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Market Release *(via electronic lodgement)*

PERMIAN BASIN PROJECT UPDATE

- **THE # 6H WELL UNLOADING FRAC FLUID PLUS 80 BBL PER DAY OIL & GAS EQUIVALENT.**
- **SPUD 3RD WELL THIS WEEK. HYDRAULIC FRACTURING # 8A WELL STARTING FRIDAY.**
- **PLANNING FOR 110 WELL FULL PROJECT DEVELOPMENT.**
- **WELL PAYOUTS CALCULATED AT 10 MONTHS WITH 100 BBL PER DAY PRODUCTION RATE AND USD\$ 80 OIL PRICE.**

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to provide an update of operational activities in our Permian Basin Project located in Reagan County, Texas.

The first oil and gas discovery at the SRH-C # 6H well continues to unload frac fluid from the successful fracture stimulation program. The oil and gas cut from the frac fluid production is currently running at approximately an 80 bbl of oil and gas per day rate. About 30% of the frac fluid has been produced using an electric submersible pump. The current fluid production rate is currently set at 330 bbl per day so as to protect the intervals that have been stimulated. Oil sales are planned to begin this week. A full production test is most likely to occur in approximately two weeks after all the frac fluid has been recovered.

The second oil and gas discovery at the SRH-A # 8A well is being prepared for hydraulic fracturing by Haliburton this Friday. It will take around seven days to run the frac program and then two to three weeks to unload the frac fluid prior to production testing.

The third well in the current planned 10 well drilling program will spud this week. It will be immediately followed by the fourth well. The UDI rig #261 will drill these wells back to back. Both wells will be vertical and will be similar to the first two wells. We expect to complete both wells before year end and currently organising frac programs for January 2012.

The fifth well in the planned 10 well drilling program will be our first horizontal well into the Wolfcamp interval. It is expected to take approximately three weeks to drill and will be commence drilling operations in January 2012. Production rates from horizontal wells in our area appear to achieve three times the initial production rates of vertical wells.

Initial Project Well Planning has been conducted. It is expected that 110 wells will be drilled over the leaseholds. These wells will be vertical and horizontally designed wells based on the acreage location, the intervals under lease and the formations to be developed.

Well economics are expected to provide 10 month payouts from vertical wells assuming 100 bbl per day production rates and USD \$80 per bbl oil pricing. Horizontal wells are estimated to provide 50% improved economics given the higher expected production rates versus costs. A vertical well costs approximately \$1.5 million to drill and complete and a horizontal well runs around \$3.0 million.

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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.