



Sacgasco Limited

ABN 83 114 061 433

Unit 14, 210 Bagot Road, Subiaco, WA, 6008.

T +61 8 9388 2654 E info@sacgasco.com

ASX Announcement

18 July 2018

Selling Dempsey Natural Gas

- Selling natural gas from Dempsey well at flow rate of ~1,300 mcf per day
- Pipeline quality gas from all Dempsey production zones
- More idle wells to be connected to strengthen production

Sacgasco Limited (ASX: SGC) is pleased to advise that the Dempsey 1-15 well is flowing natural gas to sales pipelines at a combined rate of 1,300 mcf per day. Dempsey 1-15 is producing gas from Ranch Capay Field Level Kione Sandstone and the combined older Zones 2, 3 and 4.

Gas from all four producing zones has been assessed to be of pipeline quality. Figure 1 shows the Dempsey 1-15 well location and associated metering facilities in the Rancho Capay Field Area

The Dempsey well configuration will enable reservoir assessment as the basis for further development activities from the various production levels. This information will be integrated with geology and seismic data to evaluate more production options, including reservoir production enhancement through fracture stimulation, and alternative deviated well configurations.

As well as growing production and revenue streams from Dempsey, Sacgasco is advancing with the connection of a number of other idle wells. Production from other wells can add materially to Sacgasco's growing production profile.

Sacgasco's Managing Director Gary Jeffery commented: "We are very pleased to again be selling gas from the Dempsey well. Current gas prices in California are around US\$3 per mcf. We have more than doubled gas sales in the Sacramento Basin with Dempsey on stream and more gas is being sourced. The contribution of other wells we are working on connecting can add materially to this. The quality of the natural gas from all zones tested in Dempsey enhances marketing of the gas production.

"Concurrent to our production growth strategy, we are assessing ways to access the large gas reservoirs that exist below our Sacramento Basin production. Recent drilling tells us conclusively that we are sitting on huge gas potential in the Northern Sacramento Basin, and we have the added advantage of near term cash flow to support our activities. We look forward to updating shareholders on pending connections, work-overs, Alvares appraisal and other growth initiatives that are underway."

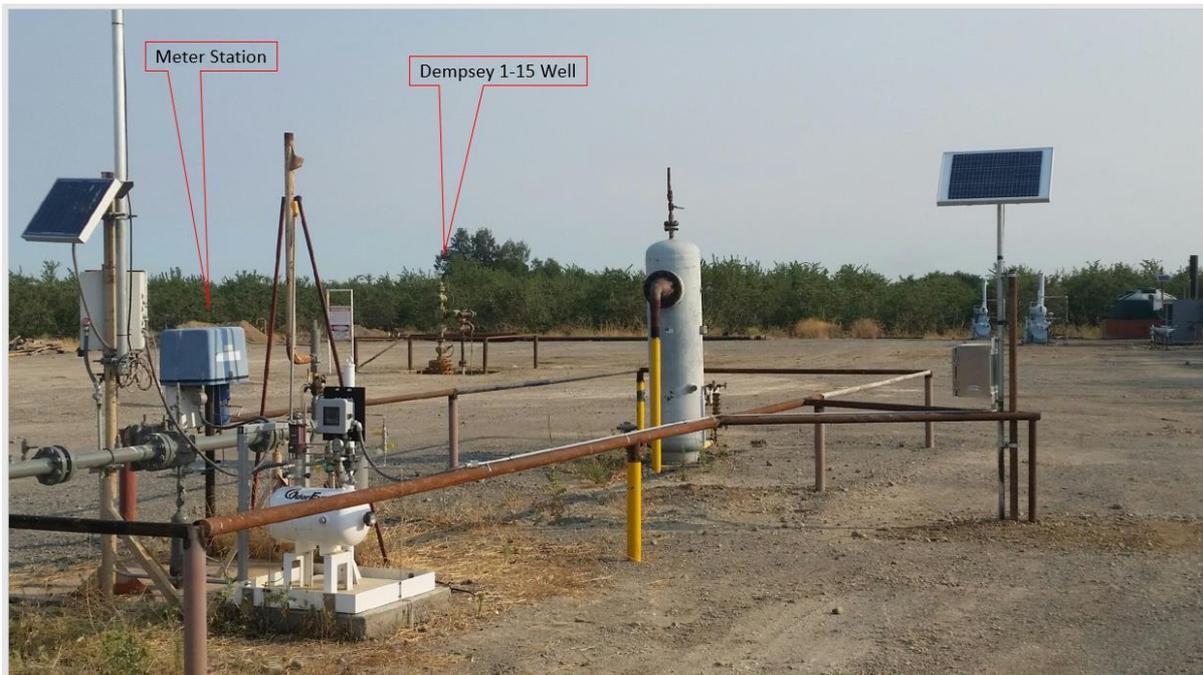


Fig 1: Dempsey Well and Associated Sales Facilities

Working Interests (WI) in the Dempsey Gas Project:

Sagasco 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%

For and on behalf of the Board of Sagasco Limited

Gary Jeffery
Managing Director
+61 8 9388 2654

Ben Jarvis
Six Degrees Investor Relations
+61 (0) 413 150 448

About Sagasco Limited (ASX: SGC)

Sagasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Sagasco 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. Sagasco 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.

www.sagasco.com

Twitter: @SacGasCo

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.