



# GOLDEN GATE PETROLEUM LTD

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## 4.3 MILLION BARRELS PROVEN RESERVES ACQUISITION

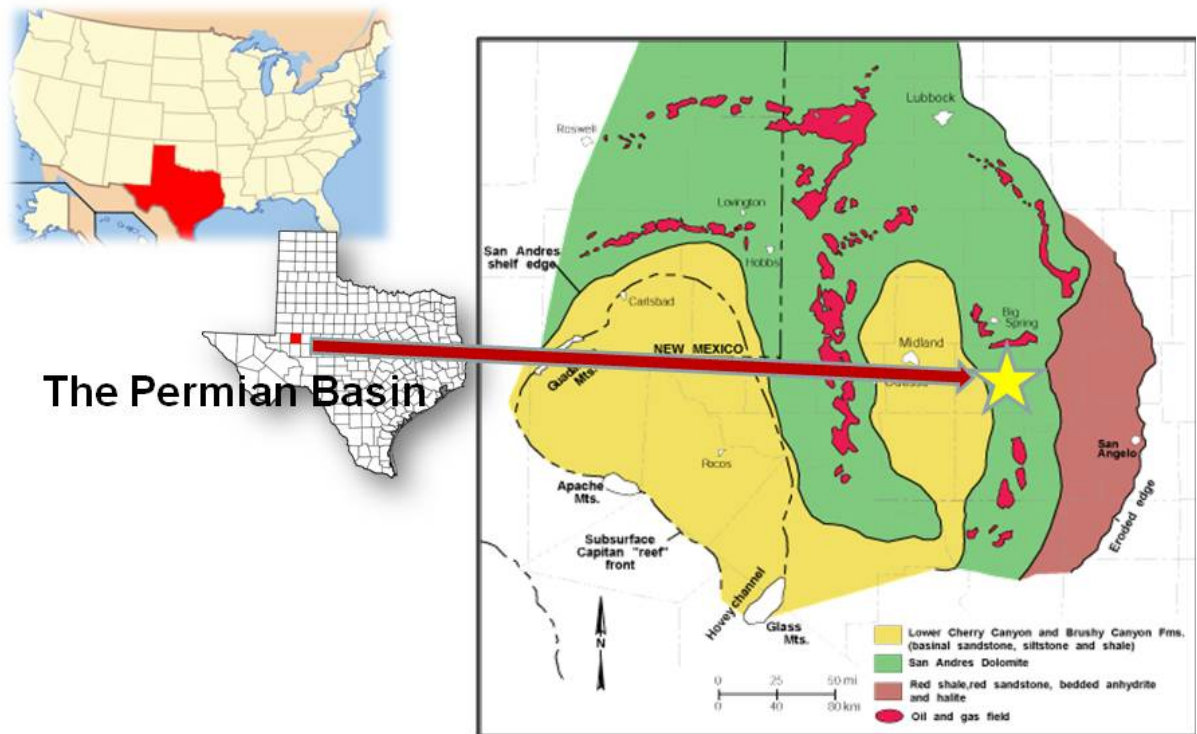
Golden Gate Petroleum (ASX: GGP) is pleased to announce that it has entered into a binding agreement with Arturus Capital Ltd (ASX: AKW) for the purchase of 100% of the assets held by Arturus through its wholly-owned subsidiary Arturus Energy LLC in a producing oil and gas field plus nearby leased acreage totalling 8,806 gross acres. The Assets are located in the prolific hydrocarbon producing Permian Basin in Reagan and Irion County, Texas.

The primary benefits of this Asset purchase to GGP shareholders include:

- GGP will be reporting oil and gas proven reserves (P1). Based on a recent reserve report of the asset, there are reserves of 4.358 million barrels of proven oil reserves (mostly proven undeveloped) and 11.542 billion cubic feet of proven gas reserves.
- The Oil and Gas Assets present low risk development wells and will provide a balanced portfolio offsetting GGP's current higher risk exploration projects. Ultimately this new Asset will provide an ideal funding source for continuing high reward exploration plays and reducing the dependence on share equity.
- The Asset's reserve study identified 48 producing wells (not all presently on production) with potential to increase production in an upper zone by re-completing each well. Currently, there is approximately 40 barrels per day of oil production and there is the potential to significantly increase production at low cost from the existing well bores.
- In addition to the existing producing wells, the reserve study identified 69 new potential well locations. Each well would cost approximately \$1.5 million to drill and complete and is estimated to recover over 100,000 barrels of oil equivalent. The oil is high quality and includes very rich gas that also contains valuable gas liquids.
- By acquiring a 100% working interest with a 75% net revenue interest in the very large 8,806 acre leasehold position, there is significant upside from probable resource recoveries well beyond the reserve study. Estimates from existing drilling programs in the region indicate that each 640 acre section (there are approximately 14 sections in the leaseholding) has the potential to recover up to 1.5 million barrels of oil equivalent.
- Each well bore is likely to exhibit multi-pay intervals already producing in and around the leasehold position from 6 primary and secondary oil and gas bearing zones at shallow depths from 5,500 feet to 10,000 feet. Success rates from drilling in the area are over 99%.
- The onshore Permian Basin has a long history of oil and development and has received a renewed interest from both capital providers and industry participants due to the current offshore drilling ban in America. Holding a 100% working interest position provides GGP the opportunity to partner with companies looking onshore for new reserves to offset the long expected delays in permitting new

wells particularly in the Gulf of Mexico. Discussions have already begun with one potential industry partner.

## THE PERMIAN BASIN



### Transaction Details

GGP will be purchasing the 8,806 acre leasehold position and the producing wells by issuing 146,000,000 listed ordinary fully paid shares (Share Component) in GGP along with a payment of US\$3.5 million. An initial US\$500,000 refundable deposit is to be paid and the remaining balance of US\$3 million is to be paid with a payment of US\$1 million for the producing assets by mid August and the balance due within 3 months.

The settlement of the Agreement to purchase the asset is subject to and conditional on:

- the completion of legal and technical due diligence within 14 days by GGP on the Assets;
- execution of a new agreement on terms satisfactory to GGP with a third party project development company;
- all necessary regulatory and shareholder approvals including as required under the ASX Listing Rules and the Corporation Act; and
- Arturus receiving the necessary approvals to in specie the Share Component to its shareholders.

### Comments

The Board of Directors of GGP believes the acquisition of such a significant proven reserve and leasehold position under favourable terms will provide the Company with the foundation for the long term development of a low risk oil and gas production program. The project's cash flow will assist with funding our existing

exploration program where high rewards and risks need a strong and sustainable funding base. The current portfolio of exploration projects will be well balanced with a low risk cornerstone development program that can significantly help grow the company from internal resources on a long term basis.

**For further information contact:**

Sam Russotti  
Chairman

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 Ed Duncan, Geologist (BSc, MScGeology), with over 30 years relevant experience within 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.