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ASX RELEASE

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Operational Update – Reid’s Dome Gas Project

State Gas Limited (ASX: GAS) (“State Gas” or “the Company”) refers to previous announcements in relation to recent activities at the Reid’s Dome Gas Project (PL 231), including on 31 January 2020. The Company is pleased to provide an update on production testing of the first three Coal Seam Gas (CSG) wells at Reid’s Dome, drilled by State Gas.

Aldinga-1A

While production testing has not yet commenced at Aldinga East-1A (drilled in October 2019) a very encouraging build up of pressure has been observed in the well. Following the discovery during drilling of a new conventional gas pool in the Cattle Creek Formation, the Company returned to Aldinga East-1A in January to remove drilling fluid from the well. Since then the Company has observed a build up in pressure at the wellhead, suggesting gas may have commenced flowing from the Formation.

The Company is continuing to monitor the well and will consider options for further testing in the coming months.

Nyanda-4

As previously advised, the Company commenced production testing at Nyanda-4 on 4 December.

Gas flows were noticed within the first week of pumping at Nyanda-4 and were recorded at 227 mscf/d after six weeks of dewatering, prior to technical issues interrupting depressurisation of the well. Although pumping has temporarily ceased, gas production is continuing at Nyanda-4.

Serocold-1

The Serocold-1 test commenced on 17 January 2020 and quickly provided indications of gas production within the first week of dewatering commencing. More recently, technical issues have been encountered during pumping, delaying ongoing dewatering at Serocold-1 until new equipment can be installed.

From the early indications, the Company is confident that the Serocold-1 well will successfully produce CSG.

While heavy rainfall at site over the past two weeks is preventing access, the Company has undertaken troubleshooting and believes it has identified production solutions for both Nyanda-4 and Serocold-1 wells.

With further rain forecast in the region, the Company is currently prioritising the options for recommencement of dewatering as soon access conditions permit.

This announcement was approved for release by Mr Greg Baynton, Executive Director.

ENDS

FOR FURTHER INFORMATION

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