

12 December 2023

## CNG Facility Construction Update

**State Gas Limited** (ASX: GAS) (“State Gas” or “the Company”) provides this update on the construction of its compressed natural gas (“CNG”) facility that will support the processing and initial sale of production testing gas from the Company’s Rolleston West Project.

Construction crews have remobilised to site and experienced significantly improved productivity because of more favourable weather conditions. The all-weather access road is now complete. Prefabricated foundations are now being set in place on the CNG facility pad, with all major pieces of equipment on site and being progressively installed. With civil works completed, State Gas is confident that construction and commissioning work can continue efficiently, even if the area experiences localised rain.

Trenching and pipework is now complete, with the gathering system connecting the Rougemont 2/3 dual lateral well to the CNG facility inlet point. Surface rehabilitation of the pipeline corridor is in progress.



Figure 1: Completed CNG Facility pad



Figure 2: Mechanical crews commencing plant construction

The Company remains on track for mechanical completion of the CNG Facility and the start of plant commissioning activities in mid-January 2024. The Company intends to commence initial gas sales through its virtual pipeline as part of the commissioning process.

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

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## FOR FURTHER INFORMATION

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## ABOUT STATE GAS LIMITED

**STATE GAS LIMITED** (ASX: **GAS**) is a Queensland-based gas exploration and development company with highly prospective gas exploration assets located in the southern Bowen Basin. State Gas Limited's mission is to support east coast energy markets through the efficient identification and development of new high quality gas assets. It will do this by applying an agile, sustainable but low-cost development approach and opportunistically expanding its portfolio in areas that are well located to gas pipeline infrastructure.

State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) gas projects, both of which contain CSG and conventional gas. The Projects, together some 1,595km<sup>2</sup>, are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network. State Gas intends to accelerate commercialisation of these assets through the application of an innovative virtual pipeline ("VP") solution which will see the Company transport compressed gas by truck to existing pipeline infrastructure or to an end user.

State Gas also holds a 35% interest in ATP 2068 and ATP 2069 in joint venture with Santos QNT Pty Ltd (65%). These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the region, providing for the potential of an alignment in ownership interests across the region over time and enabling synergies in operations and development.

State Gas is also participating in a carbon capture and sequestration initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 which is located on the western border of ATP 2062. This project is investigating the potential of the unique basalts located in the Buckland Basaltic Sequence (located in EPM 27596) to provide a variety of in-situ and ex-situ carbon capture applications.

## ABOUT THE ROLLESTON WEST PROJECT

**The Rolleston West Project (ATP 2062)**, is 100% owned by State Gas Limited and is focussed on evaluating the viability of conventional and coal seam gas (CSG) production from Bandanna Formation coals, which are extensive across large areas of this and adjoining permits. The capability to produce CSG at commercial levels has already been established at the Arcadia Valley field to the south-east, and at Mahalo to the north-east.

The recent drilling program undertaken in the eastern part of the tenement (Rougemont 1,2 and 3) has intersected approximately 8 metres of net coal, with the thickest seams laterally continuous over many kilometres. The gas content of the coals is between 5 and 6 m<sup>3</sup>/tonne dry ash free. Gas is at or near pipeline quality, between 93.8% and 96% methane.

Production testing has established sustainable commercial gas flow rates and confirmed excellent permeability within the targeted coal seams State Gas is seeking to expand the project ("Rougemont") and move to early-stage production. The Company is currently evaluating a further step-out drilling campaign to confirm the continuity and permeability of the coal down dip of Rougemont 1 and 2 and establish initial gas resource and reserve estimates for the project.

