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Eastern Gas Hits 42.3% Peak Gas Reading as Venus-2H Completes 445m Coal Intersection

Eastern Gas Corporation's Venus-2H horizontal appraisal well has reached total depth of 1,450 metres in Queensland's Surat Basin, recording a peak gas reading of 42.3% and intersecting 445 metres of net Macalister Lower coal – with flow testing now the critical next step that will determine whether the project's 130.3 PJ 2C contingent resource can move toward commercial reserves.

By William Hadrian (<https://discoveryalert.com/meet-the-team/william-hadrian/>) - 28 August 2026



Eastern Gas Corporation Ltd

 **EGA 6.25%**

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Market Impact

7/10

Key Takeaways



Summarise with AI:

Eastern Gas hits 42.3% peak gas reading as Venus-2H reaches total depth

Eastern Gas Corporation (<https://discoveryalert.com/asx-stocks/energy/EGA-eastern-gas-corporation-ltd/>) has confirmed excellent gas shows at its **100%-owned Project Venus** in Queensland's **Surat Basin (Walloon CSG fairway)**. The Venus-2H horizontal appraisal well has reached **total depth of 1,450 metres measured depth**, intersecting a cumulative **445 metres of interpreted net Macalister Lower target coal** across the completed production wellbore. The company recorded a **peak total gas reading of 42.3%** during drilling, with repeated excellent gas shows throughout the target coal intervals.

The integrated Venus-2H/Venus-1 well system now moves to completion, dewatering and flow testing. This is a significant de-risking milestone toward commercialisation of the project's contingent gas resources. Flow testing will determine whether the resource can transition from contingent status toward reserves — the true value-inflection point for investors tracking the project.

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Venus-1 intersection completes the integrated well design

Eastern Gas commenced the first sidetrack from approximately **775 metres measured depth** to refine the well trajectory toward the planned intersection. Venus-2H successfully intersected the existing **Venus-1 vertical wellbore at approximately 927 metres measured depth and 426 metres vertical depth**.

Following confirmation of the intersection through drilling indications, the ranging assembly was swapped for a geosteering assembly and drilling continued through the target coal. The intersection established the planned subsurface connection between the two wells. Following completion and commissioning, the integrated well system is designed to allow water and gas entering the Venus-2H horizontal wellbore to **flow through Venus-1 to the surface facilities** during dewatering and production testing.

This integrated horizontal configuration is central to the appraisal strategy. What this means for your exposure: the engineering milestone confirms the technical design works as intended, clearing the path for the next phase of testing that will determine productivity.

Target coal and gas shows across the wellbore

Venus-2H encountered **445 metres** of interpreted net Macalister Lower coal within the current production wellbore across the original wellbore and two sidetracks. This includes **148 metres of continuous target coal** from **1,181 metres to 1,329 metres measured depth** in the second sidetrack.

Repeated gas shows were recorded whenever the Macalister Lower coal was encountered. The table below summarises gas readings by wellbore section.

Wellbore Section	Total Gas Reading Range	Peak Reading	Rating
Original wellbore	2.5%–18.0%	—	Almost all excellent (above 8%)
First sidetrack	8.8%–23.8%	—	Excellent
Second sidetrack	4.5%–42.3%	42.3% (well maximum)	Excellent

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Under the wellsite classification used for the drilling programme, readings above **8%** are classified as excellent gas shows. These readings represent hydrocarbons released from coal cuttings during drilling and detected by the rig's surface gas-monitoring equipment. They provide evidence of gas within the coal intersected by the wellbore, **but do not represent gas flow rates or provide a measure of future well productivity**. Productivity will be assessed through the planned dewatering and production-testing programme.

Understanding coal seam gas appraisal

Coal seam gas (CSG) is methane held within coal seams by water pressure and adsorption to the coal matrix. Unlike conventional gas reservoirs where gas is stored in porous rock, CSG is stored directly in the coal itself.

The dewatering process is central to CSG production. Water is removed from the coal seam to reduce reservoir pressure. As pressure drops, gas desorbs from the coal and begins to flow. This is why gas shows during drilling — while encouraging — are early indicators only, not proof of productivity.

