



## **Pryme Oil & Gas Announces Full Syndication Commitment of Large Natural Gas Project in Louisiana**

### ***Drilling Expected to Commence in the Second Quarter of 2007***

Atlanta, Georgia, December 14, 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 its first joint venture project with Wave Exploration Group, the Raven Project, has been fully syndicated, with Pryme retaining a 40% working interest in this large natural gas project. Drilling is expected to commence in the 2nd Quarter of 2007. Pryme would also like to announce the appointment of Taylor Rafferty, a New York-based Investor Relations (IR) firm to support its U.S. ADR program.

#### **Raven Project**

The Raven Project consists of drilling in the fairway of the prolific Cotton Valley natural gas trend in northern Louisiana. Pryme has elected to retain an undivided 40% of the project for its own account, which includes a carried working interest, because of the favorable risk-to-reward ratio that characterizes this region. The remaining 60% will be held by an experienced, highly successful local operator, Nelson Energy of Shreveport, Louisiana.

Under the participation agreement with Nelson, Pryme will receive all of the capital spent in funding the acquisition of leases and geophysical data, plus the geology and the geophysical studies required by the project, plus US\$96,000 in cash, an 8% carried working interest in the leases to the casing point in the first two wells and an average 2.80% overriding royalty interest in the entire project.

Each well in the Raven Project is expected to be drilled to a depth of approximately 10,000 feet to penetrate two primary objectives in the Cotton Valley formation, at an estimated cost of US\$2.3 million per well to the 100% working interest (US\$920,000 net to Pryme's interest.) The project has been classed as an "engineering play" to the extent that more emphasis is given to the drilling and completion techniques and production of the well, as generally most wells in the area will produce natural gas. Expected reserves to be proven from each well drilled, based on conservative analogue production and drainage of wells in the area, is 5.0 billion cubic feet (BCF) per well. This would result in approximately US\$8,550,000 (US\$3,420,000 net to Pryme's interest) in the ground "un-produced gas" value per well using a gas price of US\$2.50 per MCF *in situ*. On a produced-gas, current net operating income basis the "in-ground" production could be much larger than the current estimate.

Approximately ten drilling locations have been identified in the project thus far, with the leasing of acreage continuing to expand the project size beyond its original scope. Prospective gas reserves to the 100% working interest within the Raven Prospect could be on the order of 50 BCF (20.0 BCF net to Pryme) according to Wave, based on 5.0 BCF per well.



“With improved drilling and reservoir stimulation technology, and an experienced local operator we expect the well success rate in these locations to be quite high. We are also happy to report that the project is ahead of schedule with drilling poised to begin as early as April 2007,” said Pryme CEO, Justin Pettett.

Mr. Pettett also said: “We secured this project when gas prices were relatively low, which gives Pryme a solid opportunity to capitalize on recent increases in gas prices, which are now in excess of US\$8.00/MCF. The success of this project should result in significant proven gas reserves for Pryme and ultimately have a positive impact on cash flow and EPS. Pryme’s access to key partnerships and projects on the ground in the U.S. are evident in a project such as Raven.”

### **Taylor Rafferty Appointed to Implement Comprehensive Financial Communications Program**

We are pleased to announce that New York-based Taylor Rafferty has been appointed as Pryme’s Investor Relations (IR) firm. Taylor Rafferty offers a full range of advisory and operational support to help its clients more effectively access the capital markets. This partnership will serve to communicate Pryme’s growth in both the U.S. and Australia, with the primary objective of increasing the Company’s profile in the North American capital markets.

“Taylor Rafferty has an established record of success in providing financial communications services to a premier list of clients including several major global oil & gas companies. We believe that by consistently communicating Pryme’s story to the right audience we will create substantial interest in our company, generate long term value for shareholders and help attain a standing goal of continually increasing the liquidity of our stock” said Pryme’s U.S.-based President Ryan Messer.

Further information about Taylor Rafferty can be found at [www.taylor-rafferty.com](http://www.taylor-rafferty.com).

The directors and management team at Pryme are actively working on the remainder of the Wave Joint Venture Prospects namely Kestrel and Condor. In addition Pryme will soon announce further details of proposed drilling in the LaSalle Parish Project and we continue to review and progress further opportunities to add shareholder value.

For further information please contact:

**Justin Pettett**  
**Chief Executive Officer**  
**Pryme Oil and Gas Limited**  
Telephone: +61 7 3371 1103  
Email: [justin@prymeoilandgas.com](mailto:justin@prymeoilandgas.com)

**Ryan Messer**  
**President**  
**Pryme Oil and Gas Inc**  
Telephone: +1 404 429 9939  
Email: [ryan@prymeoilandgas.com](mailto: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).*