



Sacgasco Limited

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Announcement to ASX

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Dempsey Gas Well to Flow Test Multiple Zones

- Wireline logs confirm numerous zones for production testing
- Wireline log data supports the presence of gas saturated sands consistent with previously reported significant gas shows
- 5 ½" liner run and cemented to protect zones for testing
- Drill rig being replaced by workover rig to carry out completion and testing
- Testing expected to commence in 2 to 3 weeks based on logistics of rig moves
- Tests to be conducted sequentially from lowest up (not in priority of interpreted significance) and will cease once sufficient commercial flow is established for production

Sacramento Basin-focused natural gas developer and producer, Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") advises that the Dempsey 1-15 well in the Sacramento Basin in California has completed the drilling phase, and a 5 ½" liner has been run and cemented to protect all potential reservoirs beneath the existing 9 5/8" casing.

Since the last update two wireline logging runs have been completed.

The wireline log data supports the presence of gas-saturated porous sands consistent with the zones of significant gas shows reported earlier.

These strata have been underexplored and under-evaluated in the Sacramento Basin. Therefore, in the absence of nearby analogue producing reservoirs, flow testing in the next stage of operations will determine whether the gas sands have a combination of porosity, permeability and access to volumes of reservoir rocks of sufficient quality to flow gas at commercial rates for an extended period.

Shareholders and investors are advised that the production potential of these zones of interest will become more apparent when the zones are flow tested through perforations in the liner.

Flow testing of the potential gas producing reservoirs will commence in 2 to 3 weeks when the current drilling rig has been demobilized and a more cost effective workover rig has been moved to the Dempsey well location. For practical reasons the flow testing process will be carried out in a sequential way from the lowest zone of gas upwards. At such time that a zone is capable of flowing pipeline quality gas at commercial rates, testing will be suspended and the well placed into production for earliest cash flow.

The previously reported gas filled sands at the existing field reservoir levels, that are also safely protected behind casing, will be the last sands to be perforated and tested.

A more complete understanding of the potential gas available for future production will likely require some months of flow testing and production, combined with integration of data from the Dempsey 1-15 well with the 3D seismic data.

The Dempsey 1-15 well has successfully drilled the largest mapped structural closure in the northeastern part of the prolific Sacramento Gas Basin and is interpreted to have trapped gas in multiple potential reservoir zones.

Working Interests (WI) in the Dempsey Gas Project:

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| 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 drilling of the Dempsey well supports our views on the exciting gas potential of the under-explored strata underlying the prolific Sacramento Gas Basin. Sacgasco is leading the evaluation of a new, high-potential gas system that has been previously overlooked by most of the oil and gas industry.

We are very pleased to be completing the Dempsey well for production testing. The wireline logs have confirmed the zones of potential future production and we have now safely cemented those zones behind a steel liner.

The wireline logs have indicated that all zones of potential reservoirs in the primary reservoirs below the 9 5/8” casing are gas saturated, and there are no apparent zones that are water saturated. While this is very positive for commercial reasons it does present an interpretation challenge which makes flow testing results more than usually critical for understanding the potential of the well.

The manner in which the drilling team has completed the drilling and running of the liner has been exemplary. We now move to the completion and testing phase of operations.

Updates will be provided on meaningful results from the flow testing of the target sandstone reservoirs.”

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.

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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.