



# Sacgasco Limited

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Announcement to ASX

20 December 2021

## SC54A ASSET SALE AND FARMIN

- 12.5% Interest in SC54A sold to Blue Sky for C\$200,000
- Blue Sky also granted a farmin option to drill Nandino Prospect on 2 for 1 basis
- Drilling slot available for Nandino under Murmanskaya rig LOI for 2022 drilling program

Sacgasco Limited (ASX: SGC) (“SGC”, “Sacgasco” or “the Company”) is pleased to announce the sale of 12.5% working interest in Service Contract 54A (SC54A) to Blue Sky International Holding Inc. (Blue Sky) for a consideration of C\$200,000 (approximately A\$220,000) (“the Transaction”).

The Transaction will be effected by the sale of TG World (BVI) Corporation (TG World) to Blue Sky. Sacgasco’s acquisition of TG World was announced on 29 November 2021 subject to a number of administrative conditions including the usual regulatory approvals which are expected shortly.

As a result of this sale the participating Interests (PI) in SC54A are:

Joint Venture Party		Working Interest %
Sacgasco (via subsidiaries)	Operator	72.5%*
Blue Sky		12.5%
Halo Oil		15%

\* Subject to finalisation of the TG World acquisition announced 29 November 2021

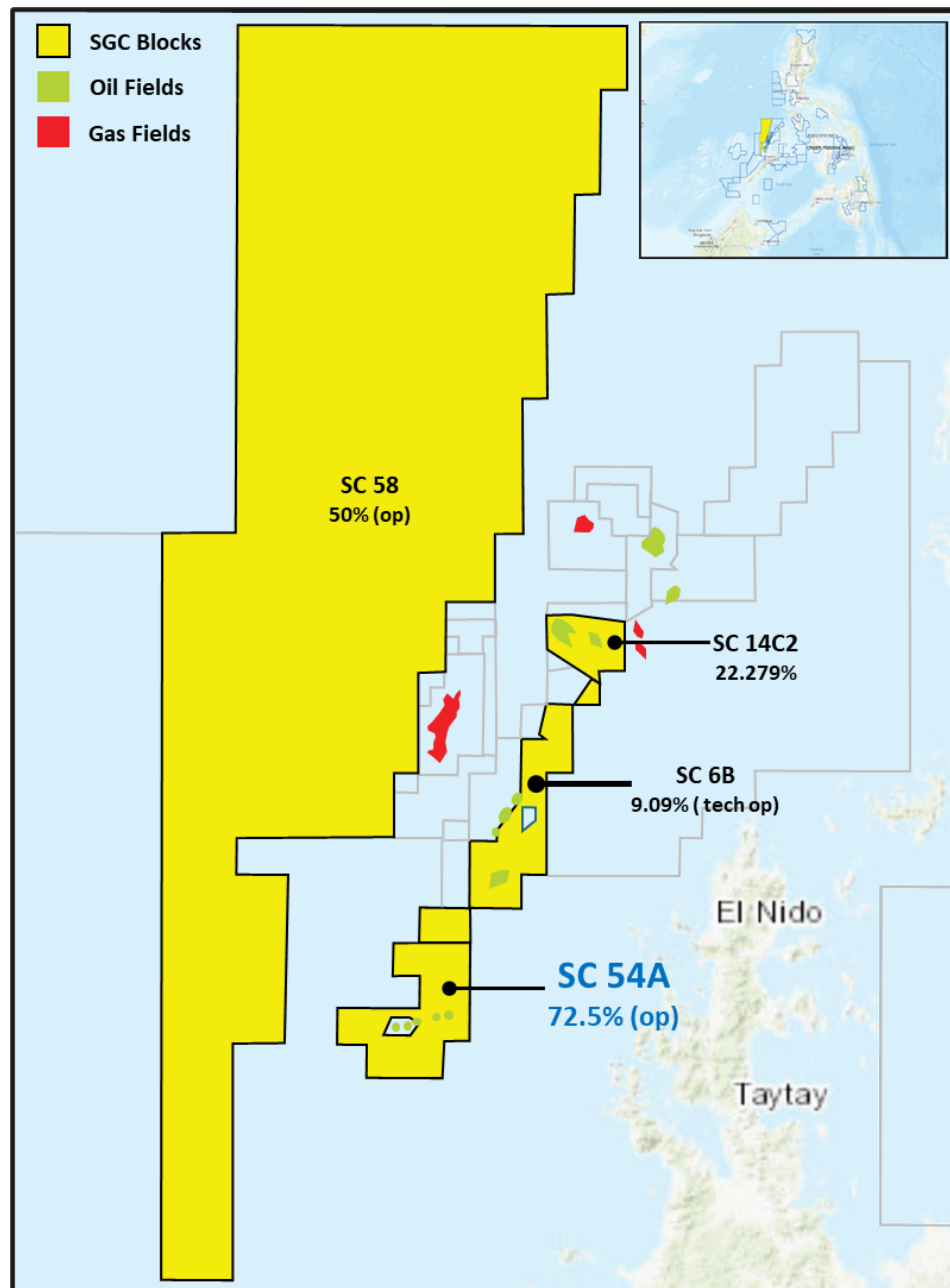
### SC54A Farmout Option

Sacgasco has granted Blue Sky an option to earn interest in SC54A from its subsidiaries by funding SGC’s share of the drilling of the Nandino Prospect on a 2 for 1 basis.

