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ASX/Media Release

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GRIZZLY DRILLING UPDATE

- Grizzly is targeting up to 100 BCFG and 2 MMBC (mid case 45 BCF and 914 MBC)
- Well is presently running casing at 10,850ft.
- Well is being drilled under a turnkey contract
- Full potential of the prospect remains intact

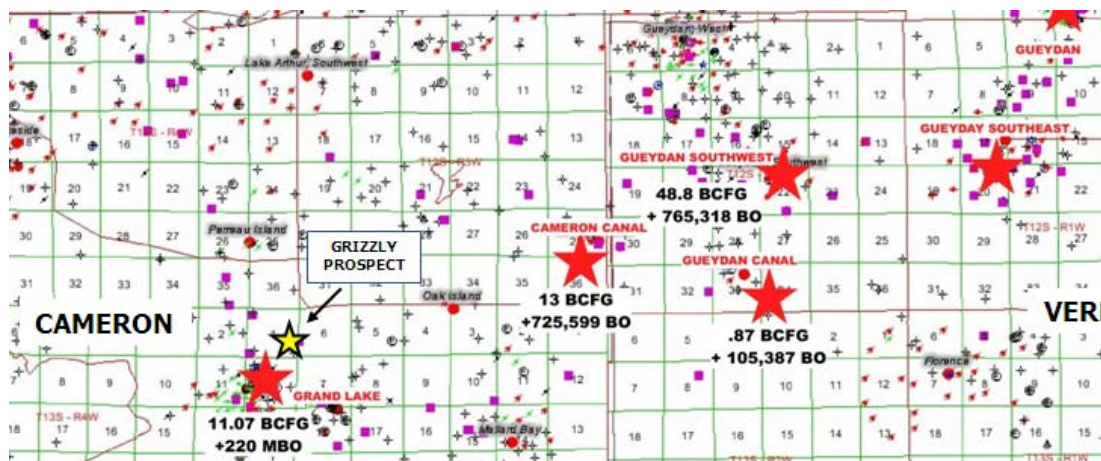
SL 19965 well, Grizzly Prospect, Cameron Parish, LA, 5.25% WI, Non Operator

The Operator has advised that 7 inch casing is presently being run at a depth of 10,850ft. Since the last release the Operator has completed intermediate casing runs at 9,570ft and 10,250ft. Late last week the well experienced another gas kick and the turnkey drilling operator was required to sidetrack the well at ~10,250ft. The Alliance sand is expected to be intersected at 11,200ft.

The drilling operator, Drilling Risk Management Incorporated, is under a turnkey contract and accordingly the Company is not exposed to any further costs as a result of the sidetrack. The full potential of the prospect remains intact.

The Grizzly Prospect covers an area of 615 net acres in Cameron Parish, Louisiana. The 3-D generated prospect targets two objective intervals in the lower Miocene, the Alliance and Abbeville (Sub-Alliance) sand sections, up-thrown to the Grand Lake fault.

The prospect is an upthrown, fault bounded closure that has several compartments. The 13,530 ft TVD test well is targeting the most northerly of the upthrown blocks. Both objective sand sections exhibit multiple seismic attributes indicative of probable gas and condensate charged reservoirs. With multiple reservoirs, the potential reserves for the prospect approach 100 BCFG and 2 MMBC.



In December 2007, Manti Operating drilled a discovery well approximately 1 mile south of the Grizzly Prospect. That well encountered an Alliance sand section that was gas productive in two sands with over 100ft of gross pay. The Manti well had initial rates of over 15,179 MCFD and 384 BCPD. The well has had cumulative production of 11.07 BCFG and 220,077 BC to January 2011.

Operational and Economic Upside

Reserve Upside:	Column height, Condensate yield, number of pays and sand thickness
Production rates:	Deliverability & analog sustained rates 15+ mmcf/d and 300+ bc/d
Condensate yield:	20 bc/mmcf
Drilling control:	Offset well (Murphy "Cherry #1") drilled to Alliance and Abbeville and encountered +100 ft sand in each sand.
Entry Terms:	Favorable paying ~7% to casing point. GGE's estimated share of the dry hole costs of the well is ~US\$550,000 (including entry costs). The NRI being delivered is 71.62%.

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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 Arkansas.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr K.C. 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 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.