



ASX Announcement / Media release

9 August 2006

## **Pryme Leases Acreage in Deep Tuscaloosa Trend JV with Wave**

Pryme Oil and Gas Limited (ASX Code: PYM), a fast-growing Australian oil and natural gas producer and explorer operating in the U.S., is pleased to announce it began leasing the acreage for its third joint venture project with Wave Exploration Group. The project, the Condor Prospect, is located along the Tuscaloosa Trend in central Louisiana, which in the past eleven years has experienced a resurgence in exploration activity, led by Amoco and now BP Plc. The Condor project area includes multiple Tuscaloosa targets that have historically produced more than 100 Billion Cubic Feet (Bcf) of gas.

Condor includes assembling leases on two prospects with target depths of 17,500-18,000 feet. The first location will target multi-zone, "proven undeveloped" reserves and the potential exists to drill for deeper sands that are aggressively being pursued on trend. The second location will target a seismic-defined up dip location offsetting a well that has produced in excess of 20 Bcf to date.

In addition, the potential exists to pursue deeper, exploratory opportunities in the southern portion of the project area. The Judge Digby field, on trend with our objectives, has reported significant discoveries in deeper intervals over the past ten years.

A detailed reservoir study, commissioned by Wave, has been conducted across the field including seismic interpretation, reservoir net pay mapping, and both engineering and log analysis evaluation by outside consultants. The study concludes that 40 to 90 Bcf remain in the existing reservoirs. It is believed that the previous operators failed to produce all of the reserves in the fault block due to perforating multiple zones simultaneously, which meant they were thus unable to recognise the lack of contribution from zones that had "sanded up". This occurs across the trend due to the nature of these highly porous and permeable sands. In the early 1990's, Amoco performed the same type of evaluation on trend in a nearby field resulting in additional infill development.

Pryme Managing Director Justin Pettett said the Tuscaloosa Trend is a very large target for Pryme. "To be involved in a project such as Condor at the size and capitalisation of Pryme is unique. We are exploring in the same areas as household names such as BP," Mr Pettett said.

"Any project that Pryme can be involved in drilling through the Tuscaloosa exposes the company to a potential substantial increase in value and cash flow. Now that our base of cash flow from the LaSalle Parish Project is in place we are in a position to begin drilling some exciting exploration projects that we hope will provide growth in the future," Mr Pettett said.

Pryme and Wave have a combined working interest of 100% in Condor, with Pryme's participating working interest expected to be as high as 50%, depending upon the ultimate negotiated trade for the capitalisation of the Prospect. In addition Pryme, under its joint venture agreement with Wave, will earn 45% of all promotes including overrides, carried working interests and cash fees, which further bolsters the company's revenue stream and gas reserves.



Pryme Oil and Gas Limited is a fast-growing 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) and Ananda Kathiravelu (Non Executive Director).

For further information please contact:

**Justin Pettett**  
**Managing Director**  
**Pryme Oil and Gas Limited**  
Telephone: +61 07 3371 1103  
Email: [justin@prymeoilandgas.com](mailto:justin@prymeoilandgas.com)

**Dudley White**  
**Savage & Horrigan**  
Telephone: +61 02 8281 3235  
Email: [dudley@savage-horrigan.com.au](mailto:dudley@savage-horrigan.com.au)