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2010 WORK PROGRAM ENDS WITH SUCCESSFUL FLOW TEST ON SJB03 GAS DISCOVERY WELL

Highlights

- **2010 work program ends with successful flow test on the SJB03 Gas Discovery Well**
- **TB08 Gas Discovery well – flow testing operations completed**

2010 work program ends with successful flow test on the SJB03 Gas Discovery Well

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) has now ended its 2010 work program with a successful flow test on its **SJB03** Gas Discovery Well.

The SJB03 Gas Discovery well was drilled during November 2010 with the electronic wireline logs confirming the presence of gas in 3 potential zones.

SJB03
Initial gas flow following perforation of 1st zone

After resolving operational issues, CCDC Downhole Technical & Operations Company (CCDC) perforated the 1st pay zone and successfully flowed gas without the need for further stimulation at this time.

As at 13:00 hours, Monday, CCDC had flowed gas from the 1st zone at a relatively constant flow rate of approximately 280,000 scf/day for a continuous period of 24 hours.

A Drill Stem Test (DST) involving a gradient and pressure build up test is currently underway to obtain downhole pressure measurements. This information will enable Sino Gas to determine whether it will seek to enhance the productivity from this zone through fracture stimulation or to otherwise produce from this zone in the Company's Pilot Development Programs.

Following the DST, Sino Gas will suspend the SJB03 well for further operations to be carried out after the end of the Chinese winter in late Q1, 2011.

Sino Gas Managing Director, Stephen Lyons, said that the successful test was a fitting conclusion to the Company's 2010 reserves upgrade work program.

The safe and successful conclusion to the 2010 work program is a testament to the Operations Team led by Sino Gas's Chief Operating Officer, Frank Fu. During the 2010 campaign, over 160,000 man hours have been performed without incident by the drilling and testing teams.

The data obtained from these tests on SJB-03 will now, together with all the other data obtained during 2010, be used in Sino Gas's reserves upgrade report, with an updated reserves certification report planned to be completed in late January. From there, the results will be used to develop the forward work programs and in planning for the Company's Pilot Development Programs", said Mr Lyons.

Now that the Company's 2010 work program is complete, Sino Gas will be updating the market on developments as they occur.

TB08 Gas Discovery well – flow testing operations complete

Electronic wireline logging on the **TB08** Gas Discovery Well has confirmed the presence of gas in 4 potential zones.

Sino Gas has now successfully completed the perforation and DST of the 2nd zone with the DST tool being retrieved and all downhole data being downloaded.

Based on the initial analysis Sino Gas intends to fracture stimulate the 2nd zone.

A successful DST has now been conducted on both the 1st and 2nd zone of the TB08 Gas Discovery Well. The data obtained from these tests, together with that to be obtained from the analysis of the side wall core samples taken will assist in determining the most appropriate stimulation technique for the various prospective zones in this well.

CCDC has now secured the well in preparation for further stimulation expected to be carried out in late Q1, 2011 and has rigged down all equipment and demobilised from the site.

-ENDS-

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About Sino Gas & Energy Holdings Limited
Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China through Production Sharing Contracts (PSC's).

The PSC's are located in Shanxi province in the Ordos Basin and cover an area of over 3,700km^2. The Ordos Basin is the second largest onshore oil and gas producing basin in China. The area has mature field developments with an established pipeline infrastructure to major markets. Rapid economic development is being experienced in the province in which Sino Gas's PSC's are located and natural gas is seen as a key component of clean energy supply in China.

On Sino Gas's Tuban prospect, 9 wells have been drilled, the latest being TB07 in November 2009. Extensive seismic and other subsurface studies have also been conducted. 4 wells have been fracced and tested with commercial flow rates achieved on the TB02 well, TB05 well and recently significant commercial rates on the TB07 well. 2.7 Tcf of Contingent and Prospective gas resources (100% mid case figures) have been independently verified on the Tuban Prospect.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems standards by internationally recognized oil and gas consultants RISC Pty Ltd. They are based on the Technical Report prepared by RISC Pty Ltd and included in full in the Company's Prospectus dated 29 July 2009. Quoted well flow rates are calculated at a tubing head pressure of 200psi.

Additional information on Sino Gas can be found at www.sinogasenergy.com