



29 September 2009

Four Rivers Project Update

Peabody 38-1 well plugged and abandoned

The Peabody 38-1 well in the North Blackhawk Field Prospect in the Four Rivers Project reached total depth of 5,500 feet and has been logged. Logging indicated that the well did not intersect the target structure and it has been decided to plug and abandon it. The prospect geology will be re-mapped for further definition and identification of additional possible targets.

“Pryme’s financial exposure to this well is low, at around US\$50,000 in net dry hole costs, and it is very low in relation to the potential upside from a successful discovery,” said Justin Pettett Pryme’s Managing Director. “We are eager to begin work on the next well in the Four Rivers Project.”

Drilling of the State Lease 19931 PB No. 1 well to commence

Drilling of the next well in the Four Rivers Project, the State Lease 19931 PB No. 1 in the Northeast Point Breeze Prospect, will commence on Friday. The well will be drilled to a depth of 4,333 feet. Drilling and logging are expected to be completed late next week.

The State Lease 19931 PB No. 1 well is an attempt to establish production from multiple Frio oil shows which have been noted in a nearby well, the Hodges Whorton No.1. Log analysis of this well identified eight Frio sands four of which have the potential to contain productive oil shows. Structural and stratigraphical mapping of these four sands indicate the existence of a large north-south oriented closed structure related to an underlying support channel.

Ryan Messer, Pryme’s Chief Operating Officer said, “this is the largest, and perhaps the riskiest, oil target that we have drilled in the Four Rivers project to date. Correspondingly, our expectations of the reward from a successful discovery are higher than for any previously drilled well in the project.”

Project Description

Pryme has a 25% Working Interest (18.75 - 20% Net Revenue Interest (NRI)) in the Four Rivers project which extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams, Jefferson and Wilkinson Counties in Mississippi. The project is targeting multiple “stacked” oil zones throughout the Middle-Wilcox formation and, to a lesser extent, shallow Frio natural gas zones, at depths ranging from approximately 4,000 to 7,000 feet. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established. They are relatively inexpensive to drill and typically have low operating and on-going maintenance costs.



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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), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).

The information in this announcement has been reviewed by James A. Stewart (a registered professional Petroleum Geologist in the State of Louisiana and Mississippi in the United States of America) who has over 20 years experience in petroleum geology, drilling, well completions and production operations. Mr Stewart reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbons in place or flow rates in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org.