



# GOLDEN GATE PETROLEUM LTD



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6 December 2007

Market Release (*via electronic lodgement*)

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## LGS FOLSE #1 OIL INDICATIONS

### **Folse #1 LGS Prospect, Iberville Parish, Louisiana, Operator 42.5% WI, Louisiana Oil Discovery**

The Folse #1 well on the LGS structure was spudded on 18 October 2007 (Texas, USA). This well reached its planned total depth of 10,850ft on 4 November 2007.

Following the release on 6 November the Company has undertaken further evaluation which required a re drill of the prospective section in the well and the running of a full suite of electric logs. After reviewing these logs the Company is pleased to advise that in addition to the potential 10 feet of net gas pay identified in the original well bore, The Company believes there is a probable oil zone of approximately 8 net feet of thickness at 5,300ft.

A testing program will begin next week to firstly evaluate the oil zone. If successful, the oil zone will immediately be brought into production. If the oil zone fails, the gas zone will be completed soon after. The LGS Folse #1 well is located in close proximity to where GGP is developing its Samstown gas field which should commence production next week and is likely to utilize some of the existing infrastructure recently built.

The oil quality in this area is very high and currently receives a US\$2.55 premium to WTI, hence any production and consequent revenue will have a meaningful impact on the Company's earnings. The Company will have a better idea of reserve potential after any production has commenced.

The Company is presently completing the well to put it on production as soon as possible.

The Company has a 42.5% working interest in the well. Following project payback, which includes all well and project entry costs, the vendors of the project have a 20% back-in right, which effectively will deliver a 34% working interest.

*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.