



# GOLDEN GATE PETROLEUM LTD



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Market Release (*via electronic lodgement*)

## GGP SECURES ADDITIONAL LOUISIANA PROJECTS: P50 RESERVES OF 19 MILLION BARRELS OIL AND 34 BCF GAS

- Golden Gate has expanded its activities in the U.S. Gulf Coast region with 2 new projects in Louisiana
- Gross potential P50 is estimated at 19 million barrels of oil (MBO) and 34 Billion cubic feet (BCF) of gas
- Multiple structures and sands over two prospect areas; LGS/Samstown and Noel
- Initial shallow low-risk development, combined with deeper higher impact exploration
- Spudding of Samstown commenced 16<sup>th</sup> September 2007
- The Company has acquired a 50% working interest (WI) seeking to farm down to 40% working interest.
- Net revenue interest is approximately 75% after royalty and over-riding interests
- Project enhances Golden Gate's stated strategy to focus on hydrocarbon exploration onshore in the Gulf Coast region of the U.S as well as adding some diversity to its portfolio in that area. (Texas and Louisiana)

### DETAILS OF FARM-IN

The Board of Golden Gate (ASX Code: GGP) is pleased to advise the acquisition of oil and gas prospects in Iberville and Ascension Parish, Louisiana. This project involves the sequential development of a series of shallow and deep objectives in two prospect areas. The deeper wells are optional and scheduled for later in the project development. The Company has acquired 50% participating WI in this project but aims to farm this down to 40% WI (all estimates are based on current WI of 50%).

Participants will carry the seller for a 20% back-in after project payout (which includes all well and entry costs), which effectively delivers the Company a WI of 40% after payout.

Total composite reserves are estimated (P50) to be 19 million barrels of oil and 34 BCF of gas.



The shallow low risk wells will be drilled first and if successful will provide the Company with early cash flow covering a significant portion of drilling costs associated with testing the larger reserves in the deeper reservoirs.

This is the fourth in a series of new venture initiatives that the Company has announced in order to bring diversity and growth to its asset portfolio in the onshore Gulf Coast region. These initiatives include low-risk exploration ventures, with high production rate potential and a significant oil component in reserves.

### SAMSTOWN PROSPECT

The Samstown Prospect is a shallow development gas play from a normal pressured gas sand at 4,650ft on a 4-way closure. The Samstown Prospect is set up by subsurface control and 3D seismic. The Kirby-Halbouty #1 False well

logged and tested 8ft of gas on water at 4,650ft in a well drilled to a total depth of 11,808ft. The recent 3D shows a high amplitude bright spot evidence of the gas filled sands with the older Samstown well. Reserves are estimated at 1-2 Bcf of gas with the potential for some oil as well within the trap area that could be recovered by the single well.

In conjunction with the acquisition the Company has been working simultaneously towards the spudding of the Samstown well, which commenced drilling on Sunday 16<sup>th</sup> September 2007. The Prospect will be drilled to a total depth of 5,000ft, 625ft NE of the Kirby & Halbouty #1 Folve well. The Company expects the well to be drilled within 8 days and estimates drilling costs to be US\$600,000 with a further US\$300,000 in completion costs.

## LGS PROSPECT

The LGS Project presents an opportunity with two targets. The first is a shallow appraisal/development oil play from 5 normally pressured sands on a faulted 3-way closure and the second is a deep oil and gas exploration well. The LGS Prospect is set up by subsurface control and 3D seismic acquired in 2005. The LGS #1 Folve well logged several pays on water in 1981 and the Operator attempted to offset the well 4 times, but was either low on structure or faulted-out in every attempt. The 3D data acquired in 2005 provides a very clear picture of the structure and indicates 40-80 acres located up dip of the LGS #1 Folve well. It is estimated that up to 35ft of structure can be gained over the down dip producers and/or show wells.

The prospect will be drilled to a total depth of 10,800ft, 230m North of the LGS #1 Folve. The Company has negotiated to secure the drilling agreement for around US\$1.2m.

Reserves are estimated to be 1-2 million barrels of recoverable oil and 2-3 BCF of gas. The Company has ascribed a reasonably high probability of success on the prospect due to the fact that the well is being drilled updip of a well that encountered stacked oil pay.

The deep targets at LGS fall within the same fault trap where the Miogyp and Cib Haz sands are prospective. The upside potential from these zones adds another 9 million barrels of recoverable oil and 18 billion cubic feet of gas. Both of these primary objectives are found to be productive in the area on similar fault bounded structural traps with initial rates of 600-1000bpd and 5-8mmcfpd from 10-20 feet of sand. The 3D seismic provides excellent definition of the probable trap area.

## NOEL PROSPECT

The Noel Project similarly presents a two target opportunity. The first is a shallow oil exploration well on a four way closure and the second is a deep oil and gas exploration well. The Prospect is located on the southeastern corner of Laurel Ridge field. The Nottoway 3D was acquired in late 2005 and identifies the faulted 4-way closure in the shallow normally pressured sections. The shallow Noel prospect has stacked 40 to 120 acre 4-way closure in sands between 6,700ft to 10,000ft. There are over eight prospective sands in this 4-way closure. Three of the major targets, Operc (8,200ft), Marg A (9,650ft) and Siph Davisi (9,950ft) have around 1-2 million barrels of oil potential and 0.5-1.0 billion cubic feet of gas.

At depth, the fault creates a high-side closure for the Marg Vag, Miogyp and Cib Haz sands between 11,500ft and 13,500ft. The deep target is the geopressed sands where the 3D shows a broad low relief closure present at Marg Vag (11,500ft), Miogyp (12,200ft) and Cib Haz (13,200ft) where there is potential for 6 million barrels of oil and 13 billion cubic feet of gas. As with the deep LGS prospect these reservoirs have the same high rate potential to provide an excellent economic return. The 3D seismic data provides excellent structural control for the deep traps, resulting in a moderate risk for the reserves.

## RISKED FINANCIAL SUMMARY

The risk-weighted, expected monetary value (EMV) was estimated using both deterministic and probabilistic methods and assumes prices of \$40/bo for oil and \$4/mcf for gas without further discount factors:

	WI% (after back-in)	POS%	EMV US\$(M) P50	EMV US\$(M) P10	Net EMV P50/CPS A\$	Net EMV P10/CPS A\$
Total	40%	50%	139	348	0.75	1.88

**Golden Gate Executive Chairman, Sam Russotti said: "This is the fourth new project acquisition and provides Golden Gate with a further low cost opportunity to add significant production and reserves while increasing the diversification of its portfolio. GGP has recently completed the Wilson well for**

production and is currently completing the Dunn Deep # 2 for production as well. These two new producing assets are expected to significantly enhance GGP's net production and cash flow which is enabling GGP to expand its asset base. The Company looks forward to the Samstown appraisal well results expected early next week".

*On behalf of the Board of Directors*

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This report has been reviewed and signed off by Mr Sam Russotti, CEO, (BSc Geology) and Mr. Jeff Copley, Technical Director (BSc Geology & MSc. Geophysics), both with over 30 years experience in the 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.