

14 November 2017

Dempsey Gas Zone Testing Update

- Testing of the lowermost zone in the Dempsey-1 gas discovery well has been completed with dry gas flowing to surface.
- The basal zone tested is thin and wireline log data indicated poor reservoir quality at this location.
- Preparations are underway, according to plan, to test the next gas zone shallower in the well.

Pancontinental Oil and Gas NL (ASX: PCL) ("Pancontinental"), is pleased to release preliminary results of testing of the Dempsey-1 gas discovery in the Sacramento Gas Basin, California. This initial result is part of a test program commencing with the lowermost gas zone penetrated in the well.

The first zone to be tested is a thin sandy unit with poor reservoir characteristics based on the wireline logs. Following perforation, the zone flowed naturally, without stimulation, dry gas to surface and no water. The rates achieved are sub-commercial at current gas prices. However analysis of the full potential of this zone is still at an early stage.

The tested zone has been isolated by a temporary plug and preparations are underway to test the next, shallower zone of gas shows.

More information will be released as the test program progresses.

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%

John Begg, CEO of Pancontinental said:

"This has been a very ambitious well with numerous gas reservoir targets to evaluate. The fact we got a clean, natural gas flow to surface from this thin bottom zone that didn't exhibit clear reservoir properties on wireline logs and after drilling it with heavy weight mud is, frankly, encouraging. We are looking forward to the next stage of testing".

For and on behalf of
Pancontinental Oil & Gas NL

John Begg
CEO and Executive Director