Gas NL - 14.8% ARC Energy Limited - 38.95% (Operator) Emerald Oil & Gas NL - 12.75% Pancontinental Oil & Gas NL - 10.0% Phoenix Resources PLC - 10.0% First Australian Resources Limited - 8.0% Indigo Oil Pty Ltd - 5.5%	