



# GOLDEN GATE PETROLEUM LTD

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Market Release (*via electronic lodgement*)

## NEW OIL & GAS PROJECT ANNOUNCED

The Board of Golden Gate Petroleum Ltd (ASX:GGP) is pleased to announce that Kindee Oil and Gas Louisiana, GGP's wholly owned subsidiary, has entered into an agreement to take a 20% working interest and operatorship in a new high impact oil and gas exploration project located onshore in south Louisiana, just a short drive from its Bullseye Project.

### Highlights

- The project known as Fausse Point is part of GGP's strategy to invest in low-cost, high impact, known hydrocarbon bearing areas which in the Company's view are moderately low risk in onshore Louisiana or Texas where its knowledge base and operational experience has been established from its other projects.
- The prospect is located on the flank of a producing salt dome where two high quality targets have been identified. The primary target is shallow oil (7,000-8,000 ft) and deeper secondary target is gas (7,500-9,000 ft). Total dry hole cost to drill the initial well is approximately US\$1 million.
- Salt domes in Louisiana have been proven to be highly prospective and prolific producers hence GGP views this as a particularly exciting exploration opportunity. The Fausse Point salt dome has already produced over 44 millions barrels of oil and 141 billion cubic feet of gas.
- The potential oil resource is estimated at 7.4 million barrels of recoverable oil at P50 level and potential gas resource of 24.2 billion cubic feet of gas. With potential upside in the event the anticipated pay zones are larger.
- Potential production rates could exceed 1,500 barrels of oil per day as initial production rates are estimated at 300-500 barrels of oil per day per sand and there are multiple sands. Production could be supported by nearby infrastructure.
- The initial well has been permitted, site work commissioned and is planned to be drilled in the 4th quarter of 2009.
- The Fausse Point exploration project adds another high impact exploration opportunity with near term upside to its current planned Bowtie West project. These high impact exploration wells which are relatively low cost provide good upside for GGP when combined with the current strong cashflow from Bullseye.

### FAUSSE POINT

Fausse Point is a highly prospective and inexpensive onshore oil and gas exploration prospect which is situated on an undeveloped segment of oil and gas reservoirs flanking the Fausse Point salt dome offering high impact.

The Fausse Point Field was discovered in 1926 and is a piercement salt dome producing from the Miocene and Oligocene age sands. The Fausse Point salt dome surrounding fields have produced to date over 44 millions barrels of oil, 2 million barrels of condensate and 141 billion cubic ft of gas.

The prospect area has almost 280 acres under lease with both oil and gas targets at less than 9,000 feet. The targets are in a trap that is a pinch out of reservoirs onto the flank of the salt dome which is typically an effective trap-seal combination. Target reservoirs are Lower Miocene sandstones with good porosity and permeability, with the total thickness experienced in nearby wells of up to 150 ft in shallower oil interval and up to 120 ft in slightly deeper gas interval.

Good potential oil rates of 300 to 500 barrels of oil per day per sand is typical. With multiple sands per well, the possible production rates could be up to 1,500 barrels of oil per day. The exploration well and subsequent development wells would be relatively inexpensive (less than 9,000 ft).

Drilling program and approvals including permits and title have been finalized and the expected drilling time is between 14 to 23 days depending on the drilling results. The operational environment has no unusual risks. There are many oil fields operating in the area with access to oil and gas production facilities and service providers.

## **RESOURCE POTENTIAL**

The first location will test a 125 acre radial fault block against the salt dome for two sands. A conservative oil pay is 64 feet or more in the one sand and 90 feet of gas pay in the second sand. Another sand, "The Liebusella", having about 25 feet may also be productive. However, Paleo and 3D seismic data indicates the previous completed wells of 1957 were not drilled deep enough to encounter the main field pay sands in the objective fault block.

Excellent oil production is found on the dome's south side in radial fault blocks on the Texaco Company State Lease. The oil sands found in the Texaco wells have normal Gulf Coast reservoir pressure with 31% porosity, average permeability of 1700 md., API gravity of 35.1 and production capacity of 1,000 BOPD.

## **COMMENTS**

The GGP Board believes that Fausse Point is an exciting exploration play with moderate risk, low costs and potential for high rewards; all within an area where we have gained experience from our previous drilling campaigns.

On behalf of the Board of Directors

### **For further information contact:**

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

Information in this report that relates to the technical aspects of the Project and its potential is based on information provided by the Project's Promoter and researched and evaluated by Steve Barrett, a consultant to the Company. Dr. Barrett has degrees in geology and geophysical sciences along with over 20 years of international experience in the petroleum industry.

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.