



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

ASX RELEASE

24 October 2022

Rougemont-3 Well Completed

State Gas Limited (ASX:GAS) (State Gas or the Company) advises that it has completed the drilling of the Rougemont-3 dual lateral well, with the rig released on Saturday.

The second lateral in the well has been successfully drilled to intersect the Rougemont-2 vertical well. It has now been lined to facilitate production.

The lateral achieved 97% within the target coal seam, resulting in 1130m exposure to the reservoir. Together the two laterals provide direct access to ~ 2400m of coals.

Gas shows (99% methane) in drilling fluid during drilling of the second lateral averaged a very promising 15 – 19%, indicating the coals are gas saturated. The average over both laterals was ~20%, boding well for gas production once testing starts.

Testing of the combined Rougemont-2 and -3 well pair will commence once Rougemont-2 has been recompleted and a new pump installed. This is expected in the next few weeks, subject to weather conditions.

Testing will commence with the water level in the wells being drawn down slowly to optimise production. Initial gas flows are expected to commence within the next 2-3 months.

The Rougemont-3 horizontal well is being drilled to confirm the gas production potential of the Rougemont area within State Gas' 100%-owned Rolleston-West Project (ATP 2062) and to provide gas for a future pipeline to connect the project area with the east coast gas pipeline network¹.

The well targets the coals of the Bandanna Formation, in commercial production at the Arcadia Valley to the south-east.

This announcement was approved for release by Mr Richard Cottee, Executive Chairman.



Drilling at Rougemont-3

¹ See announcements of 12, 16 and 21 September 2022

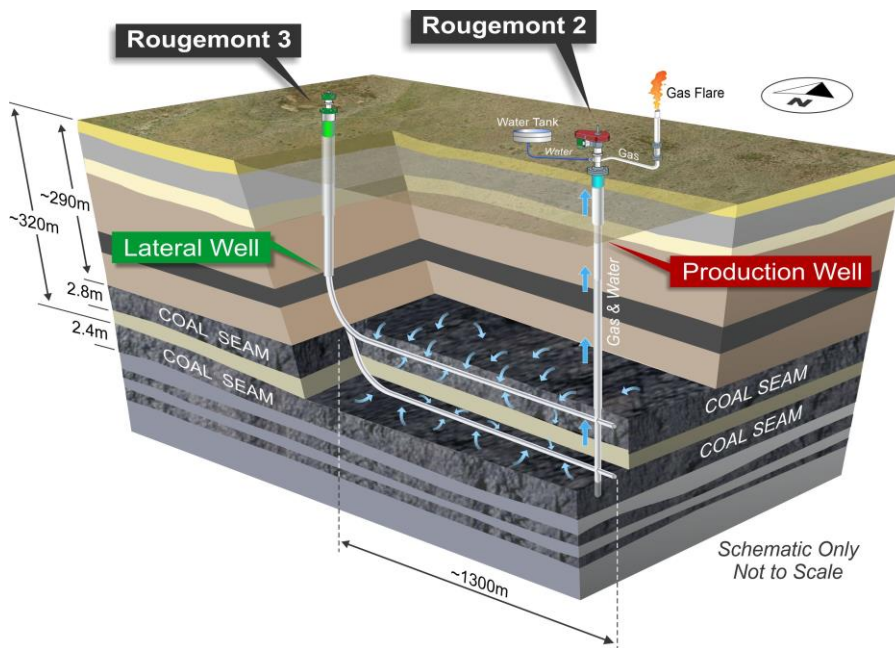


Figure 1: Rougemont-3 Well, showing first and second lateral wells completed in the current drilling program and the previously-drilled Rougemont-2 vertical well.

FOR FURTHER INFORMATION

Richard Cottee
 Executive Chairman
 Email: richard@stategas.com
www.stategas.com

Lucy Snelling
 Head, Corporate & Commercial
 Email: lucy@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 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 mineralisation².

² For more information see State Gas Ltd announcement on 9 May 2022