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Market Release (*via electronic lodgement*)

## PERMIAN BASIN PROJECT UPDATE

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.

SRH-1 well is having a new down hole pump installed to accommodate the rich gas being produced. It is expected to return to production this week.

SRH-2 well is unloading frac fluid along with oil, gas and formation water. A gas pipeline has been installed. The well is currently averaging a little over 100 BBL of oil per day and 125 MCF of Gas for the last week. The gas is selling for over US\$7 per MCF and the oil is sold at WTI less transportation. We are also planning a pump change out on this well to enhance production and deal with the high gas content in the oil, so as to increase the fluid production.

SRH-3 well is currently undergoing a seven stage hydraulic fracture stimulation program. We are including two additional intervals in this well versus the first two wells in order to test their productive capabilities. The actual fracturing has now been successfully completed with drilling out plugs and clean out commencing this week.

SRH-4 well has been successfully completed to a depth of 9,454 feet. A new bottom hole interval (Strawn) has been drilled in this well and a separate hydraulic fracture program has been completed in this lower interval as part of the SRH-3 well stimulation program. Flow testing this interval separately will determine if it is a candidate for horizontal drilling similar to the Wolfcamp interval. Other oil companies in the area are also testing the Strawn interval for possible horizontal drilling. Once sufficient information is gathered on the Strawn, the remaining frac stages will be added over the balance on the known productive intervals.

SRH-5H well, our first horizontal well is completing its planning phase. Locations have been identified and surveys started. A "sleeve" fracture stimulation program is being reviewed with Haliburton.

The Company has been approached by another drilling company in the area who is in the process of preparing for a 3-D seismic program that would encompass our leasehold in Reagan County where most of our acreage is located. 3-D seismic would enhance our capabilities in designing an extended horizontal drilling program especially over the new intervals outside the Wolfcamp. By participating in a larger seismic shoot, the cost to the Company would be substantially less than if we initiated our own.

The Company also has been approached by other oil and industry related companies interested in partnering with us in the development of our acreage position. A partner in this project would provide added capital to take advantage of the multiple intervals that may have potential for horizontal drilling. It would also accelerate the development program to our financial benefit.

In addition, the Company is examining other acreage positions in the Permian close to our existing acreage, where we can diversify and leverage our position based on the knowledge acquired both from a geologic and engineering standpoint.

There have been several acquisition proposals presented and acreage positions identified.

**For further information contact:**

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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.