Flow testing is what determines commercial viability. The dewatering and production-testing programme will measure water production, reservoir pressure response, timing of gas breakthrough and subsequent gas flow performance. That data tells you whether a resource can move toward reserves and commercialisation. For investors, flow testing is the true value-inflection point, not the drilling phase.

Navigating a more complex coal structure

Venus-2H required two sidetracks to maximise the coal interval established in the production wellbore. The sidetrack sequence unfolded as follows:

1. The first sidetrack exited the Macalister Lower coal at approximately **1,117 metres measured depth** — interpreted **fault displacement of approximately four metres**.
2. The first sidetrack was extended to delineate the structure but did not establish a sustained re-entry into the target seam.

3. The second sidetrack commenced from approximately **1,047 metres measured depth**, re-entered target coal at **1,061 metres**.
4. After crossing the interpreted structural displacement, the second sidetrack again re-entered Macalister Lower coal at **1,181 metres measured depth**.
5. The second sidetrack remained within the target seam from **1,181 metres to 1,329 metres measured depth**, with a further **10 metres** of coal encountered from **1,349 metres to 1,359 metres**.

Managing Director David Spring noted that the drilling has shown the Macalister Lower coal is “more structurally complex in this area than indicated by the pre-drill model” and that the two sidetracks “provided valuable geological and geosteering information and enabled us to maximise the coal interval established in the production wellbore.”

What this tells you: the company encountered geological complexity and responded with technical problem-solving that delivered the targeted coal interval. The sidetracks produced valuable geological and geosteering data that will inform future drilling in the project area. You now have **445 metres** of interpreted net coal in the production wellbore, despite the structural challenges.

What happens next — completion and flow testing

With Venus-2H having reached total depth, the drilling assembly will be recovered and the wellbore prepared for installation of the planned **completion liner**. The liner is intended to maintain access to the intersected coal intervals and allow water and gas to flow through Venus-2H toward the connection with Venus-1.

Following completion of these activities, the drilling rig (SCD Rig#34) and associated drilling services will be rigged down and demobilised from site. The Venus-2H/Venus-1 well system will then be prepared for flow-testing, including installation and commissioning of the required surface production, water-handling and gas-measurement equipment.

The flow-testing programme will commence with dewatering of the target coal intervals to reduce reservoir pressure and support gas desorption and flow. The programme will measure water production, reservoir pressure response, timing of gas breakthrough and subsequent gas flow performance. Eastern Gas will provide further updates upon completion of the well and commencement of production testing, and as material test results become available.

David Spring, Managing Director

“The gas shows confirm the presence of hydrocarbons within the target coal interval. While gas shows are not, in themselves, an indication of future production performance, the results are very encouraging and provide strong support for progressing the next phase of the Venus programme. We are now focused on completing the integrated Venus-2H/Venus-1 well system, followed by dewatering and flow testing. This programme will provide important data on reservoir response, gas breakthrough and flow performance across the 445-metre intersected coal interval, while also allowing us to assess the performance of the integrated horizontal well configuration.”

