

18 January 2024

## 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 enable the processing and initial sale of production testing gas from the Company’s Rolleston West Project.

Construction and electrical crews have remobilised to site to complete the CNG facility works. The remaining key components of the plant are expected to arrive on site this week after obtaining third party certification. Mechanical completion of the CNG facility is expected to occur shortly after those components are installed. All power and lighting cables have been installed and remaining instrumentation cables will be completed by the weekend. All gas, water and pneumatic lines are tested and ready for service. Final tie-in of the Rougemont 2/3 dual lateral coal seam gas well to the CNG facility will also be completed this week. Surface rehabilitation of the pipeline corridor and the area surrounding the CNG facility pad is well underway. A formal commissioning plan has been developed and pre-commissioning activities will commence next week.

The work undertaken to weather-proof the access road and CNG facility pad have proven worthwhile with the site remaining in good condition despite continuous rain over the last few weeks. The Company is confident that mechanical completion and plant commissioning can proceed even if wet weather persists. It also means that post commissioning, State Gas will be able to maintain continuous truck access to the facility, which will be critical for continuity of our future gas supply commitments.



Figure 1: Near completed CNG Facility (15 January 2024)

The Company intends to commence initial gas sales through its virtual pipeline as part of the commissioning process and is currently working with its offtake partner to finalise details of that supply arrangement to commence later this month.

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: 0439 557 400  
Email: doug@stategas.com

[www.stategas.com](http://www.stategas.com)

## 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.

