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ASX RELEASE

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New Record Gas Flow at Reid's Dome Project

State Gas Limited (ASX: GAS) ("the Company") disclosed in its weekly production update on 16 September 2020 an exponential increase in gas flow rates in production testing at its Nyanda-4 CSG well at Reid's Dome Gas Project (PL231). The Company announced on that day that gas flow rates had reached in excess of 240mscf/d after eight weeks of dewatering.

The Company is pleased to disclose by way of interim update that, during the past two days since that last report, gas flow rates from Nyanda-4 have continued to increase significantly, with a record flow rate in excess of **310mscf/d** achieved.

The record gas production at Nyanda-4 follows the recent installation of customised pumping equipment designed and built in Canada to suit the local conditions at Reid's Dome. The high-yielding pumping solution adopted by State Gas will be highly valuable in optimising future gas production from wells within its 100%-owned Reid's Dome Gas Project.

This announcement was approved for release by Mr Richard Cottee, Executive Chairman.

FOR FURTHER INFORMATION

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ABOUT STATE GAS

STATE GAS LIMITED (ASX: GAS) is a Queensland-based developer of the Reid's Dome gas field, originally discovered during drilling in 1955, located in the Bowen Basin in Central Queensland. State Gas is 100%-owner of the Reid's Dome Gas Project (PL-231) a CSG and conventional gas play, which is well-located 30 kilometres southwest of Rolleston, approximately 50 kilometres from the Queensland Gas Pipeline and interconnected east coast gas network.

Permian coal measures within the Reid's Dome Beds are extensive across the entire permit but the area had not been explored for coal seam gas prior to State Gas' ownership. In late 2018 State Gas drilled the first coal seam gas well in the region (Nyanda-4) into the Reid's Dome Beds and established the potential for a significant coal seam gas project in PL 231. The extension of the coal measures into the northern and central areas of the permit was confirmed in late 2019

by the Company's drilling of Aldinga East-1A (12 km north) and Serocold-1 (6 km to the north of Nyanda-4).¹

State Gas is implementing its strategic plan to bring gas to market from PL 231 to meet near term forecast shortfalls in the east coast domestic gas market. The strategy involves progressing a phased appraisal program in parallel with permitting for an export pipeline and development facilities to facilitate the fastest possible delivery of gas to market². State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

¹ The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

² Strategy announced on 21 August 2019