



# Sacgasco Limited

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Announcement to ASX

1 August 2017

## **Drilling to commence on 1+Tcf Dempsey 1-15 Natural Gas Well**

- **Sacgasco Operated Dempsey 1-15 well is planned to spud in Sacramento Basin, California on August 1, 2017 (California time)**
- **Drilling expected to take 30-40 days to drill to Economic Basement at around 3,200m (10,000ft)**
- **Dempsey Natural Gas Prospect contains over seven stacked conventional sandstone reservoir targets**
- **Offset wells had gas shows and production from Kione and Princeton Canyon formation above the Forbes producing field reservoirs**
- **Dempsey 1-15 is the first well to test the primary reservoir formations in this part of the under-explored Sacramento Basin**
- **The secondary reservoirs are interpreted to be gas bearing on trend with Dempsey**
- **While there is limited subsurface control for the under-explored parts of the basin, the petroleum play is proven with reservoirs, seals and demonstrated traps, and Gas shows and flows in similar reservoirs indicate pipeline quality Dry Gas**
- **Operational reports will be released weekly – with key operational events and results to be released consistent with the Company’s continuous disclosure obligations**

**Sacramento Basin-focused natural gas developer and producer, Sacgasco Limited (ASX: SGC) (“Sacgasco” or “the Company”)** is pleased to advise that it plans to commence drilling of the Company’s 1+ Tcf Dempsey 1-15 well in the Sacramento Basin in California on 1 August 2017 (California time).

The Dempsey natural gas well is planned to be drilled in three discrete sections to depths of approximately 600m, 2,000m and 3,200m associated with decreasing planned casing sizes. The well has been designed conservatively to provide flexibility to respond to well bore conditions and progressive results.

Sagasco interprets seven target gas reservoir levels. Individual, unrisks Deterministic Prospective Resources for the primary targets range from 116 Bcf to 352 Bcf of recoverable gas. Should all the stacked reservoirs be full of gas, the cumulative unrisks recoverable Prospective Resources within the prospect could exceed 1 Tcf.

The primary targets are interpreted in a series of Cretaceous sandstone reservoirs that exhibit structurally consistent amplitude anomalies similar to those that are observed on seismic elsewhere in the basin where conventional sandstone reservoirs have trapped natural gas in mapped structural closures, e.g. Tulainyo / James and Alvares wells.

The Company expects to intersect gas shows in a number of zones in the well and these will be assessed based on the information available, but quantitative results will need to await conventional logging after drilling each section of the well and may need flow testing to be definitive.

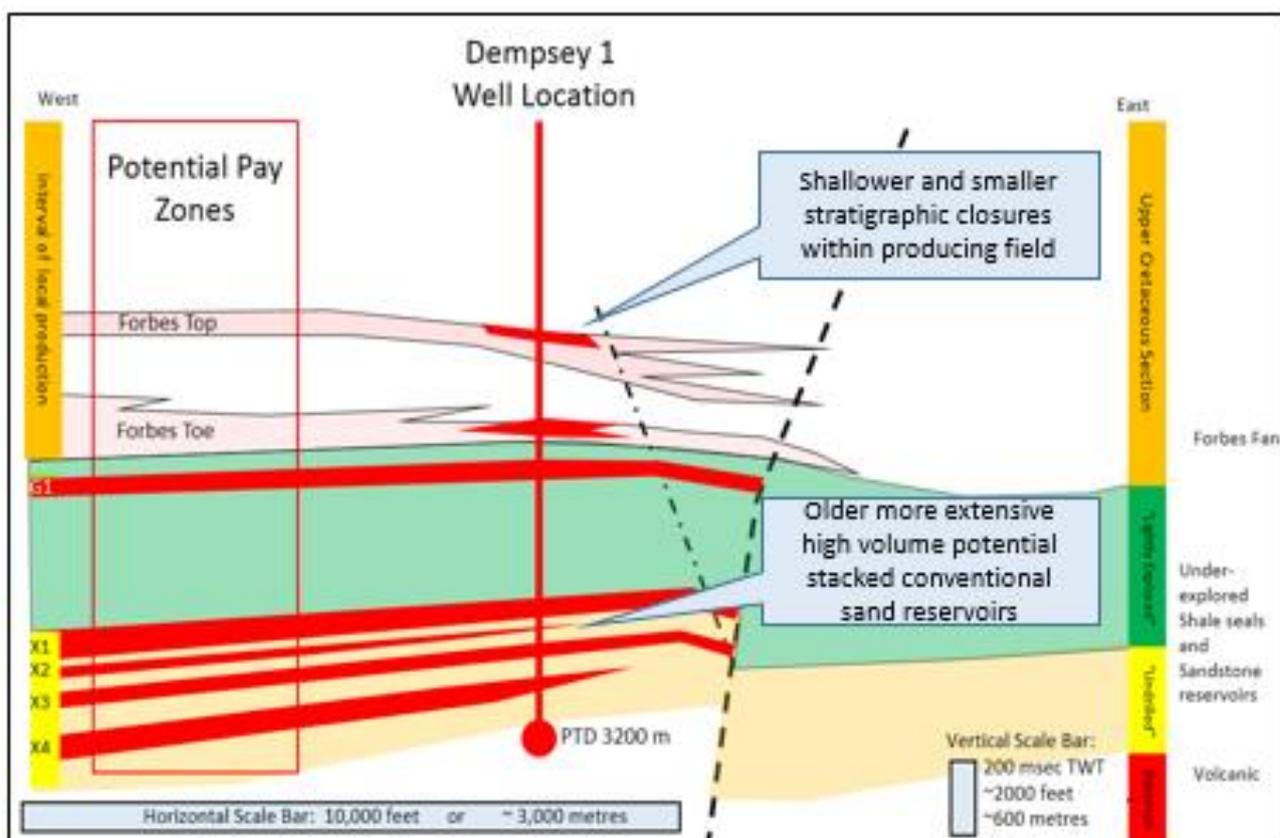


Figure 1: Multiple Reservoir Targets from as shallow as 500 metres



Figure 2: Drilling ahead - Graham Rig #9 at Dempsey 1-15

After Farm-in Working Interests in the Dempsey Gas Project:

Sacgasco Limited (ASX: SGC) (Operator)	50%
Empyrean Energy PLC (LON: EME)	30%
Pancontinental Oil and Gas NL (ASX: PCL)	10%
Xstate Resources Limited (ASX: XST)	10%

PEOCO LLC (“the Operator”) is wholly-owned by Sacgasco.

**Managing Director Gary Jeffery commented:**

“Drilling the Dempsey well is one of the most anticipated and exciting wells I have been associated with in my 45 year career. It has the potential to change the industry’s perception of the Cretaceous and Jurassic sediments in the under-explored parts of the Sacramento Basin, and subsequently the future of the 2.5 Tcf per year Californian Natural Gas Market.

As usual the drilling of the well is the culmination of extensive planning. Shareholders are assured that the Company will be providing updates and will keep shareholders fully informed on key operational events and results.

Since the Dempsey 1-15 well will be exploring for a new gas pool, Sacgasco has, in order to protect longer term shareholder value, requested that the regulator keep the detailed well records and filings confidential for two years as allowed by Section 3234 of the Public Resources Code of California. The regulator has approved the “Confidential Status” for Dempsey 1-15.”

**For and on behalf of the Board of Sacgasco Limited.**

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**About Sacgasco Limited (ASX: SGC)**

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Sacgasco has an extensive portfolio of natural gas producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market 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 both the domestic Californian gas market and export LNG markets.

**[www.sacgasco.com](http://www.sacgasco.com)**

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