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ASX/Media Release

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ABITA PROSPECT SPUDDED

Highlights

- Abita #1 well spudded 20 April 2011 and is currently setting casing at 2,500ft
- Abita prospect is targeting a resource of 1 MMBLS and 4.5 BCFG up to 2.3 MMBLS and 9.4 BCFG
- Targeting multiple 7+ objectives over 2,400ft gross interval
- Extension to 8 MMBO field which is productive from all 7 intervals

Abita Prospect, Non Operator 20%WI (15% after payout)

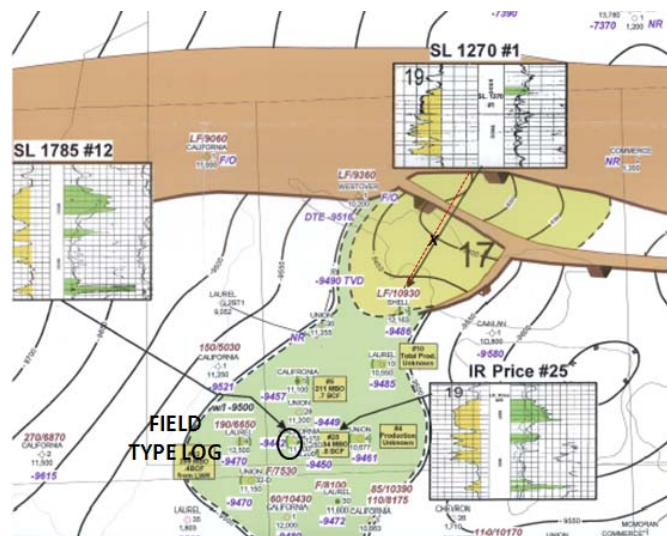
The Board is pleased to advise that the Abita #1 well was spudded on 20 April 2011 and is presently setting surface casing at 2,500ft. The well is being operated by Clayton Williams Energy Inc (NASDAQ: CWEI) in Plaquemines Parish, Louisiana.

The prospect will be drilled to a total depth of 10,700ft TVD in a normally pressured section with the first objective levels expected at approximately 8,100ft. The most likely resource potential is 1 MMBL and 4.5 BCF gas with upside resource potential of 2.3 MMBL and 9.4 BCF gas. This estimate is conceptual in nature and insufficient activity has been conducted to determine a hydrocarbon reserve.

The well is expected to take 18 days to drill.

The Abita Prospect is a multiple objective prospect as an extension to Coquillo Bay Field (produced 8 MMBLS & 15 BCFG). The prospect is a down thrown drag feature defined by 3D seismic across a shallow syncline from the main field. The well will be structurally high to wells that produce to the south across the syncline. If successful the well is likely to be dual completed and production rates are estimated to be between 200-400 bblsd and 100-5,000mcf/d depending on the sands producing. It is likely only one well will be required to drain the structure.

The Company's share of the initial well costs is estimated at ~US\$550,000 (includes entry costs). In a success case the Company's share of completion and facilities costs are a further US\$840,000. Due to the well being in a wet location, completion of facilities and commencement of production will take upto 7 months.



The entry terms are favourable with the Company paying 20% to earn a 20% working interest and following project payout GGE's working interest will reduce to 15%. The net revenue interest being delivered is 74%.

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For more information visit www.grandgulfenergy.com and sign up for email news.

About Grand Gulf Energy: Grand Gulf is an ASX listed US based oil and gas exploration and production company with management in Houston and assets in Louisiana and Texas.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), with over 36 years respective relevant experience within oil and gas sector.

This report contains forward looking statements that are subject to risk factors associated with oil and gas 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.