



State Gas Limited
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ASX RELEASE

7 November 2019

Operational Update - Reid's Dome Progress

State Gas Limited (ASX: GAS) ("State Gas" or "the Company") refers to its previous announcements¹ relating to the spudding, commencement of coring, and encountering of conventional gas at the Aldinga East-1A well in the Reid's Dome Gas Project (PL 231).

The Company is pleased to advise that it has suspended drilling of the Aldinga East-1A well at the depth of 882m to enable wireline logging and permeability testing after encountering both coal seam gas and conventional gas in the well. Wireline testing services provider, Weatherford International, has mobilised to site and are commencing logging activities this morning. The results of the wireline logging will be used to identify coal seams and gas sands intersected in the well, including the most productive gas zones.

Approximately 12 kilometres to the south within PL 231, the Company has also been planning the re-entry and production-testing of suspended Nyanda-4. The production testing will provide important information for early commercialisation of the project and follows drilling success in late 2018 and excellent final gas content results from core samples from Nyanda-4 announced earlier this week. As advised, the average of the measured gas content from the coal desorption testing was 13.75 m³/t (among the highest for CSG projects), with 16.94 m³/t recorded for the thickest cored seam. The highest value obtained was 17.16 m³/t and the lowest value was 8.30 m³/t.

Accordingly, State Gas has engaged TDC Drilling Pty Ltd to undertake the current Nyanda-4 activities and mobilisation of TDC's *Rig 4* to Nyanda-4 has commenced. TDC is expected to commence re-entry of Nyanda-4 next week, prior to completing the well for production testing.

State Gas is mindful of the impending wet season and is progressing field activities with a view to completing the 2019 program as early as practicable to minimise disruption from adverse weather.

Further updates will be provided during the current program as drilling and testing milestones are achieved and results become available.

ENDS

¹ 4 October 2019, 18 October 2019, & 23 October 2019

FOR FURTHER INFORMATION

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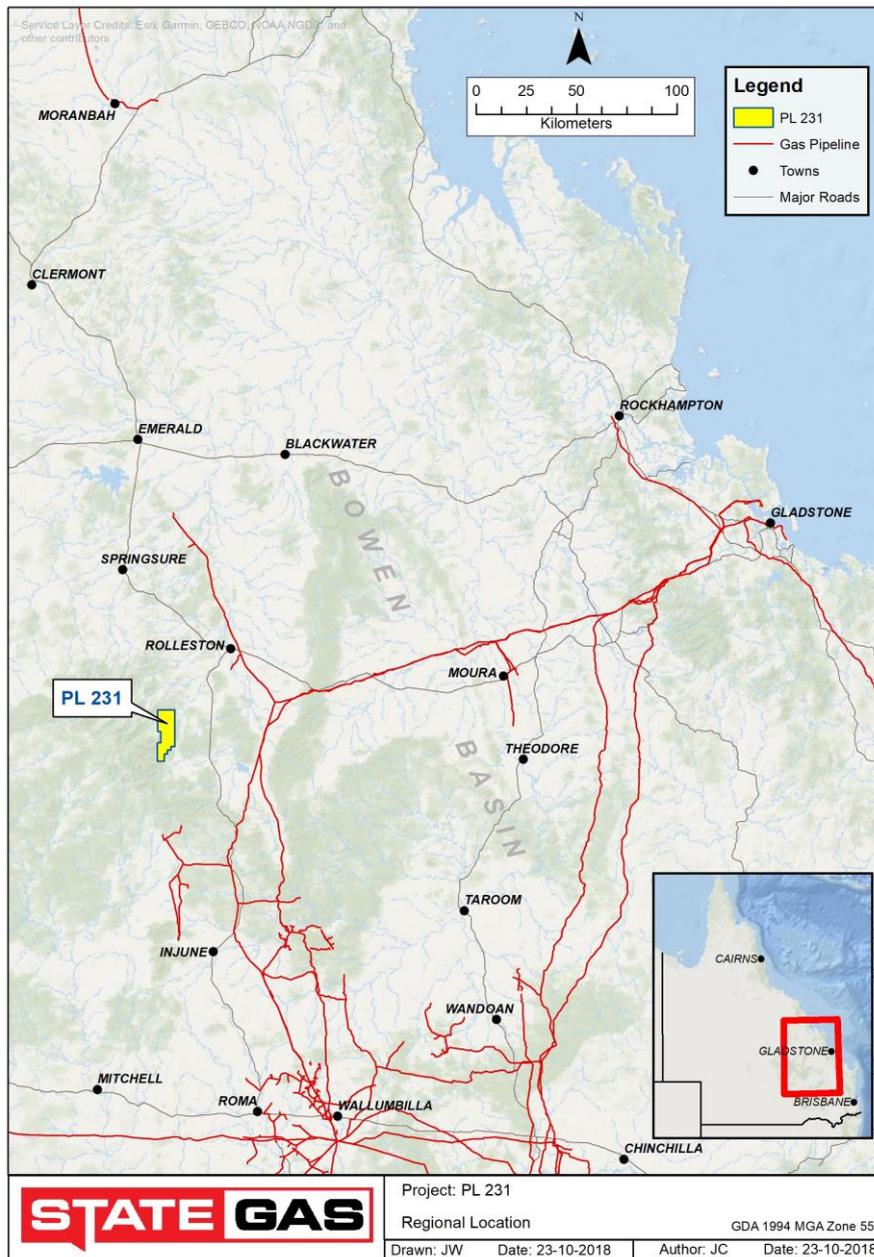


