

19 October 2009

Atocha Re-entry Commences

Four Rivers Project Update

Atocha Project

The re-entry of the HM Brian No.1 well in the Atocha project has commenced with the arrival of a work over rig and drilling out of the first of three cement plugs in the existing well casing. The integrity of the casing will be tested as each plug is drilled out.

It is planned to complete the well in the Tuscaloosa D sand zone at a depth of just over 17,000 feet. Perforating and testing of the Tuscaloosa sand are scheduled to take place during the first week of November.



**Well head stack and blow out preventers (top left) Well head cellar and connection to casing (bottom left)
Work over rig and associated re-entry equipment (right)**



Atocha Project Description

The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend. The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Trillion Cubic Feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years.

Atocha is located five miles north of BP's Port Hudson Field which is the best producing field in the trend and contains the HM Brian No.1 well which was drilled by Shell Oil in 1980 and cased to a depth of approximately 17,700 feet. Petrophysical analysis has concluded that this well contains over 125 feet of bypassed Tuscaloosa pay sand. With the benefit of hindsight and some 30 years of experience in the Tuscaloosa Trend, experts have indicated that a discovery of this calibre would be completed for production. The first Atocha prospect will be tested by re-entering the HM Brian No.1 well.

The Atocha Project area is prospective for oil and gas with a target size of 1.2 Trillion Cubic Feet Equivalent (TCFE) of recoverable gas equivalent for the entire acreage block.

Pryme has spent over US\$1.4 million on generating the Atocha project including building a significant land position, carrying out technical reviews and planning a program to test the project. Pryme is the operator of the project and has a 25% working interest in the HM Brian No.1 re-entry, half of which is free-carried, and a 3% overriding royalty on production.

Four Rivers Project Update

State Lease 19931 PB No. 1 well

The State Lease 19931 PB No. 1 well in the Northeast Point Breeze Prospect in the Four Rivers Project reached total depth of 4,333 feet and has been logged. Logging indicated that the targeted sands were not present and it has been decided to plug and abandon the well.

"The management team have been involved in well over 100 tests throughout the Middle Wilcox in central Louisiana since 2001. While the result of this latest well is disappointing, our experience in this oil trend tells us to 'stay the course' as exploration of the Middle Wilcox has been very rewarding over the longer term," said Ryan Messer, Pryme's Chief Operating Officer. "We look forward to resuming the drilling program prior to the end of October."

Four Rivers Project Description

Pryme has a 25% Working Interest (18.75 - 20% Net Revenue Interest (NRI)) in the Four Rivers project which extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams, Jefferson and Wilkinson Counties in Mississippi. The project is targeting multiple "stacked" oil zones throughout the Middle-Wilcox formation and, to a lesser extent, shallow Frio natural gas zones, at depths ranging from approximately 4,000 to 7,000 feet. Wells drilled in the Middle-Wilcox exhibit long production lives with



low decline rates after the initial flush oil is produced and relatively steady production is established. They are relatively inexpensive to drill and typically have low operating and on-going maintenance costs.

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Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the U.S., the world's biggest oil market. The company has an exceptional suite of exploration projects focused on Louisiana, the fifth-largest oil-producing state in the U.S. These projects are funded in part by existing cash flow. Pryme's management team has over 75 years of energy industry experience and has uniquely focused local knowledge, underscored by the proven track records of its managers and directors. Directors of the company are George Lloyd (Non Executive Chairman), Justin Pettett (Managing Director) and Ryan Messer (Executive Director).