



# Sacgasco Limited

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**Announcement to ASX**

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## **Dempsey Gas Well to be Connected to Sales for Extended Production Test**

Sacgasco Limited (ASX:SGC), operator of the Dempsey 1-15 well in the Sacramento Basin, California advises that initial flow testing of the second deepest zone of gas shows in the Dempsey 1-15 well is complete.

This zone flowed gas on 12/64 inch choke at a rate of approximately 140 mcf/d with approximately 150 psi tubing pressure at the time testing concluded. No water was produced. Following the test, shut in tubing pressure rose to over 6000 psi within 32 hours.

This zone is interpreted to be a significant gas discovery with high pressures, but low permeability over the zone of perforations. The forward plan is to fracture stimulate this zone to improve the permeability in the vicinity of the wellbore and achieve greater connectivity to the zones immediately above and below.

Planning, design and the approval process has commenced. At this stage it is not known exactly how long the approval process will take. The well is to be placed on production to sales until the approvals are gained and the well is ready to stimulate.

As previously advised, testing is occurring from the bottom up. This zone of gas must be adequately assessed before moving up hole to the next zone of interest that exhibited significant gas shows whilst drilling.

No conclusions should be drawn as to the ultimate flow rates or commerciality of this second deepest zone until the extended production test and stimulation program and testing are fully completed.

### Working Interests (WI) 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%

Gary Jeffery, Managing Director of Sacgasco commented:

“The Dempsey well is a very significant gas discovery in the Northern Sacramento Basin. An extended production and sales test into the sales system is possible due to the close proximity of the adjacent sales gas pipeline inlet and meter station. The test is expected to provide critical information on the reservoir and associated gas resource and production capacity that will lead to better technical and commercial decisions on stimulation and future testing, evaluation, appraisal and development. In the meantime the completion rig will be demobilized until the next test is required.

The testing program has followed good oilfield practise and a logical evaluation process by beginning testing from the bottom of the well. These tests are not in order of interpreted potential based on quality of log and gas show response, but two gas flows from the first two tests is in my view very encouraging.

I also interpret that the section of well straddled by both gas flows to date has significant future production potential, and can only be practically assessed now in this well, before proceeding to further testing of the previously advised, multiple porous potential reservoir zones which resulted in significant gas shows while drilling. Hence the decision to change the testing process. The test program is currently under budget.

We look forward to receiving approval of the gas quality to enable us to sell the gas into the pipeline system soon.

As previously stated the Dempsey reservoirs are very high pressure and may be quite extensive, and to my knowledge have never flowed gas previously in the Sacramento Basin. Consequently, the Dempsey well activities include extensive exploration components that require the assessment of information from each operation as the basis of design for the following stage. This analysis between tests takes some time to ensure we get the maximum resource information in an efficient way.

We look forward to providing updates as additional resource information is interpreted.

On results to date, my opinion is that we are leading the way in the exciting, early stages of proving up an overlooked, large-potential gas system in the northern Sacramento Basin. Consequently, we continue to actively progress concurrent work on Alvares, our other prospects, and our production activities in the Sacramento Basin.”

**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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*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 may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 43 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. Mr Jeffery consents to the inclusion of the information in the form and context in which it appears.*