



ASX Announcement / Media release

29 September 2006

Oil found in second development well in LaSalle Parish Project

- Incremental increase in production to add to company cash flows -

Pryme Oil and Gas Limited (ASX Code: PYM), an Australian oil and natural gas producer and explorer operating in the U.S., announces that the Coleman No.7 (previously called the Coleman No.6) development well was successfully drilled to a total depth of 4,500 feet (1,371 metres) and encountered shows of oil in eight Wilcox sands, the G-4, G-3, F-2, E-3, C-2, B-4, B-2 and A-2 sands.

A core analysis indicated good permeability and oil saturation in 34 feet of Wilcox sands being the G-4, C-2, B-4, B-2 and A-2. Consequently, the well is being cased for completion in the C-2 sand which is the primary field pay sand. The B-4, B-2 and A-2 zones will be kept as Proved, Undeveloped sands for future re-completion up the hole.

The successful oil shows in the Coleman No.7 opens up another development well location to the northeast to be named the Coleman No.8 in order to test the F-2 sand. The F-2 was found in the Coleman No.7 and it is expected that the No.8 will effectively test the F-2.

Pryme's Managing Director, Justin Pettett, said: "We are very happy with the results of this well as two other wells in the Routh Point Field that are completed in the C-2 sand have been extraordinary producers. We expect this incremental production to add to our cash flow base as the well is completed within the next 30 days."

The Directors of Pryme continue to focus on the 'Phase I' plan of aggressively pursuing the drilling of development and step out wells in the LaSalle Parish Project, while Phase II (3D seismic shoot in South Central Louisiana) is being implemented. The Company is planning to drill additional Phase I wells before the end of the year to further strengthen Pryme's revenues.

Pryme has a 13% working interest (9.75% net revenue interest) in the Coleman No.7 well.

For further information please contact:

Justin Pettett
Managing Director
Pryme Oil and Gas Limited
Telephone: +61 07 3371 1103
Email: justin@prymeoilandgas.com

Dudley White
Savage & Partners
Telephone: +61 02 8281 3235
Email: dudley@sandp.com.au

Pryme Oil and Gas Limited is a 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 in 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).