

Rougemont Production Testing – Continued Strong Gas Production

HIGHLIGHTS:

- Rougemont production test well now producing in excess of 250,000 cubic feet of gas per day during testing, with the daily gas production rate continuing to accelerate
- Bandanna coal seams still submerged 70 metres below the current water level

State Gas Limited (ASX: GAS) (“State Gas” or “the Company”) is pleased to advise further encouraging results from production testing of the Rougemont 2/3 vertical and lateral well combination (“Rougemont”). Notwithstanding, a further seventy metres of water yet to be drawn down until the first coal seam is exposed, daily gas production at Rougemont is now exceeding 250,000 cubic feet of gas per day.

Executive Chairman, Richard Cottee said “Since our previous announcement, we have continued to see acceleration in daily gas production and remain excited about the possibility of extremely high gas production levels from the production test well. The results are promising compared to other high performance CSG wells at a similar stage of dewatering. As we approach the point of commercial viability for the well, we are evaluating options to establish a substantial gas reserve in the area.”

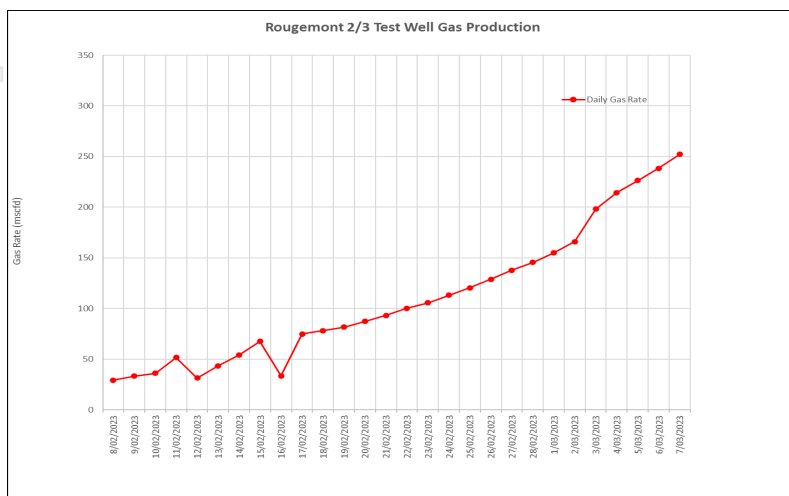


Figure 1: Daily gas production



Figure 2: Flaring - 4 March 2023

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

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 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.