



# Sacgasco Limited

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Announcement to ASX

26 July 2022

## NANDINO SC54 DRILLING UPDATE

- Farminee TG World (BlueSky Owned) has procured a drilling rig for Philippines Drilling
- SC54 Joint Venture has advised DOE of commitment to drill a well within 12 months
- Nandino Prospect targets 27 million barrels of recoverable oil from 91 million barrels of oil in place (Mean, Unrisked Prospective Resource)
- Long Lead Items for drilling secured
- TG World funding 85% of Nandino well cost

Sacgasco Limited (ASX: SGC) ("SGC", "Sacgasco" or "the Company"), is pleased to announce the plans for drilling of the Nandino Prospect in Philippines Petroleum Service Contract 54 ("SC54"), offshore Palawan, Philippines.

The SC54 participants, namely Nido Petroleum Philippines Pty Ltd ("Nido") and Yilgarn Petroleum Philippines Pty Ltd ("Yilgarn") (Nido and Yilgarn are Sacgasco 100% owned subsidiaries) and TG World (BVI) Corporation ("TG World"), a wholly owned subsidiary of Blue Sky Resources, have advised the Philippines Department of Energy ("DOE") of their intention to drill a well in SC54 in the year commencing August 8, 2022.

TG World has agreed to a farmout with Nido and Yilgarn to fund 72.5% of the drilling costs of Nandino 1 to earn an additional 36.25% participating interest in SC54 (refer Sacgasco ASX announcement "Nandino Prospect Farmout" dated 10 March 2022).

Subject to DOE approval, the resulting working interests in SC54 are:

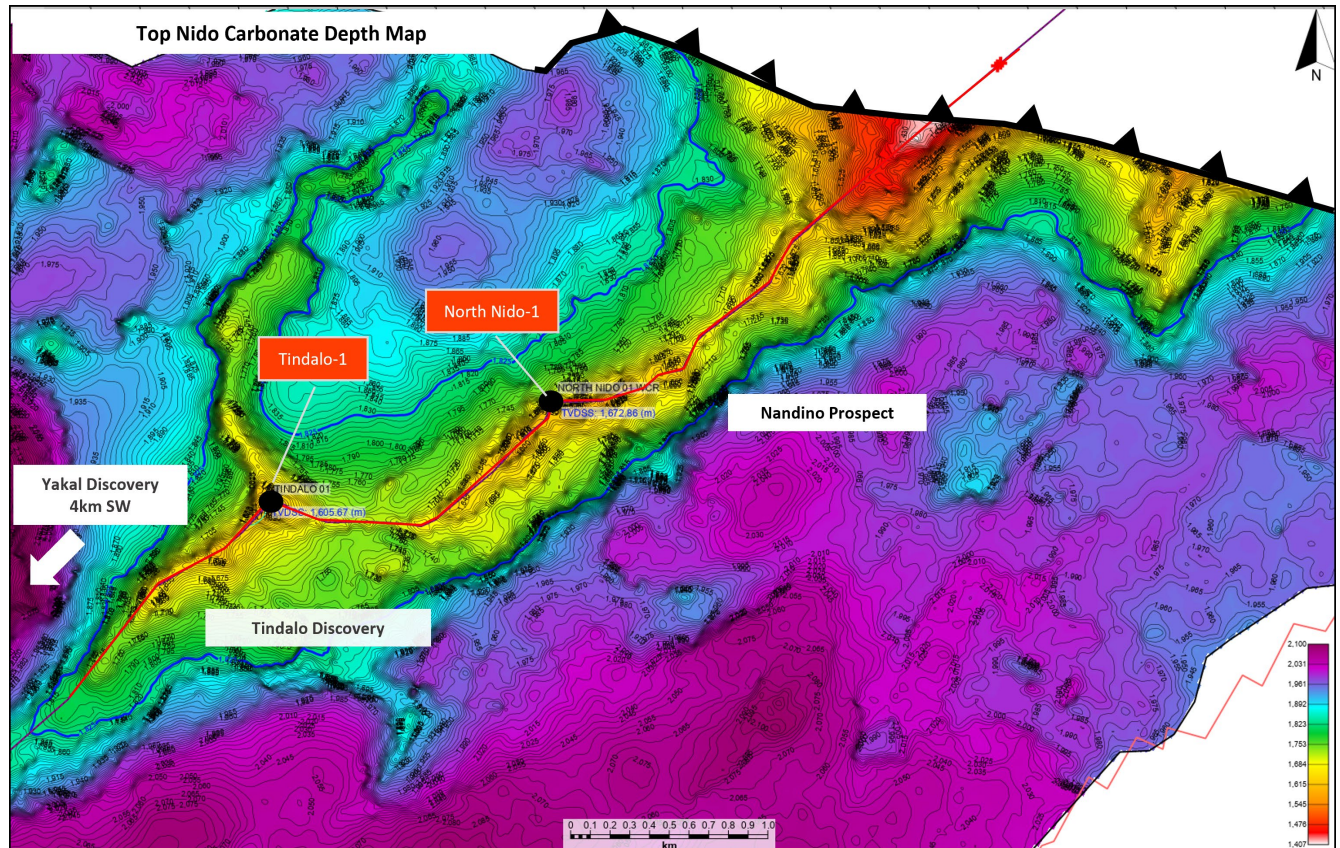
Joint Venture Participants	"Pre-Halo default" # Participating Interest	Current Interest	Nandino Well Paying Interest	Post-farmin* Interests
Nido and Yilgarn - Operator	72.5%	87.5%	15%	51.25%
TG World	12.5%	12.5%	85%	48.75%
Halo Oil	15%	0	0	0
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Subject to DOE approval and completion of Nandino drilling