Fig 1: Location of PL 231

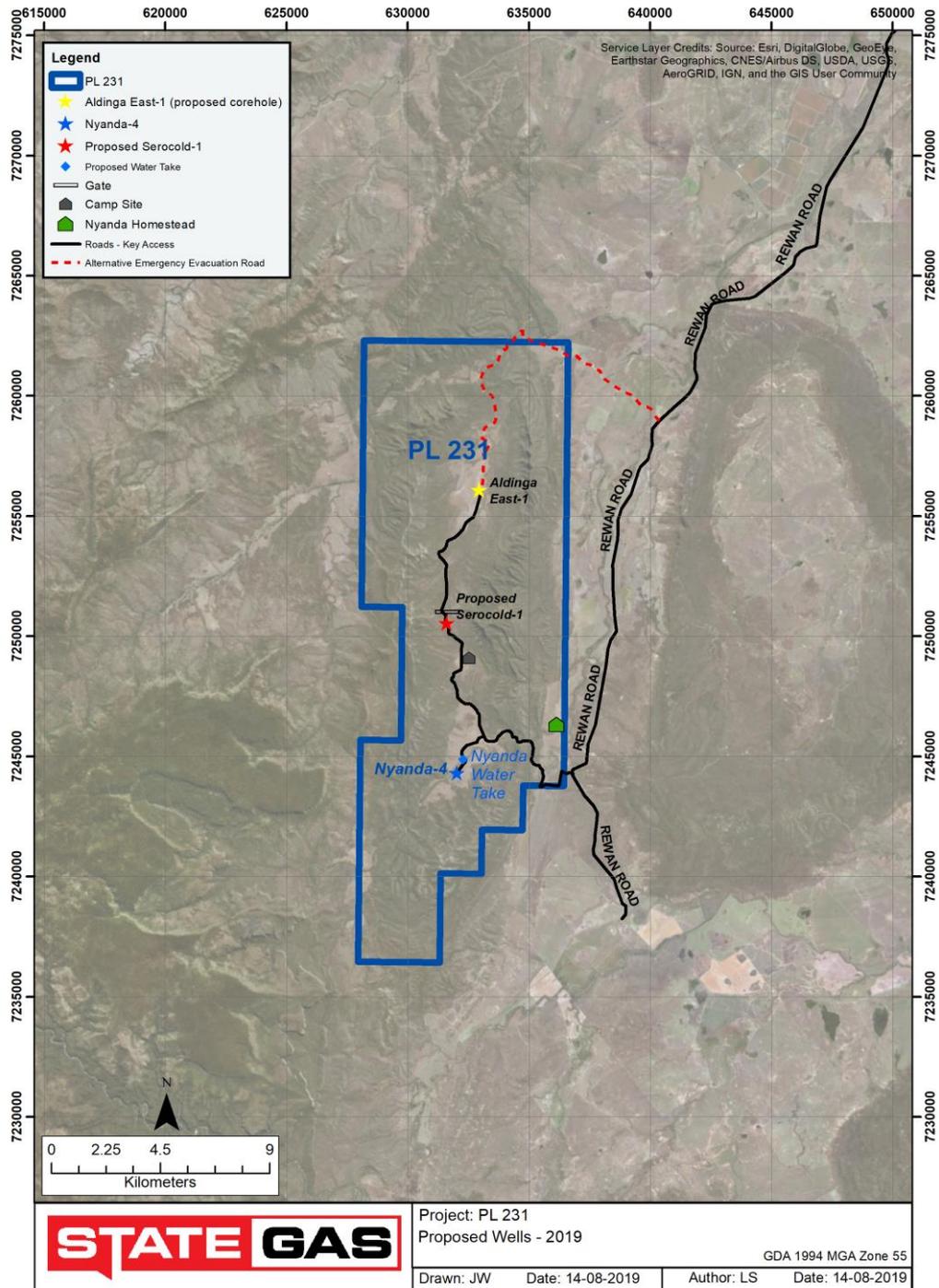


Fig 2: Location of Aldinga East-1A and Nyanda-4 wells