



# GOLDEN GATE PETROLEUM LTD

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Market Release (*via electronic lodgement*)

## **GOLDEN GATE ACQUIRES NET 48.75% WORKING INTEREST IN BULLSEYE PROSPECT IN SOUTH LOUISIANA WITH POTENTIAL RESERVES OF 12.5 MILLION BARRELS OF OIL AND 33 BCF GAS**

- Golden Gate expands activities in the U.S. Gulf Coast region
- Entering Louisiana through farm-in to an oil and natural gas venture over Bullseye Prospect
- Gross potential P50 is estimated at 12.5 million barrels of oil and 33 BCF of gas
- First well is expected to be drilled in the November 2007
- The Company as a result of the farm-in and pending farmouts to third parties will earn a 48.75% working interest
- After all royalties Golden Gate's net revenue interest will be approximately 35%
- This acquisition adds another low-risk, high impact project to the Golden Gate portfolio
- This new project is consistent with Golden Gate's stated strategy to focus on hydrocarbon exploration onshore in the Gulf Coast region of the U.S.

### **Details of Farm-in**

The Board of Golden Gate (ASX Code: GGP) is pleased to advise the acquisition of the Bullseye Prospect, South Louisiana as operator (Figure 1). The first exploration well is planned to commence in November 2007. Total reserves are estimated (P50) to be 12.5 million barrels of oil and 33 BCF of gas.

This is the first in a series of new venture acquisitions that the Company is pursuing to bring diversity and growth to its asset portfolio in the onshore Gulf Coast region. The Company's focus is on low-risk exploration ventures, with high production rate potential and a significant oil component in reserves. The development of informal strategic partnerships with local experts is an important component of this effort.

Golden Gate Petroleum has executed a participation agreement to acquire a majority working interest in the Bullseye Prospect. Under the terms of the agreement Golden Gate will pay 85% of the cost to casing point of the initial exploration well to earn a 63.75% working interest. Subject to the execution of final documentation Golden Gate has farmed out part of its interest so that it's cost of the initial well is reduced to 60% and it will earn a final working interest of 48.75%. These third parties will pay 25% of the well costs in return for earning an 15% working interest. Total trouble free dry hole cost for the initial well is estimated to be US\$5.4 million of which Golden Gate will pay 60% (US\$3.24 million).

The Leases cover 1,700 acres, in close proximity to existing production. Drilling is expected to commence in November 2007 and take approximately 30 days to reach total depth.

### **Bullseye Prospect**

The Bullseye Prospect is a deeper pool prospect that targets Miogyp and Cib Haz sandstones between 12,400 ft and 13,500ft on the crest of the Laurel Ridge anticline. Existing shallow normal pressured sands (10,100ft to 10,600ft) have produced 146 BCF and 4 MMBO and are now depleted.

The initial location is offset to a previously drilled well in which electric logs indicated 50ft of pay in the Miogyp (Figure 2), that well was lost due to mechanical difficulties and did not reach the Cib Haz. Mud log data from this well indicate gas and condensate shows across the Miogyp section. 3D seismic acquisition was completed in 2005 and clearly identifies independent stratigraphic traps in each zone. The high impedance sands are identified as high amplitude positive reflections within a much thicker shale section (Figure 3). The initial well will test both the Miogyp and Cib Haz objectives. Both the Miogyp and Cib Haz sands are high quality reservoirs with porosity ranging from 24-30% and permeability of 300-1000mD. This results in observed producing well rates from surrounding analog fields, of 500-1000 barrels per day and 4-10 million cubic feet of gas per day. These high rate wells provide an excellent economic return.

The high probability of success attributed to Bullseye is a result of:

- a) two independent traps mapped by high quality seismic data that has been calibrated to the lithology;
- b) offset log with indicated pay and mud log shows in the Miogyp; and
- c) numerous successful direct, local analogs for prospects with these seismic characteristics and trap geometries.

Drilling locations have been approved and the prospect is ready to drill upon title examination being completed.

**Risked Financial Summary**

The risk-weighted, expected monetary value (EMV) was estimated using both deterministic and probabilistic methods and the results are as follows, assuming \$40/bo and \$4/mcf \*\* without further discount factors:

	HOLDING	POS%	EMV US\$M P50	EMV US\$M P10	NET P50/CPS SH A\$	EMV P10/CP SH A\$
BULLSEYE *	48.75	60	133	194	0.76	1.10

\* Estimating a total of 5 wells to be drilled.

\*\* latest realized gas and oil prices achieved by the Company are \$7.25 mcf and \$63 bbl

**Golden Gate Executive chairman, Sam Russotti said: “Bullseye provides Golden Gate with significant upside and diversification from the Padre Island Prospects. The project has the potential to provide exponential growth for Golden Gate and to deliver a very exciting drilling programme for the Company and its Shareholders”.**

*On behalf of the Board of Directors*

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The information in this report has been reviewed and signed off by both Mr Sam Russotti, CEO, (BSc Geology) and Mr. Jeff Copley, Technical Director (MSc. Geophysics), both with over 30 years relevant experience within oil and gas sector.

### Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

**Figure 1: Location Map**

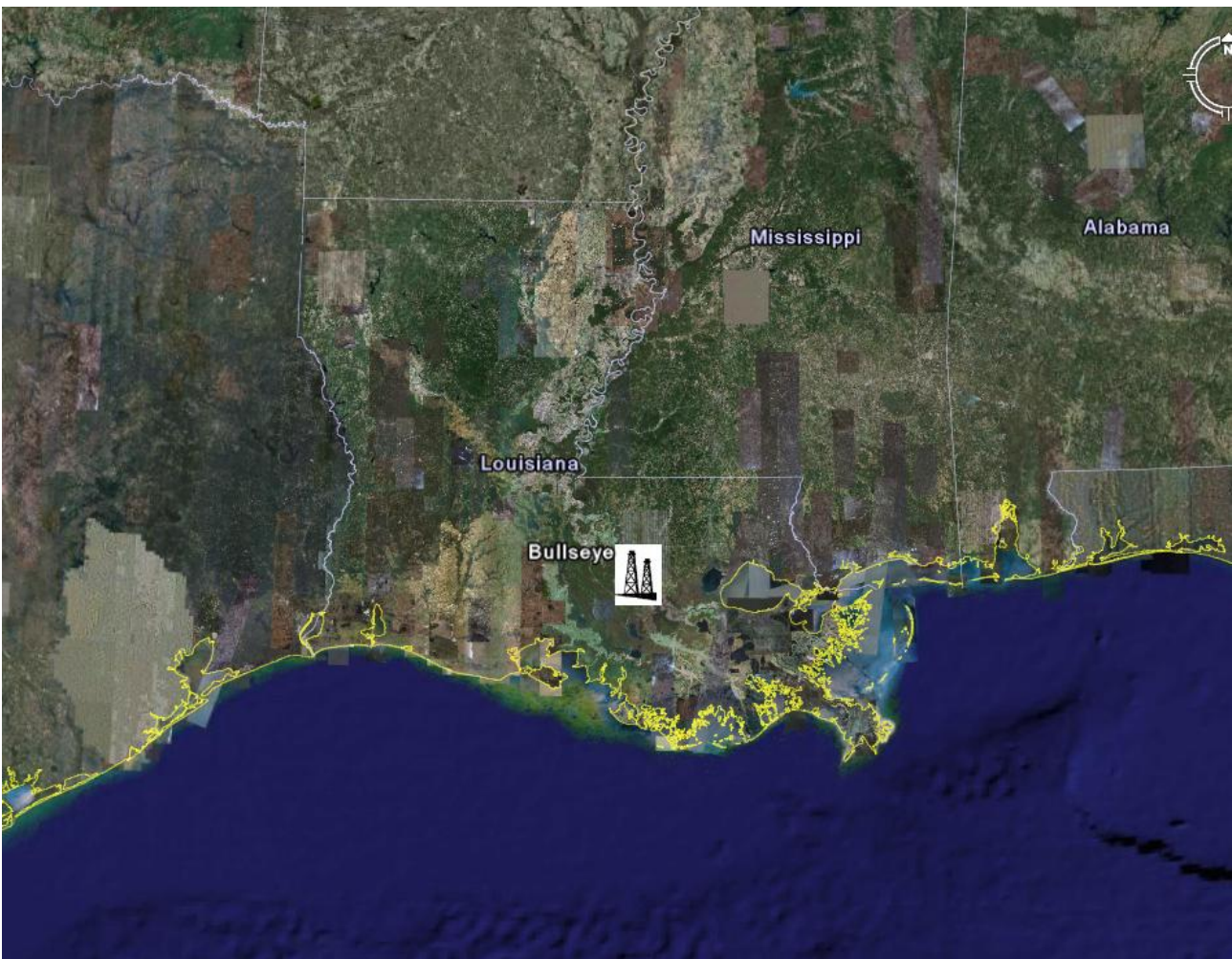


Figure 2: Log pay vs. Wet sand

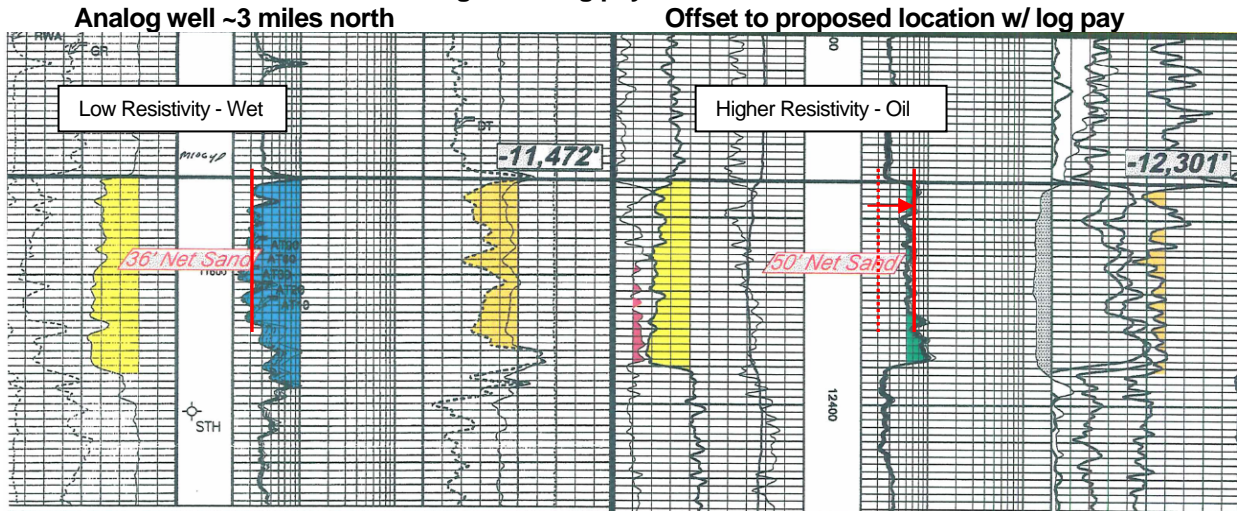


Figure 3: 3D Seismic Profile: Proposed Location and Offset well w/ log pay