# Halo SC54A BV, previous holder and owner of a participating interest in SC 54, defaulted on its obligations in SC 54 by failing to pay, despite repeated demands, its share in joint expenses. As a result of Halo's default, its previous participating interest is now held by Nido. Refer SGC ASX Announcement "Philippines Acquisition and Update" dated 14 June 2022.

The Nandino Prospect is targeting 27 million barrels of recoverable oil from 91 million barrels of oil in place (mean Prospective Resources) (refer *Sacgasco ASX release “Nandino Prospective Resources Certified” dated 3 March 2022*). More information on Nandino is included in an attachment to this release.

Nandino lies updip and on-trend with 4 oil discoveries within SC54. A 119m+ oil column and strong oil shows are interpreted in two previous tests of the greater Nandino structure and Nandino is the structural culmination of the String of Pearls trend that includes the produced Nido Oil Field, and Yakal and Tindalo oil discoveries.



*Nandino Prospect – Top Nido Limestone Structure Map*

TG World as farminee has sourced the DP2 drillship Deep Venture to drill the Nandino 1 well.

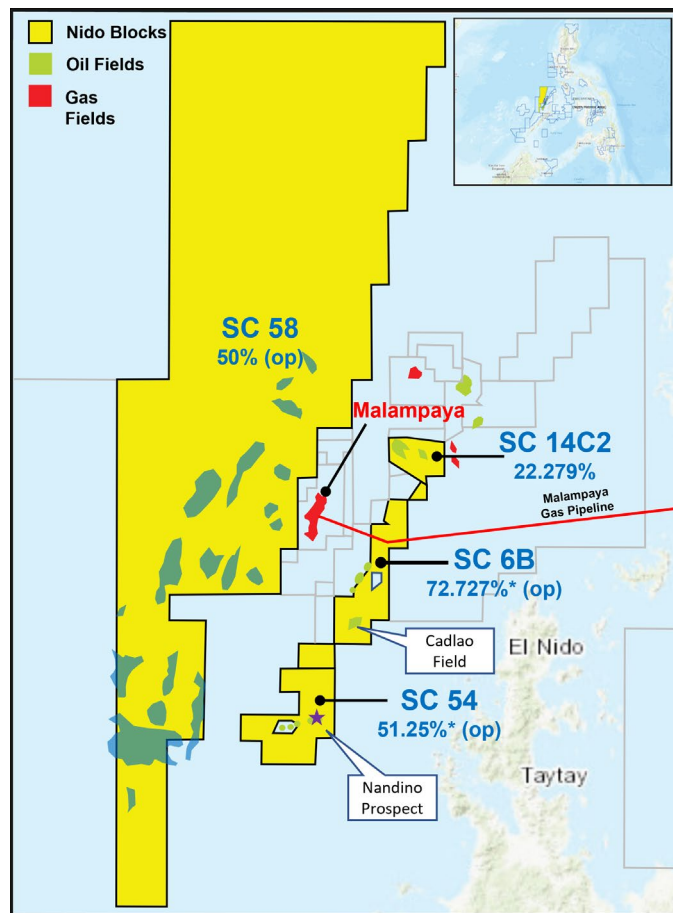


*Deep Venture DP2 Drillship*

The Deep Venture is owned by Blue Sky's Indonesian subsidiary PT Angkasa Biru Servis Indonesia which has operated offshore production in Indonesia for 12 years. The drillship is currently undergoing preparation for drilling and is expected to drill Nandino as soon as practicable after requisite regulatory and corporate certifications and acceptances.

