



# Sacgasco Limited

ABN 83 114 061 433

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

T +61 8 9388 2654 E [info@sacgasco.com](mailto:info@sacgasco.com)

Announcement to ASX

4<sup>th</sup> December 2017

## Dempsey Gas Well Testing Update

Sacgasco Limited (ASX: SGC) advises that perforating and flow-testing the Dempsey 1-15 well is continuing as planned.

The second zone of gas shows in the well has been perforated and is in the process of being tested. This zone has flowed dry natural gas and no water (see figure 1 below) and has confirmed initial shut-in pressures exceeding 6000 psi. Further gathering of test data is required before we have sufficient information to meet regulator guidelines on reporting results. Analysis of the potential of this zone is still at a very early stage, but the gas flowing from this zone is most encouraging.

Since the last test update the results of the gas quality from the first flow test of the lowermost zone in Dempsey 1-15 have confirmed clean gas of pipeline quality with a Higher Heating Value (HHV) better than the gas from the overlying field reservoirs in the Rancho Capay Gas Field.



Figure 1: Dempsey 1-15 Zone 2 Initial Gas Flare

### 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:

“This test, coming on the heels of the initial zone gas flows, confirms that Dempsey is indeed a very significant gas discovery in the Northern Sacramento Basin. Our activities to date confirm that extensive zones of gas saturated sediments exist at Dempsey, and by data and analogy elsewhere in the basin.

As previously advised, the Dempsey 1-15 well intersected a number of porous potential reservoir zones which resulted in significant gas shows while drilling.

The testing program has followed good oilfield practise 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. Two zones have been tested so far, and while we are focused on initial reporting on the data from this second zone, we have multiple more zones to test below the field production level reservoirs.

The test program has also been carried out in a methodical and measured way to ensure safe outcomes. The Dempsey reservoirs are very high pressure and we are working in a considered fashion to ensure we deliver the best outcome for shareholders. Notably, the 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.

At this early time in the testing we are not in position to provide details on the test or its commercial significance. Additional information will be provided as further test results are recorded and analysed and their significance is assessed. We look forward to providing an update on current testing shortly.

While work is still ongoing on Dempsey, and this is our primary focus at this time, we have continued planning for a re-entry of the Alvares gas discovery well – a further reflection of our confidence that we are in the early stages of proving up a large petroleum system in the Sacramento Basin.”

### For and on behalf of the Board of Sacgasco Limited.

**Gary Jeffery**  
**Managing Director**  
**+61 8 9388 2654**

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

### 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.*