



ABN 96 009 217 154

22 September 2015

ASX Release

Electronic lodgement

ASX Code: XST

**PRODUCTION INCREASE
RANCHO – CAPAY GAS FIELD
SACRAMENTO BASIN, CALIFORNIA**

Xstate Resources Limited is pleased to advise that during planned gas field operations on one its wells near the Company's flagship Dempsey Prospect the Californian Operator and 20% working interest (WI) owner identified a gas reservoir covered by produced sand in the well bore.

The well bore was subsequently cleared and a gas flow was established from a Forbes Reservoir zone at stable rates of 425 mcf/day with 550 psi flowing tubing pressures.

The flow rate and shut in pressure of 1,200 psi indicate the well bore is accessing remaining producible quantities of gas. Sale of gas from the well is anticipated to commence shortly upon approval from the independent pipeline operator.

Based on current gas prices of over \$US3/mcf and a flow rate of 425 mcf/day gross sales revenue from this well is anticipated to be around \$A1,800/day.

Xstate holds a 10% working interest in the well, with Australian Oil Company Limited holding 55% and private interests holding the balance.

David McArthur
On behalf of the Board of Directors