



Third Development Well Spudded in LaSalle Parish Project

Atlanta, Georgia, December 19, 2006 - Pryme Oil and Gas Limited (ASX: PYM / OTC: POGLY), an oil and natural gas producer and explorer operating on shore in the U.S. with interests and focus in the Gulf States and Texas, is pleased to announce that it has spudded the Northwest Rogers No.17 development oil well in the LaSalle Parish Project. A second development well (NWR No.16) is expected to be drilled before the end of December 2006.

The NWR No.17 well was spudded on Monday the 18th of December (US Central time) by the operator Belle Oil (Belle). The well will be drilled to a depth of 1,700 feet (518.16 metres) in an effort to establish oil production in the Cockfield formation. Surface casing has been set, with drilling continuing to the target depth which is estimated to be reached within 48 hours. Production from the present six Petro-Hunt NWR wells is averaging approximately 105 barrels of oil per day. This field produces low gravity oil combined with the high permeability and porosity of the sand which typically results in a very long life of the wells in excess of 25-30 years. This low gravity characteristic restricts the drainage patterns to within 150-200 feet of the well bores. Therefore several additional infield locations such as the NWR No.17 and No.16 are necessary to adequately drain this reservoir.

The NWR No.17 will be drilled approximately 250 feet south of the NWR No.4 and 250 feet northwest of the No.1 (see attached survey plat.) The location for the No.16 is staked approximately 250 feet northeast of the NWR No.6 and 250 southeast of the No.7. Pryme owns a 21.85% working interest (16.39% net revenue interest) in the North West Rogers No.17 and No.16.

"If successful, oil produced from the NWR No.17 and NWR No.16 will add to Pryme's monthly net oil production and subsequent cash flow into the company in order for us to achieve our target of A\$2.0 in net operating income per annum into the company by the end of 2006 as indicated to shareholders earlier in the year," Pryme Chief Executive Officer Justin Pettett said.

The directors and management team at Pryme are actively working on other oil projects in the LaSalle Parish area to add shareholder value. Details of this effort should be announced early in 2007.

For further information please contact:

Justin Pettett
Chief Executive Officer
Pryme Oil and Gas Limited

Telephone: +61 7 3371 1103

Email: justin@prymeoilandgas.com

Ryan Messer
President

Pryme Oil and Gas Inc

Telephone: +1 404 429 9939

Email: ryan@prymeoilandgas.com

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 a total of almost 50 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 John Dickinson (Non Executive Chairman), Justin Pettett (Managing Director), Ryan Messer (Executive Director), Ananda Kathiravelu (Non Executive Director) and Philip Judge (Non Executive Director).

ABN 75 117 387 354

Tel: +61 7 3371 1103 Fax: +61 7 3371 1105

Level 7 320 Adelaide Street GPO Box 111 Brisbane Queensland 4001

ATLANTA - BRISBANE - HOUSTON