A majority of the Long Lead Items for drilling Nandino were secured by the purchase of the drilling equipment announced in Sacgasco's ASX Release "*Philippines Acquisition Update*" - 14 June 2022.

The Deep Venture Drillship is a Dynamically Positioned (DP 2) vessel and is currently capable of drilling in water depths from 90 metres to 1,300 metres and can provide a cost-effective vehicle for various future oil and gas operations in the Philippines.



*Sacgasco Philippines Acreage Map (SC54 interest 51.25% post-farmout)*

**Blue Sky's President Ilyas Chaudhary commented:**

*"Blue Sky has procured the Deep Venture Drillship as the vessel to facilitate an extensive drilling campaign offshore the Philippines. The Drillship has many logistical advantages and can serve as a versatile platform for early production and testing over a wide range of water depths.*

*We are the operator of 6,000 BOE per day, including production from Sacgasco's assets in Canada, and as a large shareholder in Sacgasco and we look forward to a successful and rewarding relationship with the Nido (Sacgasco) operations in the Philippines."*



**Sacgasco's Managing Director, Gary Jeffery commented:**

*"It is very satisfying to report on the significant progress made in achieving our aims to explore and get early production from the very prospective assets in the Philippines. Our simplification of asset ownership and commitment to drilling exploration and appraisal wells demonstrates the strong relationships we are developing in the team of professionals who have committed themselves to meeting the Nido / Sacgasco goals. The ongoing support from the Government of the Philippines is also very encouraging.*

*We are particularly excited to progress our relationship with Blue Sky in our Philippines assets.*

*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 2014/2015 commissioned well workovers on the Langsa Oilfield which Blue Sky had acquired from Medco in 2011. A dynamically positioned DP2 Vessel was retained to workover two wells yielding a combined production of 2,600 bopd. Blue Sky owned and operated a Floating Production and Storage and Offtake vessel for production from the Langsa Field.*

*As shareholders and joint venturers, Blue Sky are aligned strongly with Sacgasco in achieving early production from the Philippines.*

*I believe that the chance of making a discovery at Nandino is very high given its location at a regional high in the proven Nido Limestone oil play. More specifically, Nandino is updip, on a clear trend of discovered oil, all interpreted to be 'filled-to-spill points' and located on the greater Nandino structure.*

*It should be noted that the Tindalo Sub-structure is interpreted to be in communication with the greater Nandino Prospect areas through the oil column, but the Tindalo resources are not separately assessed in the current prospective resources assessment. As Tindalo was an oil discovery, any resources assessed in Tindalo would qualify to be classified as Contingent Resources under the PRMS classification system.*

*I eagerly look forward to implementing our high impact drilling program in the Philippines."*

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

**Gary Jeffery**  
**Managing Director**  
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***Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on under-explored, recently overlooked, world class oil and gas opportunities near under-supplied markets. Sacgasco's Natural Gas activities include Hydrogen and Helium.***

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

***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.***

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## Attachment:

### ABOUT NANDINO PROSPECT

- Nandino Prospect targets 27 million barrels of recoverable oil from 91 million barrels of oil in place (mean prospective resource)
- Nandino lies updip and on-trend with 4 oil discoveries within SC54 (SGC 87.5% WI)
- 119m+ oil column and strong oil shows interpreted in two previous tests of the greater Nandino structure

Nandino Prospective Resources (100%)	Oil in Place	Recoverable Oil
P90 (million barrels)	24.2	6.6
P50 (million barrels)	75.3	21.9
P10 (million barrels)	175.0	54.2
Mean (million barrels)	91.0	27.3

Note 1: The estimated quantities of hydrocarbons that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.