If exercised within 30 days after the well is proposed by the Operator (Sacgasco’s wholly owned subsidiary, Nido Petroleum Philippines Limited), Blue Sky will pay Sacgasco’s 72.5% working interest share of the well cost up to and including wireline logging to earn a further 36.25%.

In the event of the farmin option being exercised, the working interests would then become:

Joint Venture Party	Pre-farmin	Subject to farmin
Sacgasco (via 2 subsidiaries)	72.5%	36.25%
Blue Sky	12.5%	48.75%
Halo Oil	15%	15%



The Nandino Prospect is considered the largest shallow water prospect in SGC's Philippines portfolio. The Miocene aged carbonate pinnacle reef structure lies in water depths of 90 meters and lies immediately updip of the Tindalo oil discovery.

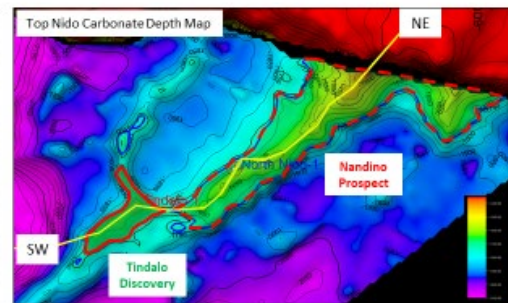
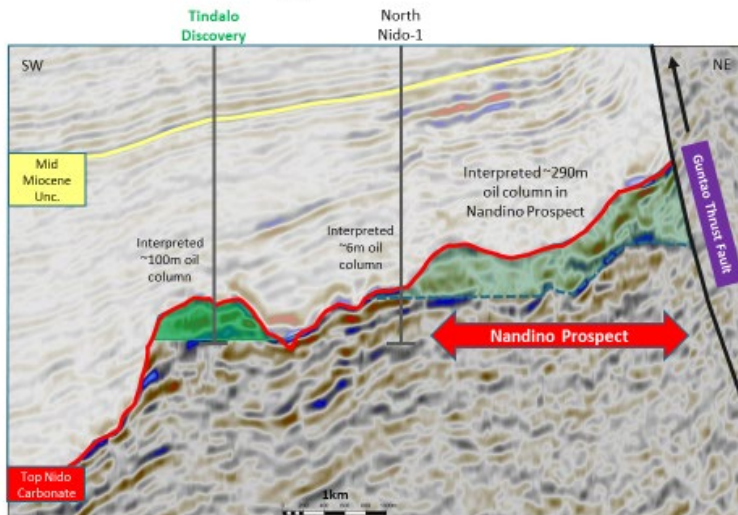
An oil column has been interpreted in the North Nido-1 well which was drilled in 1970s on the flank of the structure. The interpretation of an oil column in North Nido-1 significantly improves the likelihood of oil being present in the Nandino Prospect.

To firm up the best drilling location for the Nandino Prospect, specialist Geological and Geophysical (**G&G**) studies have been initiated as a part of the approved Work Program and Budget for 2022.

In the event of a discovery at Nandino, Sagasco may look to conduct an Extended Well Test (**EWT**) and will evaluate the possibility of a clustered development together with the nearby Tindalo, Yakal and Nido 1X1 discoveries.

