



Sagasco Limited

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Announcement to ASX

14 May 2021

Second Stage Borba 1-7 Flow Testing Yields a 30% Improvement on Initial Reported Rate

- Higher 2.1 million cubic feet per day flow rate through small 1/4-inch choke a significant improvement on the 1.6 million cubic feet flow rate reported on 3 May
- Confirmed Strong High-Pressure Natural Gas Flows from Kione Sandstones
- SGC expects to bring the well into production at a flowing rate of around 3 million cfpd (3,000 mcfpd)
- Two short distance sales pipeline routes being investigated for near-term production
- Follow up drilling locations being high graded in extensive Prospect Portfolio



Borba 1-7 Flaring

Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") is pleased to announce results from the 2nd Phase of flow testing of the conventional Kione Sandstones in the near vertical Borba 1-7 well located adjacent to the Ord Bend GasField in the northern Sacramento Basin, onshore California.

The 2nd Phase of more detailed stable and extended flow testing and shut-in pressure measurement using digital flow meters has been completed and the digital memory gauges have been recovered.

The well flowed at an improved stable rate of 2.1 million cubic feet of gas per day (compared to the 3 May reported rate of 1.6 million cubic feet of gas per day) on a 1/4" (0.64 cm) diameter choke at 1,440 psi Flowing Tubing Pressure (FTP). Stabilized shut in Tubing Pressure (SITP) was 1,530 psi.

These data are based on more definitive and accurate digital meters and initial pressure readings based on analogue readout gauges released on May 3 should not be compared to the pressure data in this release.

More detailed pressure data will be analyzed from the downhole gauges.

Gas samples have been collected and sent to labs for analysis.

Based on the initial stable flow rates and pressure data and analogue data from local well production histories, Sacgasco plans to bring the well into production at a flowing rate of around 3 million cfgpd (3,000 mcfpd).

Whilst the Operator believes much higher headline rates flow are achievable, the joint venture is adopting more conservative 'Good Oil field Practice' to achieve optimum Natural Gas recovery over the life of the well.

The well was perforated at 4 Shots per foot over a 13 feet interval from 3,885 to 3,898 feet within the pay intervals reported in the release to the ASX platform on 15 March 2021.

The well was drilled on a standard form Oil and Gas Mineral Lease with private mineral right owners who receive annual lease fees or a royalty when wells are in production. The applicable Royalty Rate is 20%.

The Working Interests in the Borba 1-7 well completion and testing and future production are:

	Working Interest
Sacgasco Limited (Operator) (ASX: SGC)	66.67%
Xstate Resources Limited (ASX: XST)	33.33%

Next Steps:

The in-field testing of the Borba 1-7 well is now complete. Connection of the Borba well to the natural gas pipeline system is the next priority. The results from the pressure gauges and gas analysis will be evaluated as part of the decision on the best pipeline connection.

The delineation of additional prospects and plans for drilling and improved production in California and Canada are a priority for the balance of CY 2021.

Further updates will be provided as significant results are received.

Sacgasco Managing Director Gary Jeffery commented:

"The latest results from testing are very pleasing and are a 30% improvement on the initial rate reported. The small pressure drawdown and high flow rate and rapid recovery to the initial reservoir pressure are all very good indicators for the productivity of the Borba well.

We have narrowed our preferred pipeline connection options to 2 alternative ways to fast track the connection of the Borba 1-7 well into the California sales gas pipeline system to generate revenue as quickly as possible.

Applicable benchmark gas prices in the Northern Sacramento Basin are currently above US\$4 (A\$5.30) per mcf, a 40% premium to US Benchmark Henry Hub prices.

It is important to recall that the Sacgasco operated Joint Venture has an extensive portfolio of well locations with Kione and Forbes Sandstone objectives which are currently under review for drilling and rework as soon as practical.

Confirming Borba 1-7 as a natural gas producing well is an excellent outcome for Sacgasco and its joint venturers and reaffirms our confidence that our under-explored Sacramento Basin leases are underexplored and have huge upside."

This release is authorised by the Managing Director of the Company.

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About Sacgasco Limited (ASX: SGC)

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets.

The current prime focus is on conventional gas exploration and production in the Sacramento Basin, onshore California and Alberta, Canada. Sacgasco has an extensive portfolio of natural gas and oil producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities. The Company is targeting supply to the local Californian and Canadian oil and gas markets 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 domestic Californian natural gas and export LNG markets. Sacgasco is in the process of acquiring additional undervalued oil and gas producing assets in North America.

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The technical information provided has been supervised and reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 48 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas and mineral resources. Mr Jeffery is a member of the American Association of Petroleum Geologists with over 48 years of oil and gas Industry experience. He is a Competent Person under the relevant ASX Listing Rules and has supervised the interpretation reported on in this release, and consents to the inclusion of the information in the form and context in which it appears.

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they and or their timing may be affected by many variables which could cause actual results or trends to differ materially.