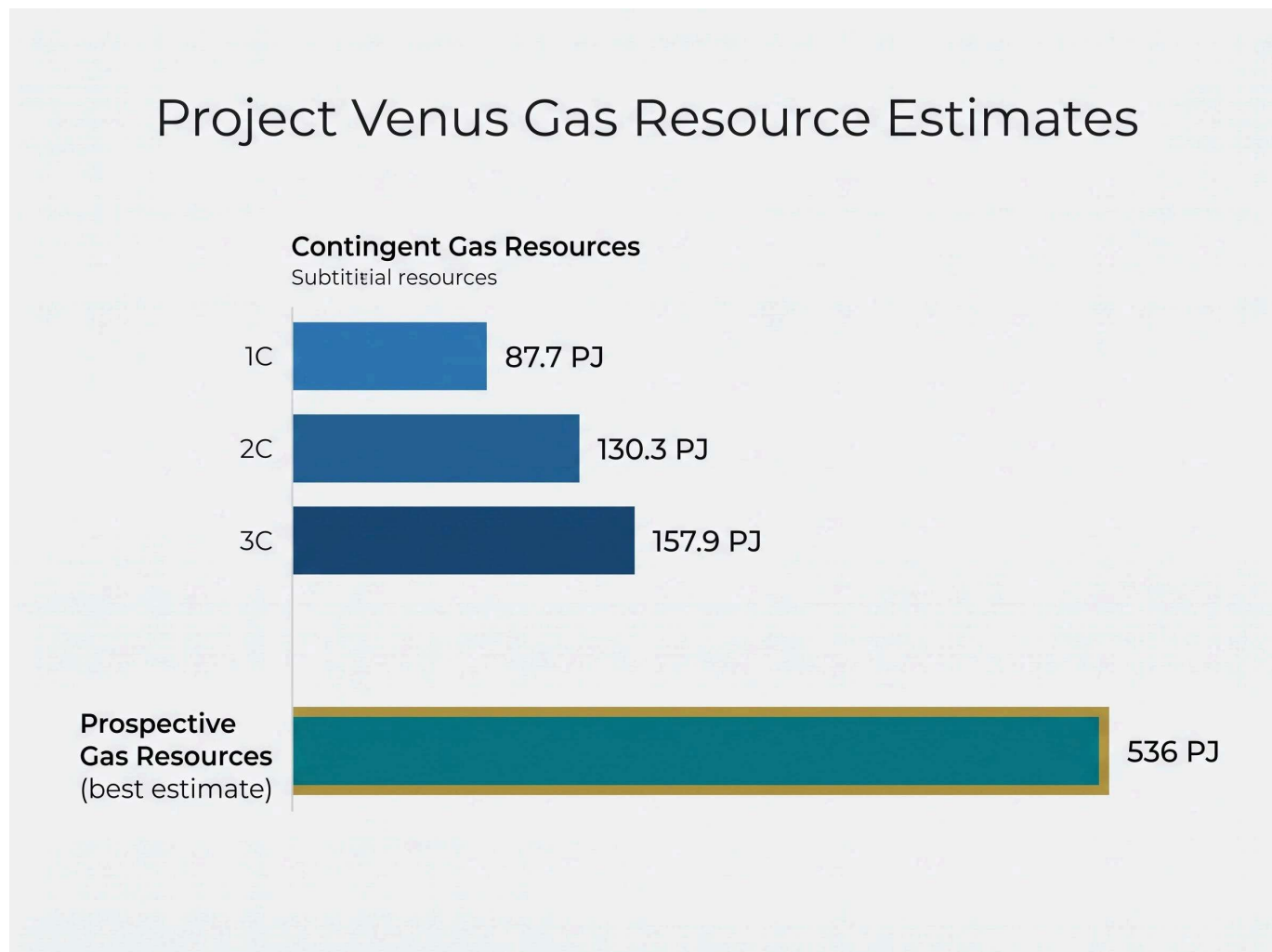
On the significance of the gas shows, Spring added the above. The full MD statement also covered the intersection milestone and geological complexity encountered during drilling.

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The investment case at Project Venus

Project Venus holds contingent gas resource estimates of **1C 87.7 PJ, 2C 130.3 PJ and 3C 157.9 PJ**, with remaining prospective gas resources of **536 PJ** on a best estimate basis, as reported in the company's Prospectus dated 5 December 2025 and Replacement Prospectus dated 12 December 2025. Contingent resources are not reserves. There is no certainty that further appraisal, production testing or development activities will result in the determination of reserves or that the resources will be commercially recoverable.



<https://media.discoveryalert.com/ega-project-venus-gas-resources.jpg>

The completion of Venus-2H drilling and the upcoming flow-testing programme represent the next step in progressing these resources toward potential commercialisation. Against the backdrop of Australia's east coast gas shortage, Eastern Gas is focused on advancing its resources to support domestic energy security. The company's portfolio spans two prospective tenements in Queensland's Surat Basin (Walloon CSG fairway) and Cooper Basin.

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Frequently Asked Questions

What does a 42.3% gas reading mean for Eastern Gas Venus-2H drilling results?



What is coal seam gas dewatering and why does it matter for Project Venus?



What are Eastern Gas Corporation's Project Venus contingent gas resources?



Why did Venus-2H require two sidetracks during drilling?



What happens next for Eastern Gas after Venus-2H reaches total depth?



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William supports Discovery Alert subscribers across Australia and overseas, helping them tailor alerts, troubleshoot technical issues, and optimise platform settings to suit their workflow.

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