



# GOLDEN GATE PETROLEUM LTD

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Market Release *(via electronic lodgement)*

## PERMIAN BASIN PROJECT UPDATE — COMMENCED DRILLING OPERATIONS OF FIRST WELL

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to announce the commencement of drilling operations at the SRH-C # 6H well located in Reagan County, Texas. Drilling began at 6 pm on October 7, 2011 (US Central Time) and is currently at 741 feet after setting surface casing. This is the first well of a back to back two well program. It will be followed by many more wells planned over the 8,800 acre leasehold position in order to develop this highly regarded unconventional oil and gas resource representing the largest single project of known hydrocarbon development in the Company's history.

The SRH-C # 6H well is planned to be drilled to a depth of 9,200 feet and is expected to take 8+ days to reach total depth. Both mud logs and electric logs will be run to assist with the hydraulic fracturing program and the design of future wells including horizontal wells across the leasehold. GGP's experienced technical team will be closely examining various intervals in this well including the Upper and Middle Sprayberry, multiple Wolfcamp intervals and Strawn. All these intervals are oil and gas producers in the immediate area surrounding the leasehold.



UDI Rig 205

The Union Drilling Inc rig # 205 is contracted to drill both wells. Permitting has been completed on the next 10 well drilling program. These wells will mostly be straight holes with fracture stimulation across the intervals which are expected to be the most productive.

At least 4 of the next 10 drilling permits are expected to be horizontal wells. Investigations into the drilling and completion success in our area have identified horizontal wells into the Wolfcamp intervals proving to be some of the most commercial and financially successful wells. Work has commenced on identifying drilling locations where 4,000 to 6,000 feet laterals can be drilled and completed at competitive rates with significantly higher production levels than straight holes.

In the GGP leaseholds where not all intervals are available, horizontal drilling appears to be an excellent option to exploit the hydrocarbon riches.

Stephen Graves, Executive Chairman, said; "GGP is about to embark on a new chapter in the Company's history. Our new role involves the development of known oil and gas producing intervals with a resource potential proven in the area. Successful extraction of the hydrocarbon wealth will begin to prove up valuations that are many multiplies our current market size."

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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 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.