



Sacgasco Limited

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Announcement to ASX

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BORBA WELL TEST RESULTS CONFIRM EXCELLENT PRODUCTION POTENTIAL

- **Well test results underpin planned production flow rate of 3,000 mcfpd from Borba 1-7**
 - **Modeled Absolute Open Flow (AOF) rate of 7,800 to 9,200 mcfpd**
- **Reference Natural Gas prices for Sacgasco Gas Sales in Sacramento Basin over US\$4 /mcf (AUD\$5 /mcf)**
- **Preferred options selected for connection to sales pipeline, engineering underway**
- **Kione potential in Borba area confirmed; 5 lookalike drilling targets identified close to existing Sacgasco-owned infrastructure**

Sacgasco Limited (ASX:SGC) (“Sacgasco” or “the Company”) is pleased to provide an operational update for the Borba 1-7 well, in particular the Kione Reservoir well test. The Company tested 13 feet of perforations at approximately 3,900 feet (1,200 metres).

A detailed review of the downhole pressure gauge data from the Borba 1-7 well test has modeled a theoretical Absolute Open Flow (“AOF”) potential of 7.8 to 9.2 million cubic feet of gas per day (mmcfpd)*.

The shut-in pressure of the well was 1,700 psi, and as an indicator of practical flow potential, the calculated flow from the Borba well at 1,300 psi tubing pressure (equivalent to just 400 psi of pressure drawdown) is 5,000 mcfpd.

Consistent with good oilfield practice, the company plans to initially flow the Borba 1-7 well at 3,000 mcfpd. This flow rate may be increased depending on operational pipeline pressures and well performance after the well enters production.

*Note: 1 ‘mcfpd’ is 1,000 cubic feet of gas per day or approximately 1 sales units of gas per day

Gas analysis confirmed that the Borba gas is consistent with adjacently produced gas, has no associated water, contains 85.4% Methane, and has a Gross heating Value of 856 Btu/mcf.

A comprehensive technical review of the geology and geophysics associated with Sacgasco’s leases and infrastructure footprint surrounding the Borba Area in Northern Sacramento Basin has resulted in a renewed focus on relatively shallow and lower cost Kione and Forbes Formation conventional sandstone prospects. Five (5) lookalike drilling targets have been identified. The review is ongoing to qualify additional targets and to rank the prospects.

Detailed engineering is underway on two preferred sales pipeline connection options. The selected option will cater for future connection of wells in nearby Kione and Forbes sandstone prospects.



Borba 1-7 flaring during short period of flow testing

Reference Natural Gas prices for Sacgasco gas sales in the northern Sacramento Basin are currently above US\$4 /mcf (AUD\$5.12 /mcf). This represents a 28% premium to the US Benchmark Henry Hub Natural Gas Price.

The well was drilled on a standard form Oil and Gas Mineral Lease with private mineral right owners who receive annual lease fees or a royalty when wells are in production. The applicable Royalty Rate is 20%.

The Working Interests in the Borba 1-7 well completion and testing and future production are:

	Working Interest
Sacgasco Limited (Operator) (ASX: SGC)	66.67%
Xstate Resources Limited (ASX: XST)	33.33%

Next Steps:

1. Activity to improve production including the connection of the Borba well to the natural gas pipeline system is the key operations priority.
2. The delineation of additional prospects and plans for improved production in California and Canada are a priority for the balance of CY 2021.
3. Further updates will be provided as significant results are received.

Sacgasco's Managing Director commented:

"The latest test data are further demonstration of the flow potential and significance of Borba to Sacgasco. I am pleased with progress on the connection to the sales gas system of the Borba 1-7 well.

We plan to connect the well to the California natural gas sales pipeline system as soon as practicable. Once connected, Gross Daily Gas cash flow for the Sacgasco led joint venture from the production of the well can be approximated by multiplying the current gas sales price (A\$5) by the units of gas produced per day (initially 3,000).

Follow up prospects and production increases have been reviewed and drilling locations are being delineated for potential drilling as soon as practicable. Our focus is initially on 5 or 6 low-cost targets for earliest activity".

We are also pleased to confirm that production from our non-operated oil assets in Canada continue to improve and we look forward to providing a comprehensive update very soon."

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 under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets.

The current prime focus is on conventional gas exploration and production in the Sacramento Basin, onshore California and Alberta and British Columbia, Canada. Sacgasco has an extensive portfolio of natural gas and oil producing wells and prospects at both exploration and appraisal stages, including large oil and gas opportunities. The Company is targeting supply to the local Californian and Canadian oil and gas markets. Sacgasco is in the process of acquiring additional undervalued oil and gas producing assets in North America.

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