## Nandino Prospect

Service Contract 54A – SGC 72.5% (op)



### Nandino Prospect – Top Ranked Drill Candidate

- Three way dip closed Miocene-aged carbonate pinnacle reef with material volume upside
- Oil interpreted in Nandino structure from logs in North Nido-1 well
- Clustered and minimalist development options available given shallow water depths and Nandino's close proximity to the Tindalo discovery



## SC54A Work Program and Budget

The SC54A 2022 Firm Budget of US\$227,650 includes identification of reservoir sweet spots based on carbonate facies modelling and other G&G work designed at maturing the Nandino Prospect to drill ready status. SGC's net share of the Firm Budget is US\$165,046 after Blue Sky's acquisition of 12.5%.

SGC plans to submit a drilling program proposal for the Nandino Prospect for approval by the Philippines Department of Energy (DOE) early in 2022.

Subject to a drilling proposal approval and other elements including rig contract, drilling design, cost estimate and AFE, Sagasco may elect to commit and proceed with the drilling program during 2022.

The current Sub-Phase 6 of the SC54A has been extended until 05 August 2022. All commitments have been fulfilled for this sub-phase. At the end of Sub-Phase 6, the Joint Venture **may elect** to enter Sub-Phase 7 of the Service Contract, which is for a period of one year and includes a commitment for one exploration well. The drilling program contemplated in the 2022 Contingent Budget would satisfy this commitment if executed.

As previously advised a Letter of intent (**LOI**) has been received for a drilling program in 2022 from the Russian rig company Arktikmorneftegazrazvedka (AMNGR) for the Murmanskaya jack-up drilling rig which is available in nearby Vietnam and suitable for the drilling of Nandino.

## TG World Acquisition announced 29 November 2021

As announced 29 November 2021, Sagasco executed an agreement with TG World Energy Corp ("**TEC**") to acquire its wholly owned subsidiary TG World (including intercompany receivables owing from TG World to TEC) for consideration of A\$1 (one dollar) and up to a maximum net royalty of circa US\$530,000 paid after commercial production is achieved. This obligation is retained by Sagasco after the Transaction with Blue Sky.

The royalty will be paid at the rate of 12.5% of the contractor share of Net Proceeds from SC54A production until the maximum is reached. Net Proceeds are calculated after cost recovery for current and historical expenditures on the block. The acquisition is subject to a number of administrative conditions including the usual regulatory approvals which are expected shortly.

## Sagasco's Managing Director, Gary Jeffery commented:

*"We are very excited to welcome Blue Sky to our Philippines SC54A asset. Blue Sky are an experienced operator in Southeast Asia.*

*Of note is Blue Sky's experience on the Langsa Field in Indonesia. Blue Sky in 2014/15 commissioned well workovers (**WO**) on the Langsa Oilfield which Blue Sky had acquired from Medco in 2011. A dynamically positioned DP 2 Vessel was retained to workover two wells, yielding a combined production of 2600 bopd.*

*Blue Sky owned and operated a Floating Production and Storage and Offtake (FPSO) vessel for production from the Langsa Field.*

*Blue Sky are aligned strongly with Sacgasco in achieving early results for the Philippines.*

*The sale of the SC54A interest and Nandino drilling option confirms the value and upside the Company identifies in its Philippines portfolio as well as providing the funding mechanism for progressing SC54A to drilling.*

*Sacgasco is continuing to mature its plans to drill and conduct extended well testing in the Philippines and 2022 is shaping up to be an exciting year for the company.*

*We will continue to update shareholders as activities in all our areas of operations build momentum.”*

**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. Sacgasco’s Natural Gas activities include Hydrogen and Helium. Sacgasco is a Silver Member of the California Hydrogen Business Council.*

*The Company is currently focused on conventional oil and gas exploration and production in the Sacramento Basin in California, Alberta Province in Canada and offshore The Philippines.*

*Sacgasco’s goal is to provide natural gases including Hydrogen and Helium and contribute to the production of the required oil to assist the world in an orderly transition to a Clean Energy Future. Sacgasco is using its extensive energy experience to seek out and produce naturally occurring Hydrogen and Helium in its areas of Operations.*

*Sacgasco has an extensive portfolio of natural gas and oil producing wells as well as prospects and discoveries at various exploration and appraisal stages. The Company is targeting supply to the local Californian and Canadian oil and gas markets and the burgeoning Asian market.*

*Sacgasco is in the process of acquiring additional undervalued oil and gas producing and exploration assets.*

**[www.sacgasco.com](http://www.sacgasco.com)**

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