



Sacgasco Limited

ABN 83 114 061 433

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

T +61 8 9388 2654 E info@sacgasco.com

Announcement to ASX

3 May 2021

Strong Gas Flow Testing Confirms Borba 1-7 as a Producer

- **Strong High-Pressure Natural Gas Flows from Kione Sandstones in Borba 1-7**
- **1.6 million cubic feet per day flow rate through small 1/4-inch choke**
- **SGC expects to bring the well into production at a flowing rate of around 3 million cfgpd (3,000 mcfpd)**
- **Four alternative short distance sales pipeline routes being investigated for production**
- **Follow up drilling locations now being high graded in extensive Prospect Portfolio**

Sacgasco Limited (ASX: SGC) (“Sacgasco” or “the Company”) is pleased to announce initial results from the flow test of conventional Kione Sandstones in the near vertical Borba 1-7 well located adjacent to the Ord Bend Gas Field in the northern Sacramento Basin, onshore California.

The initial clean up and stable flow testing has been completed and the completion rig has been demobilized.

The well flowed at a stable rate of 1.6 million cubic feet (1,600 mcfpd) of gas per day (“cfgpd”) on a 16/64” choke at 1,150 psi Flowing Tubing Pressure (FTP). Shut in Tubing Pressure (SITP) was 1,760 psi.

Based on the initial stable flow rates and pressure data and analogue data from local well production histories, Sacgasco plans to bring the well into production at a flowing rate of around 3 million cfgpd (3,000 mcfpd).

Whilst the Operator believes much higher headline rates flow are achievable, the joint venture will adopt more conservative ‘Good Oil field Practice’ to achieve optimum Natural Gas recovery over the life of the well.

The well was perforated at 4 Shots per foot over a 13 feet interval from 3,885 to 3,898 feet within the pay intervals reported in the release to the ASX platform on 15 March 2021.

The well flowed dry Natural Gas with no observed water.

Additional testing from the perforated interval will be carried out over the next couple of weeks to provide data for reservoir engineering management. A gas sample will be acquired during this testing, but from local experience and mud log gas analysis the produced gas is expected to be predominantly Methane (C1).

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%

Further updates will be provided as significant results are received.

Sacgasco Managing Director Gary Jeffery commented:

“The results from testing are very pleasing and consistent with results from wells in the adjacent multi-well Ord Bend Gas Field, which have had cumulative individual well production up to 3.5 Bcf (3,500,000 mcf) of Natural Gas.

We are currently looking into 4 alternative ways to fast track the connection of the Borba 1-7 well into the California sales gas pipeline system in order to generate revenue as quickly as possible.

Applicable benchmark gas prices in the Northern Sacramento Basin are currently around US\$4 per mcf, a significant premium to US Benchmark Henry Hub prices. Demand for Natural Gas in California is high and California Imports over 90% of its average daily consumption of 7 Bcf per day (equivalent to Australia’s Domestic Natural Gas Consumption).

On 15 March 2021, we reported that there are 92 feet of net gas pay in four sand zones with good to excellent average zone porosity ranging from 14% to 27% and that the petrophysical log interpretation has identified additional lower-confidence, possible net pay intervals covering 45 feet. The gross interval of interpreted pay covers 185 feet. The pay zones are co-incident with the gas shows previously reported (8 March 2021) and correlate to the first of the 3D seismic Amplitude Anomalies in the path of Borba 1-7.

Following normal oilfield practice and for optimum reservoir management reasons additional intervals of interpreted log pay will be evaluated in future after production from the current interval has been accomplished.

It is important to recall that the Sacgasco operated Joint Venture has an extensive portfolio of well locations with Kione and Forbes Sandstone objectives which are currently under review for drilling and rework as soon as practical.

We have recently sourced very significant additional regional geophysical data that is being incorporated into our Sacramento Basin Database. We expect this review will provide more areas of focus for development, appraisal and exploration.

Confirming Borba 1-7 as a natural gas producing well is an excellent outcome for Sacgasco and its joint venturers and reaffirms our confidence that our under-explored Sacramento Basin leases have huge upside.”

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 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, Canada. Sacgasco has an extensive portfolio of natural gas and oil producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities. The Company is targeting supply to the local Californian and Canadian oil and gas markets 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 domestic Californian natural gas and export LNG markets. Sacgasco is in the process of acquiring additional undervalued oil and gas producing assets in North America.

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The technical information provided has been supervised and reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 48 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas and mineral resources. Mr Jeffery is a member of the American Association of Petroleum Geologists with over 48 years of oil and gas Industry experience. He is a Competent Person under the relevant ASX Listing Rules and has supervised the interpretation reported on in this release, and consents to the inclusion of the information in the form and context in which it appears.

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 and or their timing may be affected by many variables which could cause actual results or trends to differ materially.