



13 December 2010

Deshotels 20-H No.1 Flow Test Update

Commencement of flow testing of the Deshotels 20-H No.1 well in the Turner Bayou Chalk project has been delayed pending acidizing of the perforated intervals in the horizontal leg. Acidizing is designed to break down the cement and chalk from within the fractured zones and restore the connectivity between the wellbore and the reservoir. This is a normal completion procedure for this type of well. Subject to satisfactory progress being achieved, it is expected that the flow test will commence prior to the end of the week.

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.

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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).