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**ASX RELEASE**

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## **Successful Completion of Phase 1 Appraisal Program at Reid's Dome**

**State Gas Limited (ASX: GAS)** ("the Company") has been investigating the potential for a significant coal seam gas (CSG) resource within the Reid's Dome Beds at its 100%-owned PL231 project, since its Nyanda-4 well encountered gas in 38 metres of net coal and 25 metres of carbonaceous shales during drilling in late 2018<sup>1</sup>.

Following the success of Nyanda-4, State Gas embarked on Phase 1 of an exploration and appraisal programme to confirm the widespread presence of CSG across the Reid's Dome Gas Project (PL231). The successful Phase 1 has included a corehole at Aldinga East-1A in the north, a well and production testing in the centre of PL231 (Serocold-1), and production testing of the Nyanda-4 well in the south (see Figure 1).

The Company is pleased to advise that the objective of the Phase 1 programme has now been accomplished, following confirmation of the presence of CSG across the PL231 permit over at least 12 kilometres, from north to south. Importantly, CSG has been confirmed, and gas has been produced at all three locations.

With this strong validation, necessary data has been obtained to establish the first certified resources for the Reid's Dome gas field. Accordingly, the Company has commissioned Netherland Sewell and Associates Inc. to undertake the certification of Reid's Dome, with the results expected to be available for release by late September 2020.

In the meantime, customised pumps were installed in July and production testing is continuing at both Serocold-1 and Nyanda-4, with gas flows at both wells gradually increasing. Well damage and debris at Serocold-1 has resulted in only 54% of the targeted coal seams being exposed to the test. Despite this limitation, as of last night (after 30 days dewatering) Serocold-1 was producing at a rate of 13 mscf/d. Flow rates have been increasing at approximately 2.5% per day for the last two weeks.

6.2 kilometres south of Serocold-1, Nyanda-4 achieved 227 mscf/d before the pump failed. Following installation of new customised pumps in July, Nyanda-4 is flowing gas again (after 32 days dewatering) at above 70 mscf/d, also increasing at approximately 2.5% per day. The Company intends to cease production testing of Nyanda-4 once it reaches stabilised flows to enable the performance of a Production Log Test ("PLT"). The PLT will enable the Company to determine the relative gas contribution of individual seams in the well, which will help inform the Company on the optimal well design for Phase 2.

12 kilometres north of Nyanda-4, Aldinga East-1A continues to be monitored. As announced on 12 August 2020, Aldinga East-1A has been flow tested from the intra-Cattle Creek conventional gas reservoir, with the gas flow rate calculated at 363 mcf/d. The Cattle Creek Formation contains shallow conventional sandstone reservoirs which will complement the development of the CSG

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<sup>1</sup> "Nyanda-4 Successful Drilling and Testing", 5 December 2018 and subsequent ASX announcements.

field within the Reid's Dome Beds at PL231.

State Gas Executive Chairman, Richard Cottee, said that the Phase 1 appraisal program had confirmed the presence of significant coal seam gas across more than 12 kilometres within the Reid's Dome Gas Field at PL 231.

"Given the greenfield nature of the field, the results obtained to date have exceeded my expectations," Mr Cottee said.

"Through Phase 1, we have also obtained valuable information for future well completions and optimised the pumping technology for the local conditions," he said.

"The appraisal results augur well for the future and increase my confidence about the scale and timing for the project. This could support pipeline development and see State Gas in production within around two years."

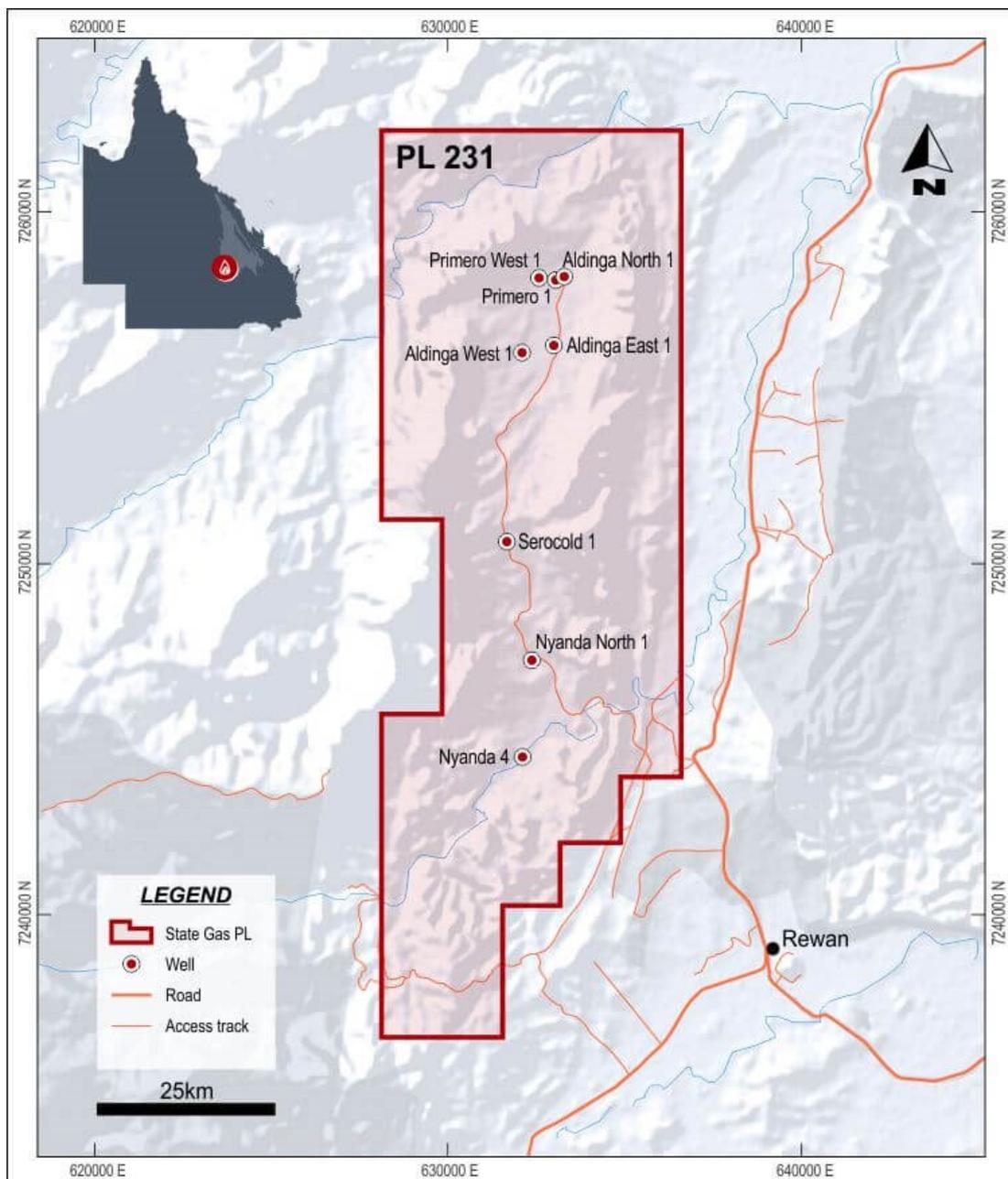


Figure 1: Location of wells on PL 231

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).<sup>2</sup>

State Gas is implementing its strategic plan to bring gas to market from PL 231 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 market<sup>3</sup>. State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

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<sup>2</sup> The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

<sup>3</sup> Strategy announced on 21 August 2019