



# GOLDEN GATE PETROLEUM LTD



( A B N 3 4 0 9 0 0 7 4 7 8 5 )

566 Elizabeth Street,  
Melbourne 3000  
Victoria Australia

Telephone: +61 3 9349 1488  
Facsimile: +61 3 9349 1186

PO Box 12883  
A'Beckett Street Post Office  
Melbourne 8006  
Victoria Australia

Email: [investor.relations@ggpl.com.au](mailto:investor.relations@ggpl.com.au)  
Website: [www.ggpl.com.au](http://www.ggpl.com.au)

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Market Release (*via electronic lodgement*)

## PERMIAN BASIN PROJECT OIL & GAS DISCOVERY UPDATE

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to update the market on our oil and gas discovery at the SRH-C # 6H well located in Reagan County, Texas. The SRH-C # 6H well has been successfully completed. Total recoverable oil estimated from log analysis is 260,000 barrels from this well which is valued at over USD\$20 million in gross revenue, assuming \$80 per barrel oil prices.

The drilling rig has moved to the next drilling location, the SRH-A # 8A well. A separate release on the status of the next well will be made shortly

The SRH-C # 6H well was drilled to a total depth of 9,235 feet. Eight pay intervals ranging from 5,220 feet to 9,176 feet have been identified from logs. There appears to be over 130 feet of conventional oil sand along with approximately 1,600 feet of rich oil shales interspersed among these sands which have been identified for testing and fracture stimulation. The well flowed oil while circulating which is unusual for formations that require stimulation to establish production.

The recoverable oil for the SRH-C # 6H is based on an estimate of total oil attributable to the conventional sands of 136,000 barrels assuming a 40 acre drainage area and a recovery factor of 25.85 barrels of oil per acre foot. Additional oil attributable to the rich oil shales is estimated to be 124,000 barrels of oil assuming a 1% recovery of the oil in place which works out to be 1.94 barrels of oil per acre foot.

Over half the recoverable oil determined by this analysis is coming from the extremely rich Upper Wolfcamp interval. Recent horizontal drilling on trend by EOG and Laredo Petroleum has targeted the Wolfcamp interval. This interval is expected to be the targeted interval for GGP's first horizontal well to be drilled early next year.

The SRH-C # 6H is the first well in a back to back two well program. Once these first two wells are drilled and completed, they will be followed by many more wells planned over the 8,800 acre leasehold position in order to develop this highly regarded unconventional oil and gas resource representing the largest single project of known hydrocarbon development in the Company's history.

Permitting has been completed on the next 10 well drilling program. At least six of the next ten wells are planned to be straight holes with fracture stimulation across intervals expected to be the most productive. The remaining four planned wells are being designed as horizontal wells.

Stephen Graves, Executive Chairman, said; "The preliminary results in GGP's first well in the Permian Project are very encouraging. The recoverable oil that has been estimated from the log analysis in our first well is over twice what was expected and is a very satisfying result."

**For further information contact:**

Chris Ritchie  
Financial Controller  
Phone +61 3 9349 1488  
[investor.relations@ggpl.com.au](mailto:investor.relations@ggpl.com.au)

**About Golden Gate:** Golden Gate is an independent oil and gas exploration and production company listed on the Australian Securities Exchange. Its focus of operations is onshore Texas and Louisiana Gulf Coast region and the Permian Basin region of the USA.

**COMPETENT PERSONS STATEMENT:** The information in this report has been reviewed and signed off by Mr Mickey McGhee, Geologist, with over 30 years of experience within the oil and gas sector and an extended background in the Permian Basin.

This report contains forward looking statements that are subject to risk factors associated with resources 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.