



GOLDEN STATE RESOURCES LIMITED

ASX ANNOUNCEMENT 6TH APRIL 2010

UPDATE FOR PARADOX BASIN # 3 ON THE GOLDEN EAGLE GAS FIELD, UTAH. CURRENT OPERATION: SUCCESSFUL LOGGING RESULTS NOW RUNNING CASING AND CEMENT

KEY POINTS:

- Independent petrophysics confirms total net gas pay exceeds 116'
- The gas occurs in seven main zones
- Magnetic resonance imaging shows several sweet spots within pay zones
- Paradox Basin # 3 is being completed with 5" casing for testing and stimulation
- Production testing expected to start late April
- Rig 234 will remain stacked on location

US focused oil and gas company Golden State Resources Limited (ASX: GDN) ("Golden State" or "the Company") is very pleased to announce the initial results of petrophysical evaluation of the Paradox Basin # 3 (PB#3) production well, the third well on the Golden Eagle Gas field in the highly productive Paradox Basin region of Utah.

Independent evaluation of wireline logs by RPS Energy in Dallas indicates Paradox Basin #3 has encountered significant gas. Total gas pay exceeds 116' which occurs in seven main zones. The zones correspond with gas shows observed while drilling. This is an excellent result and the Company has made the decision to complete and test the well.

The main gas bearing zones are:

Zone	Net Pay	Shows Units	Comments
1	10	548	
2	23		Zone 2 shows permeability sweet spot on NMR
3	3	777	Zone 3 has major fracture present
4	30'	270	High Permeability on NMR corresponds to the show
4a	37"	none	Algal reef facies with two permeability sweet spots on NMR
5	3"	416	Good Perm on NMR
5a	10'	Minor	Thin bed pay
6	2'+	3099	NMR indicates high permeability gas zone Corresponds to show. Lacks full log coverage
Total	116'		

Table 1 Petrophysical Summary

Gas zone 1 associates to show 1. Logs indicate a gross interval of 28' with 10' net gas pay. NMR (Nuclear Magnetic Resonance) shows good permeability in the upper part of this zone. Gas zone 2 associating with show 2 has a gross thickness of 36' with a net of 23'. NMR indicates high permeability is present from 10,900' to 10,907'.

Gas zone 3 is one of the more significant show zones and was responsible for elevated gas readings during subsequent reaming and hole conditioning runs. The zone appears to have intersected a major gas filled fracture based on the sonic log. Overall this zone has a low net pay due to low porosity. Open natural fractures can be highly productive and this zone will be examined in more detail once the FMI (Formation Micro Imaging) log is processed.

Zone 4 had a show of 270 Units while drilling. Logs indicate this may be the most significant gas bearing zone in the well with a 70' thick gross interval containing 30' of net pay. NMR indicates this zone will require stimulation. A second thick gas bearing interval Zone 4a is present below zone 4 and this zone has a gross thickness of 90' with 36' net pay. This zone demonstrates permeability on the NMR log.

Gas pay zone 5 corresponds to show 5 of 416 Units. NMR indicates this show has high permeability extending approximately 10', in contrast conventional logs suggest 3' of net pay. Between zones 5 and 6 there are numerous thin bed intervals which demonstrate pay (Zone 5a).

Gas pay zone 6 recorded the highest gas level while drilling at 3098 Units. The NMR suggests the show occurs over a zone of high permeability. This zone will be included in the testing. This zone occurs near the total depth and due to proximity to the base no neutron or density logs are available.

Wireline logging operations on Paradox Basin #3 commenced late Friday WST. The three logging runs conducted provided excellent coverage and overall good quality logs. Logs were sent to RPS Energy in Dallas for initial petrophysical evaluation. That evaluation has confirmed the presence of gas in several intervals. RPS will now proceed with a more comprehensive evaluation which will include the processed NMR and FMI logs. This work will be completed during April in preparation for testing in late April.

Paradox Basin #3 has encountered higher levels of background gas and better gas shows than observed in the previous two wells. These shows correspond well with the petrophysics and permeability seen on the NMR logs. The combined gas show interval of 131'MD (114' TVD) occurs in six zones.

Show	Top (MD)*	Base (MD)	Thickness(MD)	Thickness(TVD)	Units
1	10,692'	10,718'	26'	22.6'	548
2	10,908'	10,926'	18'	15.7'	777
3	11,012'	11,045'	42'	36.5'	759
4	11,367'	11,378'	19'	16.5'	270
5	11,683'	11,690'	7'	6.1'	416
6	11,762'	11,781'	19'	16.5'	3099
Total			131'	114'	

Table 2 Show summary

* Paradox Basin #3 is deviated at approximately 30° and consequently the true vertical depths will be smaller ie the TVD top for show 4 is 10,274'

Formation	Geological Age	Paradox Basin #3	
		Depth MD* Provisional	Result
Honaker Trail	U.Pennsylvanian	8076'	Gas shows 1&2
Paradox	U.Pennsylvanian	10,100'	Gas Show 3
Ismay	U.Pennsylvanian	11,235'	Gas show 4
Lower Ismay/Gothic Shale	U.Pennsylvanian	Pending Logs	Gas show 5
Desert Creek	U.Pennsylvanian	11,750'	Gas Show 6

Table 3 Provisional formation Tops

The directors of Golden State are very pleased with the drilling results and are looking forward to the further evaluation and testing of Paradox Basin #3. The forward plan is to complete the well with 5" casing to TD. Casing will be cemented with a high grade cement and the pipe will be centralised with multiple centralisers.

Once the casing is set Rig 234 will be stacked on location, and a specialised test rig will be mobilised for the completion following the evaluation. Casing and demobilisation will take about 10 days and will run concurrent with ongoing evaluation and planning.

The final stimulation and testing programme will be prepared in mid April with the assistance of a stimulation expert from RPS in Calgary. Pending the availability of equipment Golden State expects the testing to commence in late April.



Rick De Boer
Executive Director

About Golden State Resources

Golden State Resources Limited is an ASX-listed public company with headquarters in Perth, Western Australia. Floated in 1996, the Company is primarily focused on oil and natural gas exploration in the USA and mineral projects in the Eastern Goldfields region of Western Australia.

Website: www.goldenstate.com.au

About the Paradox Basin

The Paradox Basin is richly productive. Currently home to 171 oil and gas fields containing estimated recoverable reserves of one billion barrels of oil, or six trillion cubic feet of gas. The potential for more hydrocarbon reserves is thus enormous. Over its history, the Paradox Basin has produced 500 million barrels of oil and 3.5 trillion cubic feet of gas. Even at current prices that equates to approximately US\$57 billion that the area has already produced, with a similar amount again estimated still to be recoverable.

The producing fields in Paradox Basin run along the same northern/southern producing trend plain, notably, the Lisbon Field (which is 64 km to the projects south and has produced 50 million barrels of oil and 780 billion cubic feet of gas), the Greater Aneth Field (150 km south with production of 385 million barrels of oil).



