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PARTNERS DECLARE COMMERCIAL PRODUCTION FROM FAUSSE POINT

The Board of Golden Gate Petroleum Ltd (ASX:GGP) advises that the T.G.R. Land Company, Inc #1 well at Fausse Point has concluded initial production testing operations from the lowest of several identified oil and gas zones. A stabilised flow rate has been achieved and it is expected that the well will commence production at an approximate rate of 0.5 million cubic feet of gas per day. This rate may be increased after an initial period of production depending on the performance of the well/reservoir.



Analysis of the testing results over the past several weeks indicate that this lowest zone (8,370 feet) is possibly connected to a much larger hydrocarbon accumulation, and that this well has only just penetrated the edge of this larger accumulation. This zone that is now being completed for production was not an original target of this well and hence represents a potential new play type that will need to be carefully evaluated. The two primary target objectives of the well that were intercepted at the shallower depths and were hydrocarbon bearing will be tested in due course.

By bringing this deep zone into commercial production, the Joint Venture will be able to generate early cash flow, as well as have more time to evaluate all the data from this zone and the other zones located higher in the well bore. Production infrastructure will now be built which includes permanent access roads, production facilities and a short pipeline. It is expected that production will commence in approximately two months with a total cost of approximately US\$400,000. This production equipment will also be utilised in the testing of the upper zones rather than flaring (see photo).

A decision on the timing of testing of the shallower zones will be influenced by the production performance of the deeper zone. Once all available data has been fully evaluated, the Joint Venture will decide to either test the shallower zones from within this well bore or drill a new well as soon as possible.

Comments

GGP and its Joint Venture partners are pleased to have made the decision to bring this well into commercial production and start generating early cash flow, whilst it continues to evaluate all the data collected from the well. To bring a well like T.G.R. Land Company Inc #1 from pure exploration to production within such a short time frame and at relatively low cost is very pleasing and certainly one of the benefits of working onshore USA.

Persisting with testing this deep zone and bringing it into commercial production rather than moving up the hole and testing the numerous other zones is based on our expectation that we may have discovered something substantial in a new play type in this deep section that we need to understand. Fausse Point has

been an extremely interesting well in that it has discovered hydrocarbons over multiple levels which is extremely encouraging, however patience is required to fully understand each of these zones so as to optimise any appraisal drilling operation.

As reported previously the Fausse Point well has encountered three gas and oil formations starting at 7,000 ft. There have been several zones hydrocarbon zones identified across all three major formations which will form part of an exciting testing operation in due course.

Partners in the Fausse Point Project are:

Golden Gate Petroleum Ltd (ASX code: GGP)	20.00% WI
Verus Investments Limited (ASX code: VIL)	50.00% WI
Pass Petroleum L.L.C.	30.00% WI

Details of the Fausse Point project are summarised on the next page.

On behalf of the Board of Directors

For further information contact:

Steve Graves
Managing Director

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.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Mark Decker, Geologist (BS. Geology), with over 34 years respective relevant experience within the oil and gas sector.

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.

Fausse Point Highlights

- 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 Fausse Point prospect is located on the flank of a producing salt dome where several potential hydrocarbon bearing targets have been identified. The first target is around 7,000 with the deepest target is close to 9,000 ft.
- 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 Fausse Point exploration project provides a high impact exploration opportunity with near term upside to its current planned Bowtie West project. GGP has also recently announced a new project at Silverwood which may be drilled by mid-year. These high impact exploration wells which are relatively low cost provide good upside for GGP when combined with the current strong cash flow from Bullseye.