

Announcement to ASX

10 February 2021

## Borba Drill Rig on Location - Spud Imminent

- **Graham Drilling Rig 5 Mobilised to Borba 1-7 Location**
- **Drilling planned to commence within 1 week**

**Xstate Resources Limited (ASX: XST) (“Xstate” or “the Company”)** is pleased to announce that a drilling contract has been signed for the Graham drilling Rig 5 to drill the Borba 1-7 Well in the Northern Sacramento Basin onshore California.



Trucks ready for Rig Mobilization from Graham Drilling Yard in Rio Vista

The Borba 1-7 well will be drilled to test multiple stacked 3D seismic anomalies in the interval from 3,200 feet (975 metres) to 9,500 feet (2,800 metres) depth and finish in Basement rocks. The prospective interval covers around 6,300 feet (1,920 metres). The well will be drilled with a small directional component to optimise the intersection of the multiple seismic anomalies on 3D seismic. The well is expected to take some 25 - 35 days to drill.

The Working Interests (Paying Interest) in the Borba 1-7 well are:

	<u>Drilling Costs</u>	<u>Post Drilling WI</u>
Sacgasco Limited (Operator) (ASX: SGC)	62.5%	66.67%
Xstate Resources Limited (ASX: XST)	37.5%	33.33%

The well will be drilled with a high capacity rig and will require a 10,000 psi rated control stack on the 9 5/8” casing below 6,000 feet. The well will have 3 strings of protective pipe.

**Xstate's Managing Director David McArthur commented:**

*"The drilling of Borba has been a major goal of the Company for the last two years.*

*Borba has always been identified as a technically attractive project and is located in a market that is under supplied and pays a premium for Natural Gas. Xstate is very pleased to have been able to increase its interest in the Borba well to 33.33% through a modest increase in commitment expenditure.*

*The timing of the drilling of Borba coincides with a sustained increase in the price of oil and gas and compliments the recent corporate strategy of the Company of increasing its asset base through a growing portfolio interest in attractive production assets."*



Graham Drilling Rig 5

**Authorised for release by the Board of Xstate Resources Limited**

**David McArthur**  
**Managing Director**  
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**About Xstate Resources Limited**

Xstate Resources (**ASX:XST**) is an ASX listed company focused on the oil and gas sector. The Company has existing gas exploration assets located in the Sacramento Basin, California and associated gas production interests together with production interests in Alberta, Canada. Xstate is presently pursuing new opportunities in the oil and gas sector onshore North America.