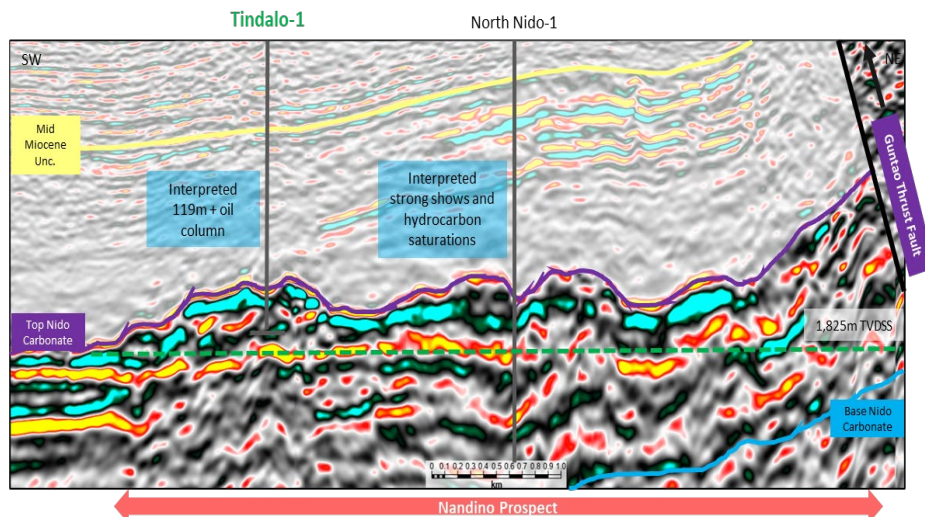
Note 2: The resource estimates have been prepared using the probabilistic method and are presented on an unrisked basis. In a probabilistic resource distribution, P90 (Low), P50 (Best), P10 (High) estimates represent the 90%, 50% and 10% probability respectively that the quantity recovered will equal or exceed the estimate assuming a success case in the prospect.

Note 3: The resource estimates are reported as at an evaluation date of March 2022

Note 4: The Nandino Prospect lies wholly within SC54 where Sacgasco, through its subsidiaries, effectively owns a consolidated 51.25% working interest post-farmout to TG World (Blue Sky) (Subject to DOE approval and Nandino drilling)

The Nandino Prospect within Service Contract 54 (**SC54**) is considered the largest shallow water prospect in Nido / Sacgasco's Philippines portfolio and is delineated on 3D seismic. The Miocene aged carbonate pinnacle reef structure lies in water depths of 90 meters and is immediately updip of the Tindalo oil discovery. Out of 60 exploration wells drilled in the basin to date, 27 have led to discoveries, giving a 45% success rate.

Within SC54, a "fill-to-spill" chain of oil fields has been discovered as shown in the Figure below. The Nandino Prospect lies updip and on-trend of this "fill-to-spill" chain.



The North Nido-1 well, which had strong oil shows, was drilled in 1976 on 2D seismic data and is now interpreted to be on the flank of the Nandino structure with significant updip attic potential remaining.

3D seismic was acquired over the area in 1997 and subsequently reprocessed in 2011 using a Pre-Stack Depth Migration (**PSDM**) workflow. The 3D seismic interpretation shows the interpreted oil-water-contact at Tindalo-1 is below the lowest closing contour of the Tindalo substructure. Consequently, the Tindalo discovery and the greater Nandino structure are interpreted to have the same oil-water-contact and to be in communication through the oil column in the best estimate case of Prospective Resource shown in the Table above.

A third-party independent audit of the Nandino Prospect has been undertaken by RISC confirming the unrisked prospective resources. RISC estimates the Geological Chance of Success (**COS**) to be 25%, Nido internally assess a 35% COS.

In the event of a discovery at Nandino, the chance of development (as defined in the PRMS) is strong given current high oil prices, favourable service contract terms and relatively low cost, shallow water development options. Sacgasco, through its subsidiaries Nido and Yilgarn, may seek to conduct an initial production phase (EWT) and will then evaluate the possibility of a clustered development together with the nearby Tindalo, Yakal and Nido 1X1 discoveries.

The current Sub-Phase 6 of SC54 ends on 05 August 2022 but the Joint Venture has elected to enter Sub-Phase 7 of the Service Contract, which is for a period of one year. All commitments have been fulfilled for the current Sub-Phase 6. Sub-Phase 7 includes a commitment for one exploration well.

It is worth noting that the Nandino Prospective Resources assessment did not include an assessment of the discrete volumes in the Tindalo substructure alone. If assessed, these would be classified as Contingent Resources under the Petroleum Resources Management System, 2018 (**PRMS**) definitions.