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ASX RELEASE

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Rougemont-3 Target Vertical Depth Reached with Strong Gas Shows

State Gas Limited (ASX:GAS) (State Gas or the Company) is pleased to announce that its Rougemont-3 horizontal well has reached target vertical depth and has confirmed good net coal in line with expectations.

As indicated in its announcements on 12 and 16 September 2022, State Gas is currently drilling the Rougemont-3 horizontal well to confirm the potential of the Rougemont area within its Rolleston-West Project (ATP 2062). The well will be drill laterally through the coal seams of the Bandanna Formation to meet the vertical Rougemont-2 well. Once completed, the wells will be placed on production as a combined vertical - horizontal pair.

After 3 days, the well penetrated the top of the Bandanna Formation, and it has now drilled to its target vertical depth, below the coal seams of interest. As expected, the well intersected approximately 9 m net coal, with two primary seams of 2.0 m and 3.0 m respectively.

The top of these two primary seams was intersected at 226 mTVD, with the lower some 29 mTVD lower, placing both seams at optimum depth for coal seam gas production.

Strong gas shows associated with the coals were observed during drilling, a promising sign for future productivity.

Notably, the coal seams in the formation clearly correlate (on a one for one basis) with the coals in both the Rougemont-1 and Rougemont-2 wells drilled by the Company in 2021 and with coal exploration wells some 10 km to the west. This correlation is evidence of a very high level of continuity in the coals extending across the area. This is encouraging, suggesting promising results from this well may be reproducible across the field.

Preparations are now underway to commence drilling the lateral through the primary coal seam in the well.

State Gas will provide further updates as drilling progresses.

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



Sunrise 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