



29 December 2014

## NAPOLEONVILLE UPDATE

- Settlement reached for outstanding lawsuits from the Dugas & Leblanc Blowout. All costs covered by insurance.
- The Operator of D&L#3 has commenced successfully disposing of the water production from D&L#3 into the D&L#2 well saving some \$25,000 per month in water trucking and disposal costs

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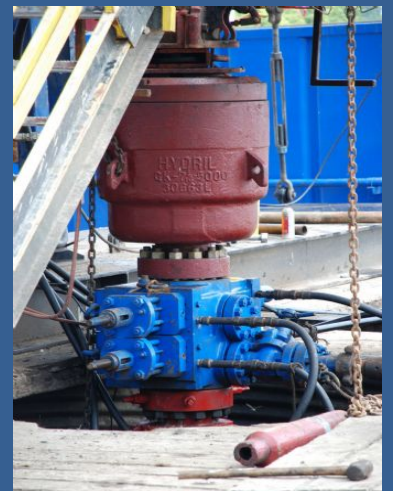
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# Dugas & Leblanc Field

## Dugas & Leblanc #1 Litigation Resolved

The Company is pleased to advise that a full and final settlement has been reached between the personal injuries plaintiffs affected by the D&L #1 blowout and the JV partners. This settlement, which is expected to be covered by insurance, resolves all the outstanding claims by third parties.

The JV partners continue to remain obligated to complete the remaining remediation of the land affected by the blowout and the Company believes that the exposure of these remaining matters will also be covered by its insurance. However, in the unlikely event this insurance coverage proves insufficient, the Company believes that its exposure will be no more than US\$250,000.

## Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, LA, Non Operator 55.8% WI\*

The D&L#3 "M" sand was successfully perforated and placed on production on 18 October 2011. The well is presently producing 105 bod, 162 mcf/d and 560 barrels of water per day through a 21/64 inch choke.

The JV recently converted the D&L #2 well into a salt water disposal well and is pleased to confirm that the well is now disposing of water through D&L#2. The cost saving to GGE is around \$25,000 per month.

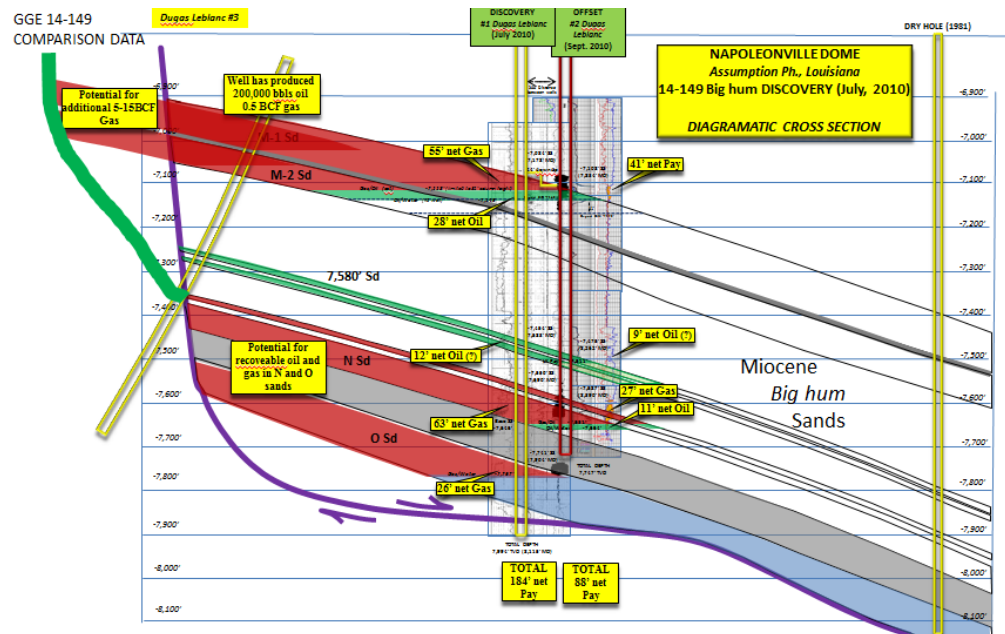
Production is sourced from the Big Hum "M" sand and at the presently depressed oil price of \$60/bbl will generate revenues of US\$80,000 – per month (after royalties and operative costs), or US\$960,00 pa.



Following further detailed seismic and analogue interpretation work, the Company believes that the M sand may have updip potential of an additional 5-15 BCF of gas, which, if confirmed, will need to be recovered from either a development well or side track to the D&L#3.

Additionally there continues to be recoverable oil from the "N" and "O" sands. D&L#3 was intended to produce from the N and O sands but it cross the purple fault below and intersected these sands on the upthrown wet side of the fault.

## Dugas & Leblanc Field (Lease 14-149)



## Desiree Field

### Desiree, Assumption Parish, LA, Non Operator 39.45% WI\*



The Company's Desiree Project came on production in July 2013 and has produced over 176,000 barrels of oil. The remaining Proven Reserves are estimated at 840,000 barrels of oil. The well is producing at an average rate of 420 barrels per day with no water production. GGE's share of monthly production will retrospectively increase to 3,600 barrels per month once the purchase of another joint venturer's interest in the field is confirmed (see note\* below).

Production is sourced from the thicker Cris R III (49ft pay) formation and at the presently depressed oil price of \$60/bbl will generate revenues of US\$200,000 per month (after royalties and operative costs), or US\$2.4 million per annum.

Production will continue through a 25/64 inch choke until depletion takes place, or water production becomes excessive, and will then switch to the thinner Cris R II (31ft pay) formation.

The JV has secured the Templet #1 as a disposal well for Hensarling #1 when it commences to produce water. The Templet #1 was drilled from the Hensarling #1 pad.

*\* GGE interest in Desiree and D&L#3 was increased by 3.99% and 15.3% respectively on the recent acquisition of OGI's interests in Napoleonville. This agreement is subject to OGI receiving successful approval of its change of activities at its upcoming shareholder meeting on 23 January 2015. The agreement is effective from 31 October 2014.*

**COMPETENT PERSONS STATEMENT:** The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 36 and 30 years relevant experience respectively 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.