



State Gas Limited  
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**ASX RELEASE**

8 October 2020

## Drilling Rig Secured for Production Well Campaign

**State Gas Limited (ASX: GAS)** (“the Company”) advises that it has engaged a drilling contractor for its upcoming drilling campaign, entering into a Letter of Intent with Silver City Drilling Pty Ltd for that company’s Rig 25 to drill at least four production wells.

The wells will be drilled as part of Phase 2 of State Gas’ exploration and appraisal program for its **Reid’s Dome Gas Project (PL 231)** in the Bowen Basin in Central Queensland, where the Company is implementing its strategic plan to bring gas to market to meet near term forecast shortfalls in the east coast market.

Centred on the highly successful Nyanda-4 well, at least four step out wells will be drilled and production tested, providing additional data to secure a significant certified reserves booking and enable field development planning and infrastructure design for commercialisation of the Nyanda area.<sup>1</sup> Drilling is anticipated to commence this Quarter, weather permitting.

Silver City Drilling Rig 25 has a strong track record at the Reid’s Dome Gas Project, having previously drilled the successful Primero West-1, Nyanda-4, and Serocold-1 wells.

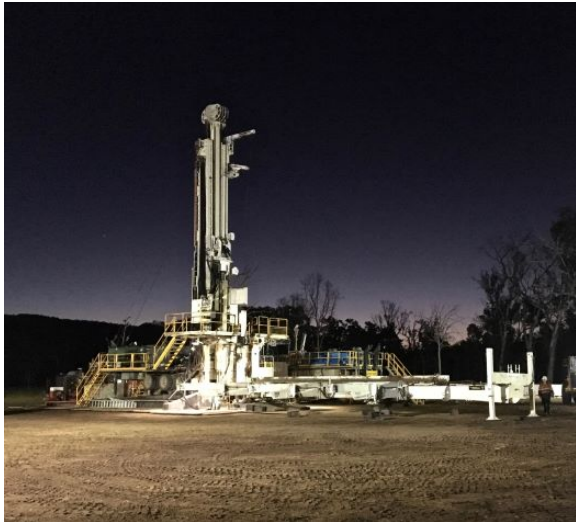
State Gas and Silver City Drilling are also discussing the use of an additional rig to drill the proposed **Rougemont-1** well in its new **Rolleston-West Project (ATP 2062)**, along with production monitoring wells at Reid’s Dome. Using two rigs for the combined program will enable more rapid drilling and production testing, and will also optimise rig capability for the proposed wells.

The Company is well-funded to progress the upcoming drilling and production testing at both Reid’s Dome and the new Rolleston West Gas Project following a \$9.5M private placement completed last week, along with a Share Purchase Plan currently underway.

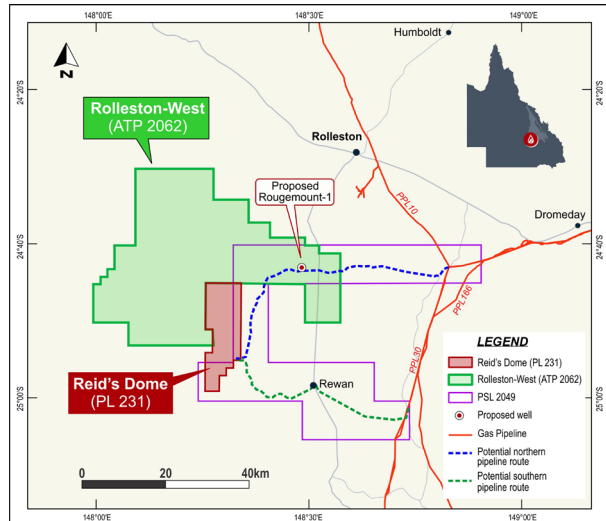
This announcement was approved for release by Mr Richard Cottee, Executive Chairman.

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<sup>1</sup> Announced on 23 September 2020



*Silver City Drilling Rig 25 drilling Primero West-1 at Reid's Dome*



*Map of Reid's Dome and Rolleston-West Gas Projects*

## 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).<sup>2</sup>

State Gas is also the 100% holder Authority to Prospect 2062 ("Rolleston-West"), a 1,414 km<sup>2</sup> permit (eight times larger than PL 231) that is contiguous with the Reid's Dome Gas Project. Rolleston-West contains highly prospective targets for both coal seam gas (CSG) and known conventional gas within the permit area. It is not restricted by domestic gas reservation requirements.

The contiguous areas (Reid's Dome and Rolleston-West), under sole ownership by State Gas,

<sup>2</sup> The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

enable integration of activities and a unified super-gasfield development, providing economies of scale, efficient operations, and optionality in marketing.

State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West 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 market<sup>3</sup>. State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

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<sup>3</sup> Strategy announced on 21 August 2019