

18 April 2023

Rougemont Production Testing Update

State Gas Limited (ASX: GAS) (“State Gas” or “the Company”) is pleased to provide a further update on its production testing strategy for the Rougemont 2/3 lateral well configuration at its Rolleston West Project (“Rougemont”). The Rougemont production test to date has been highly successful:

- delivering an excellent stable economic gas flow rate (approximately half a TJ of pipeline quality gas per day), with further improvement possible as dewatering continues;
- confirming excellent permeability within the target Bandanna coal seams; and
- providing further compelling justification to relocate the CNG compression assets to support early production from Rougemont.



Having achieved the significant milestone of proving stable economic gas flow rates, it is the Company’s intention to close down the well for a short period of time in order to conduct pressure build-up testing to gain a more comprehensive understanding of reservoir dynamics. Armed with this knowledge, State Gas’ intention would be to re-open the well, in conjunction with relocating the CNG facilities to a location which can support both the Reid’s Dome and Rougemont projects. The decision to close the well in the short term has the additional economic benefit of preserving the high-quality production testing gas until it can be captured for sale.

Executive Chairman, Richard Cottee said “Further to our previous announcements, we are excited that our assumption of extremely high gas production levels from Rougemont has been substantiated. These exceptional test results provide an excellent foundation for establishing a substantial gas reserve in the area and accelerating development of a substantial gas project in the region.”

“The Rougemont nose is gradually unlocking its secrets and I have no doubt that further analysis of reservoir dynamics will enable us to further optimise production when we recommence testing over coming months. Given the uncertainty surrounding domestic gas production this discovery has come at an extremely fortunate time.” Mr Cottee said.

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.