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ASX RELEASE

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Production Testing Re-starting at Reid's Dome

State Gas Limited (ASX: GAS) advises that production enhancement works have been completed at the Nyanda-8 well and a production test of the re-completed well commenced on 28 November 2021. Production enhancement works are well advanced at the Serocold-1 well and weather permitting, a production test of this well is expected to commence early next week.

State Gas is currently undertaking works at its Reid's Dome and Rolleston-West Gas Projects in Central Queensland to progress the projects towards delivering new gas supplies to meet forecast shortfalls in the east coast Australian gas market. Activities at Reid's Dome are aimed at enhancing production from the Serocold-1 and Nyanda-8 wells to the levels achieved by the very successful Nyanda-4 well, while at Rolleston-West the Company is carrying out the first production test in the area, at the Rougement-2 well.

At Nyanda-8 the coal seams have been jetted to expand the area of formation accessible by the well bore. The Company is carefully monitoring the well as the water level is lowered and downhole pressures reduced to allow the gas to desorb.

At Serocold-1 the Company has completed a foam squeeze to seal off the non-producing zones in the well and facilitate better pump operation. The pump will now be installed, and the production test of the newly configured well commenced.

At Rougemont-2 the production test is ongoing, with the performance of this first test in the area being monitored closely and pumping carefully controlled to optimise production outcomes.

"I am very much looking forward to the results of these new production tests" said Company Executive Chairman Richard Cottee.

"Every new domain – as Reid's Dome is – requires its 'code' to be 'cracked', with the best production method the result of 'tweaking the levers'", he said. "We know Reid's Dome contains a lot of gas, we just need to optimise its release from the plethora of coal seams. If these new tests produce the way I am expecting we will be on our way to getting our gas to market."

State Gas will continue to provide updates as activities progress.

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

FOR FURTHER INFORMATION

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