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ASX RELEASE

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Nyanda 7 Evaluation Update

State Gas Limited (ASX: GAS) is pleased to advise that further evaluation of the Nyanda 7 coal seam gas well logs indicates 38.2 m net coal using parameters determined from Nyanda 4 core and desorption data.

Located approximately 2.6km north of the successful Nyanda 4 well at the Reid's Dome Gas Project, the Nyanda 7 well reached its total depth of 1,210m on 19 December 2020.

The net coal and seam thicknesses and good quality gas shows between 486 – 1210m in the Reid's Dome Beds coal measures are similar to those encountered in Nyanda 4. Borehole image data indicates numerous open natural fractures intersecting the coal seams in Nyanda 7. Fractures such as these are commonly associated with favourable gas flow rates. During testing at Nyanda 4 in September this year, coal seam gas was produced at rates approaching 500,000 cubic feet per day.

The Nyanda 7 well has had pre-perforated production liner and casing installed and the casing cemented to surface. The well has been suspended awaiting completion.

Mobilisation of the drilling rig to the Nyanda 8 well location commenced on 24th December with Nyanda 8 expected to spud in the next few days, weather permitting.

The Completion/Workover Rig is now on site and after the Christmas break, pumps will be installed at both Nyanda 7 and 8, and the Nyanda 4 pump will be serviced.

Production testing will commence as soon as possible in the new year.

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

FOR FURTHER INFORMATION

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ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based developer of the Reid's Dome gas field, originally discovered during drilling in 1955, located in the Bowen Basin in Central Queensland. State Gas is 100%-owner of the Reid's Dome Gas Project (PL-231) a CSG and conventional gas play, which is well-located 30 kilometres southwest of Rolleston, approximately 50 kilometres from the Queensland Gas Pipeline and interconnected east coast gas network.

Permian coal measures within the Reid's Dome Beds are extensive across the entire permit but the area had not been explored for coal seam gas prior to State Gas' ownership. In late 2018 State Gas drilled the first coal seam gas well in the region (Nyanda-4) into the Reid's Dome Beds and established the potential for a significant coal seam gas project in PL 231. The extension of the coal measures into the northern and central areas of the permit was confirmed in late 2019 by the Company's drilling of Aldinga East-1A (12 km north) and Serocold-1 (6 km to the north of Nyanda-4).¹

State Gas is also the 100% holder Authority to Prospect 2062 ("Rolleston-West"), a 1,414 km² permit (eight times larger than PL 231) that is contiguous with the Reid's Dome Gas Project. Rolleston-West contains highly prospective targets for both coal seam gas (CSG) and known conventional gas within the permit area. It is not restricted by domestic gas reservation requirements.

The contiguous areas (Reid's Dome and Rolleston-West), under sole ownership by State Gas, enable integration of activities and a unified super-gasfield development, providing economies of scale, efficient operations, and optionality in marketing.

State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet near term forecast shortfalls in the east coast domestic gas market. The strategy involves progressing a phased appraisal program in parallel with permitting for an export pipeline and development facilities to facilitate the fastest possible delivery of gas to market². State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

¹ The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

² Strategy announced on 21 August 2019