



20 December 2010

Deshotels 20-H No.1 Flow Test Update

As a result of a pre-Christmas increase in the demand for oil field services, the contractor which has been engaged to acidize the perforated intervals in the horizontal leg of the Deshotels 20-H No.1 has been unable to attend to the job as scheduled. It is now expected that the acidizing will be carried out after Christmas. Flow testing of the well will follow the acidizing.

As discussed in previous announcements, it is expected that the Deshotels 20-H No.1 well will primarily produce oil. However, it is also expected that commercial quantities of natural gas will be produced. Trenching and laying of the flow line from the well to the natural gas sales line, a distance of approximately 4 miles, is underway.

Pryme has a 40% working interest (30% net revenue interest (NRI)) in this well.

Project Description

The Deshotels 20-H No.1 well, in Pryme's Turner Bayou Chalk project in the North Bayou Jack Field, is the first deep well to be drilled within the Turner Bayou 3D seismic survey. The well has been drilled to a depth of 16,400 feet (5,000 metres) vertically with a 3,755 feet (1,144 metre) horizontal leg through the Austin Chalk formation which is predominantly oil bearing in this region. The well location was confirmed using high resolution 3D seismic data from a survey carried out in 2007 and data from surrounding well bores.

Turner Bayou is one of Pryme's high value projects. It is located in Avoyelles Parish, Louisiana. Pryme has a 40% interest in the Turner Bayou Chalk project area, which is contained within the Turner Bayou 3D seismic survey, and a 52% interest in the balance of Turner Bayou. The Turner Bayou project comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey. Primary targets are contained within six prospective formations ranging in depth from the Frio formation at 3,000 feet, to the Tuscaloosa formation at 18,000 feet.

For further information please contact:

Justin Pettett
Managing Director
Pryme Oil and Gas Limited
Telephone: +61 7 3371 1103

Ryan Messer
Chief Operating Officer
Pryme Oil and Gas Limited
Telephone: +1 713 401 9806

Website: www.prymeoilandgas.com

ASX Code: PYM

OTCQX Code: POGLY

Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas 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 board of directors and management team has over 100 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) and Greg Short (Non-Executive Director).