



State Gas Limited
ACN 617 322 488
PO Box 10348
BRISBANE QLD 4000

ASX RELEASE

23 February 2023

Rougemont Production Testing Update and Grant of ATP 2069

HIGHLIGHTS:

- Rougemont-2/3 Well now producing in excess of 100,000 cubic feet of gas per day during production testing
- Gas and water continues to surge from the Rougemont well during de-watering activities, despite the Bandanna coal seams still being submerged 120 metres below the current water level
- State Gas in Joint Venture with Santos Limited formally granted ATP 2069, located in the Bowen Basin adjacent to Arcadia Valley gas field

Rougemont Production Testing Update

State Gas Limited (ASX: GAS) (“State Gas” or “the Company”) is pleased to advise further encouraging results from continued production testing of the combined Rougemont-2 vertical well and Rougemont-3 lateral wells (“Rougemont”). Despite the Bandanna coal seams still being covered by 120 metres of water, daily gas production at Rougemont 2/3 is now exceeding 100,000 cubic feet of gas per day. The rapid increase in daily gas production, during the past week since the Company’s last announcement (16 February 2023), continues to indicate the excellent permeability of Rougemont’s coals and the possibility of extremely high gas production levels from the pilot well.

Executive Chairman, Richard Cottee said “Despite the coals still being subject to approximately 120 metres of water pressure, the gas production rate has increased by 50,000 scft/day in just eight days - quite a step up.”

While de-watering activities continue at Rougemont 2/3, the Company is now planning the evaluation of the area surrounding Rougemont for the purposes of establishing a substantial gas reserve. “Bringing substantial new gas supply to market quickly from Rougemont will help alleviate the inevitable Eastern Seaboard gas shortfall,” Mr Cottee said.

Award of ATP 2069

In May 2022, State Gas announced that in joint venture with Santos QNT Pty Ltd (a wholly owned subsidiary of Santos Limited) it had been appointed as preferred tenderer of two substantial highly prospective coal seam gas exploration areas (PLR 2021-1-2 and PLR 2021-1-3). As shown in Figure 1, these areas are adjacent to the Arcadia Valley gas field and are contiguous with existing project areas held by State Gas and Santos, offering potential development synergies for that area and economies of scale around capital, operations and off-take.

The Company is pleased to advise that ATP 2069 has now been formally granted over the PLR 2021-1-3 area, permitting commencement of early works. Mr Cottee said “The way is now clear to accelerate the exploration and evaluation of ATP 2068 (previously granted) and ATP 2069 in conjunction with our joint venture partner Santos. Those strategically located tenements present a unique opportunity to bring online another substantial high quality gas resource in a known gas producing region that is well located to infrastructure at a time when new gas supply is critical,” Mr Cottee said.

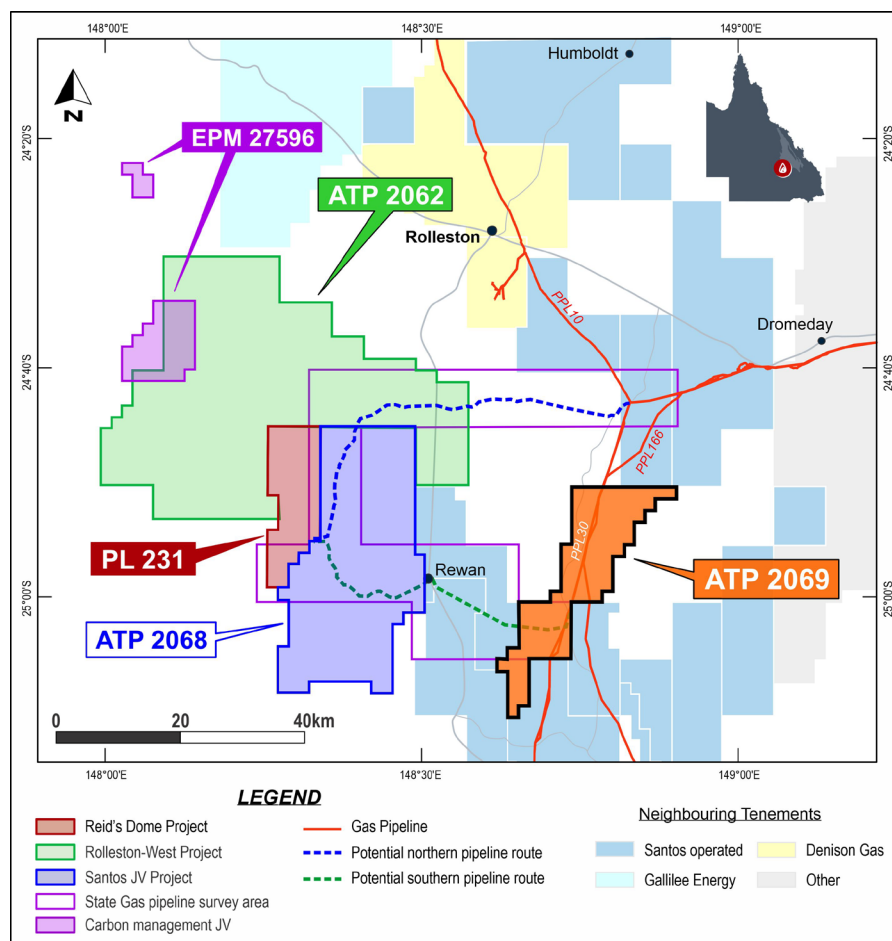


Figure 1: showing location of newly granted ATP 2069, existing State Gas Projects and Santos interests in the area

Earlier this week, the importance of this CSG province was highlighted with the announcement of federal environmental approval for 116 new CSG wells in the Bandanna Coal Formation within the neighbouring Arcadia Valley gas field.

This announcement was approved for release by the Board of Directors.

FOR FURTHER INFORMATION

Richard Cottee
Executive Chairman
Phone: 0458 517 850
Email: richard@stategas.com

Doug McAlpine
Chief Executive Officer
Phone: 0488 007 889
Email: doug@stategas.com

www.stategas.com

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 intends to accelerate commercialisation of the conventional gas assets in Reid's Dome through the implementation of an innovative virtual pipeline solution which will see the Company transport gas by truck to a closely located inlet point on existing pipeline infrastructure.

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 mineralisation.