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ASX RELEASE

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State Gas spuds Rougemont-3 horizontal well

State Gas Limited (ASX:GAS) (**State Gas** or the **Company**) advises that it spudded its new Rougemont-3 horizontal well overnight.

Silver City Drilling Rig 20 is currently installing surface casing, with the well at 63m depth. The rig will drill two laterals into the Bandanna coal seams starting with the first lateral at approximately 290m true vertical depth. This lateral will be drilled horizontally for approximately 1,300m, intersecting with the Rougemont-2 vertical well at approximately 1,200m.

Following completion of the first lateral a second will be drilled approximately 30m below, again to intersect the Rougemont-2 vertical well, creating a total in-seam length of approximately 2 km.

A ranging tool has been inserted into the Rougemont-2 well to assist the drilling direction finding equipment

Once the laterals are complete the workover rig will return and replace the pump in Rougemont-2. Production testing of the two wells, as an integrated well pair directly accessing more than 2 km of the reservoir, will then commence.

State Gas will provide further updates as drilling progresses.

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



Silver City Rig 20 rigged up at Rougemont-3

FOR FURTHER INFORMATION

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ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based gas exploration and development company focussing on the Bowen Basin in Central Queensland. State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) Gas Projects, both of which contain both CSG and conventional gas. The Projects, together some 1,595km², are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network. Neither project is restricted by domestic gas reservation requirements.

State Gas also holds a 35% interest in new permit ATP 2068 in joint venture with Santos QNT Pty Ltd (65%), and, also in the same joint venture, has been appointed Preferred Tenderer for an additional new exploration block PLR2021-1-3. These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the area, providing for an alignment of ownership interests across the region, enabling synergies in operations and development.

None of State Gas' permits are restricted by domestic gas reservation requirements. State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet shortfalls in the east coast domestic gas market.

State Gas is also undertaking a carbon management initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 on the western border of ATP 2062. This project is investigating the potential of basalts in the Buckland Basaltic Sequence to provide long term secure sequestration of carbon through mineralisation¹.

¹ For more information see State Gas Ltd announcement on 9 May 2022