



Sacgasco Limited

ABN 83 114 061 433

Unit 14, 210 Bagot Road, Subiaco, WA, 6008.

T +61 8 9388 2654 E info@sacgasco.com

Announcement to ASX

14 July 2020

Initial Workovers Increase Gas Flows in Sacramento Basin

The Directors of Sacgasco Limited (ASX:SGC) are pleased to advise that the Company has completed two low-cost workovers (<US\$30,000) in the Malton Black Butte Gas Field (WI: Sacgasco 70%; Xstate Resources 30%) (see Figures 1 & 2 below) resulting in modest yet meaningful increases in gas flows. Both wells are now on-line and selling gas into the premium California Gas Market and average daily production from Sacgasco's seven fields in the Northern Sacramento Basin is now averaging around 550 mcf/day.

The Malton Black Butte Gas field was discovered in 1964. Producing gas sands are Late Cretaceous to Tertiary in age; are present from 1500 feet to 5000 feet (460 to 1500 metres) depths; are 5 to 70 feet thick; and have porosities in the 18% to 30% range. The field has been in production since 1967 and cumulative production has been over 104 Bcf. Sacgasco operates 8 wells in the Malton Black Butte Gas Field (See Figure 3 below).

The relevant Natural Gas prices in the Sacramento Basin in California normally command a significant premium to the USA benchmark Henry Hub Natural Gas prices. **The price for June and July 2020 has generally been around 150% of the reported Henry Hub price and is currently above that premium.**

Gary Jeffery Managing Director commented:

"These workovers took less than a week to complete and were conducted under budget at a total cost of less than US\$30,000. They represent the initial stages in planned workover opportunities.

The well flows will be monitored, and flow rates will form the basis of future workover decisions. The flow rates are modest but contribute to cash flow, and moreover demonstrate our ability to get work done in a timely manner in a gas basin with readily available equipment and extensive infrastructure which gives us simple market access.

Sacgasco notes that its Natural Gas operations are exempt from COVID-19 restrictions as they are deemed an essential service. However, gas price expectations based on weather and the impact of Coronavirus occurrences in the USA, will contribute to decisions on the order of future well work. It is worth noting that gas prices in California are still at a very significant premium to the US Henry Hub benchmark.

As gas prices improve, we anticipate undertaking larger, more complex workovers that lead to significant increases in daily production. There is lots of optionality in the seven gas fields where we have producing wells.

Whilst incremental production growth is important, our team is also very active identifying more reservoir 'sweet spots' that are present in the deeper formations throughout our fields. While the Dempsey / Borba is the key focus, we have identified new natural gas prospects ranging from 20 Bcf up to multi Tcf targets which can all be tested through relatively low-cost drilling. The upside that exists in these fields is massive and we are determined to unlock much greater value with the drill bit in the near term. More updates will be provided."



Figure 1: Workover Unit on SGC Wellsite - June 2020



Figure 2: Simple Malton / Black Butte Gas Field SGC Operation

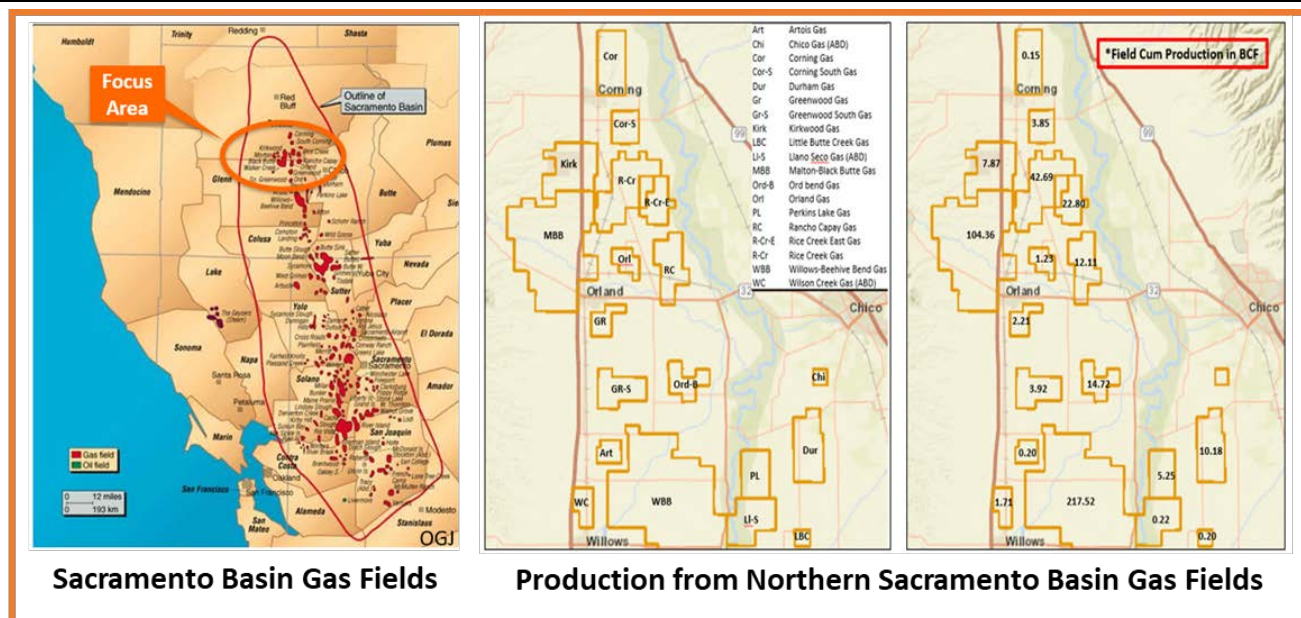


Figure 3: Locations of Sacgasco's seven gas fields in the prolific Sacramento Basin

Authorized for lodgment by Gary Jeffery, Managing Director.

Gary Jeffery
Managing Director
+61 8 9388 2654

Ben Jarvis
Six Degrees Investor Relations
+61 (0) 413 150 448

About Sacgasco Limited (ASX: SGC)

Sacgasco's strategy is to find, acquire and develop undervalued and under-developed opportunities connected to materially under supplied oil and gas markets across the world.

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Sacgasco has an extensive portfolio of natural gas producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities.

The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market in North America. Sacgasco is of the view that the size of the prospects in California have the potential to supply both domestic Californian natural gas and export LNG markets, including those in Asia.

www.sacgasco.com

Twitter: @SacGasCo