

2 November 2009

Atocha Project Update

The re-entry of the HM Brian No.1 well has reached a depth of 12,700 feet. The second of three cement plugs in the well bore has been drilled out and the process of releasing and recovering the cast iron bridge piece at the base of the plug is underway. This is expected to be completed within the next 48 hours. Following this, drilling out of the final cement plug, at a depth of 16,800 feet, will commence.

It is planned to perforate and complete the well in the Tuscaloosa sand zone at a depth of just over 17,000 feet. Perforation and testing of the Tuscaloosa sand is scheduled to commence in the second week of November.



Crews milling through the cast iron bridge piece located at the base of the second cement plug



Planning for the second Atocha project well is progressing. It will be located up-dip to the HM Brian No.1 well and is expected to intersect more Tuscaloosa sands intervals than the current well and provide a more prospective target zone. The well will be drilled from surface. Additional details of this location will be released as further technical work is completed.

Atocha Project Description

The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend. The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Trillion Cubic Feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years.

Atocha is located five miles north of BP's Port Hudson Field which is the best producing field in the trend and contains the HM Brian No.1 well which was drilled by Shell Oil in 1980 and cased to a depth of approximately 17,700 feet. Petrophysical analysis has concluded that this well contains over 125 feet of bypassed Tuscaloosa pay sand. With the benefit of hindsight and some 30 years of experience in the Tuscaloosa Trend, experts have indicated that a discovery of this calibre would be completed for production. The first Atocha prospect will be tested by re-entering the HM Brian No.1 well.

The Atocha Project area is prospective for oil and gas with a target size of 1.2 Trillion Cubic Feet Equivalent (TCFE) of recoverable gas equivalent for the entire acreage block.

Pryme has spent over US\$1.4 million on generating the Atocha project including building a significant land position, carrying out technical reviews and planning a program to test the project. Pryme is the operator of the project and has a 25% working interest in the HM Brian No.1 re-entry, half of which is free-carried, and a 3% overriding royalty on production.

For further information please visit our website at www.prymeoilandgas.com or contact:

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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 over 75 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).