



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

## ASX RELEASE

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### Company Update

**State Gas Limited (ASX: GAS)** (“State Gas or “the Company”) provides an update on its short-term plan for the Rolleston West drilling program and high density natural gas (“HDNG”) operation.

As previously advised, the Company’s access to the Rolleston West project area was blocked by the landowner for 18 days, with access being reinstated on 19 November 2024. The landowner’s decision to block our access has impacted both the HDNG operation and the drilling program.

Blocked access to the HDNG plant has resulted in the Rougemont 2/3 dual lateral well system requiring a further process of dewatering. Based on the Company’s previous experience, gas flow occurs when the well is dewatered to a depth of around 340 metres. State Gas anticipates that managing the draw-down process to ensure underlying coal structures are not damaged will take approximately six to eight weeks. As a consequence, the Company has agreed with its HDNG customer, to suspend delivery arrangements without penalty, with the intention to recommence in late Q1 calendar 2025. In the interim, State Gas, its partners and customers will undertake optimisation work on the supply chain to support an increase from two to six mine trucks using HDNG, when supply recommences.

Blocked access to drill-pad locations has resulted in the program not being completed prior to the start of the wet season, as originally planned. Unfortunately, the wet season has commenced, and wet weather experienced over the last week has already made access difficult. The Company has assessed the wet season weather forecast and drill rig standby costs and believes it is in the best interest of all stakeholders to defer commencement of the drilling campaign until early calendar 2025 at the first available clear weather window (expected to be in March and April 2025).

The Company’s Managing Director, Mr Doug McAlpine said “Deferral of the drilling program and disruption to our HDNG supply arrangements are frustrating by-products of having our land access blocked for an extended period. Despite this we are focused on delivering on our overarching strategy and plan.”

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

#### FOR FURTHER INFORMATION

Doug McAlpine  
Managing Director  
Phone: 0439 557 400  
Email: [doug@stategas.com](mailto:doug@stategas.com)

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

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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.

## ABOUT THE HDNG PRODUCTION FACILITY

State Gas has developed a "first of its kind" in Australia CSG to HDNG plant ("the HDNG Facility"). When implemented in conjunction with virtual pipeline ("VP") trailer technology, the HDNG Facility will be able to deliver up to 1.7TJ/day of pipeline quality natural gas to end users in the Southern Bowen Basin and surrounding areas. This technology has a range of benefits and potential use cases:

- delivers substantial environmental benefits to gas producers, as it provides a reliable method for capturing and commercialising production testing gas which has historically been released to the atmosphere;
- provides a new path to market for pipeline quality natural gas which the Company believes will become increasingly important across a range of industries, including critical minerals, while the economy continues its long-term transition to renewable energy sources;
- is modular and can be efficiently expanded and easily relocated to support gas testing and processing opportunities in new locations; and
- provides access to a new fuel source for end users who are seeking access to smaller, flexible quantities of natural gas, but don't have access to traditional pipeline infrastructure and need to accelerate a transition away from diesel.

