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ASX RELEASE

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Rougemont-3 Enters Coal Seam with Strong Gas Shows

State Gas Limited (ASX:GAS) (State Gas or the Company) advises that its Rougemont-3 horizontal well entered the target coal seam overnight and is currently making good progress through the seam towards its intersect point with Rougemont-2.

Strong gas shows, (maximum 13.8%, average 11%-12%) at 99% methane are being observed from the coal seam traversed.

As indicated in recent announcements¹, 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 drilled laterally through the coals 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.

The well reached target vertical depth on 20 September, following which the top hole was cased and cemented to prepare for drilling of the lateral. The target coal was entered as planned and drilling proceeds under close monitoring to optimise well length within the seam.

State Gas will provide further updates as drilling progresses.

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

FOR FURTHER INFORMATION

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¹ 12, 16 and 21 September 2022

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 mineralisation².

² For more information see State Gas Ltd announcement on 9 May 2022