



Sacgasco Limited

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ASX Announcement

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Commercial Gas Flows From Dempsey 1

- Commercial test rate of 1 million cubic feet gas per day from a field level Kione Sandstone interval;
- Zone 4 testing preparations have commenced;
- Kione gas flow expected to double SGC's operated gross Sacramento Basin production;
- Production enhancement activities on other wells, including Dempsey area wells continues in order to further grow sales.

Sacgasco Limited (ASX: SGC) advises that flow-testing of the Dempsey 1-15 well from the field level Kione Zone has produced a commercial gas flow rate of 1 million cubic feet of gas (1,000 Mcf/day). The flow rate is very encouraging as it is water free natural gas, flowing through a 12/64" choke with flowing tubing pressure of 1140 PSI, and surface shut-in pressure exceeding 1300 PSI.

Operational considerations meant that perforating the Kione Zone ahead of Zone 4 would deliver significant benefits for the perforating of Zone 4 sands. Zone 4 testing preparations are underway. After testing Zone 4, Sacgasco plan to combine production from all flowing tested zones in the Dempsey 1-15 well; and anticipates very early cash flow as the gas sales infrastructure is already connected to the Dempsey well.

Sacgasco previously announced 4 gas saturated sand intervals at the field production level at Dempsey. The tested zone in the Kione referred to above is just one of those reported zones. Other intervals will be perforated at a future time to be determined by operational considerations. Options for testing of various other intervals in the Dempsey Well bore are being maintained.

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%

Sacgasco's Managing Director Gary Jeffery commented: "The commercial flow rate from the Kione sand is as expected and most pleasing. It doubles Sacgasco's operated gross natural gas production deliverability in the Sacramento Basin without factoring in production from Zones 2 and 3, and potentially Zone 4.

Increasing production and therefore cash generation is consistent with Sacgasco's dual focus of growing production from our 27-well portfolio, and also drilling high impact development and appraisal, and exploration wells such as Alvares, Dempsey and other 'lookalike' prospects, that exist across our seven gas fields and leased acreage in the Sacramento Basin.

The Dempsey 1-15 well has a large column of gas saturated rocks and we still have multiple options to further develop the well and the surrounding gas reservoirs which will be assessed while Dempsey delivers valuable and material cash flow from production.

We look forward to the results from testing Zone 4 and reporting an aggregate flow rate once we combine flow from all zones. We also have an active well-work program in the Dempsey area and across the broader Sacgasco portfolio and this is likely to further increase production in the near term."

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 gas prospects in California have the potential to supply both the domestic Californian gas market and export LNG markets.

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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 45 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.