



Amended ASX / Media Release

10 January 2014

## Middle Wilcox Oil Drilling Program Underway

The prospective resources table in the About the Four Rivers Project section of the announcement lodged on 30 December 2013 has been removed to comply with the new ASX Listing Rule 5.

### HIGHLIGHTS

- **Expansion of Four Rivers project to increase oil production and revenue for Pryme**
- **Pryme to operate and earn a carried working interest**
- **Drilling of McIntyre No.1 well in Franklin Parish, Louisiana underway**

### Expansion of Four Rivers Project

Pryme Energy is pleased to announce the resumption of drilling and development in the Four Rivers project in Franklin Parish, Louisiana. The Four Rivers project comprises shallow, multiple "stacked" oil-bearing pay zones in the Middle Wilcox formation.

The McIntyre No.1 well, which is the first of 10 wells planned to be drilled in 2014, will be drilled to a depth of 4,850 feet (1,478 metres) and will target stacked Tuscaloosa oil sands. Pryme is operator of the drilling program and will earn a 4% carried working interest to the casing point for each well drilled including the McIntyre No.1 well. Pryme may also elect to increase its working interest participation on a prospect by prospect basis. Decisions to increase Pryme's working interest in any prospect will be based on technical and economic evaluation criteria; otherwise Pryme will retain a 4% carried working interest.

The major participant in the drilling program is Roundtable Resources LLC of Natchez Mississippi. Roundtable Resources has over 50 man-years of successful exploration and drilling of the shallow Middle-Wilcox oil sands formation in Louisiana and has recently made two greater than one million barrel field discoveries in the region. Pryme has teamed up with Roundtable Resources to provide geological, land and technical expertise through the drilling, completion and production phases of the program.

Drilling results, production and sales in Four Rivers will be reported to the market each quarter in our quarterly activities report. Enclosed with this announcement is a summary of our Four Rivers project and the types of wells targeted through the drilling program.

For further information please contact:

**Justin Pettett**  
**Managing Director**  
**Pryme Energy Limited**  
Telephone: +61 7 3371 1103

**Ryan Messer**  
**Chief Operating Officer**  
**Pryme Energy Limited**  
Telephone: +1 713 401 9806

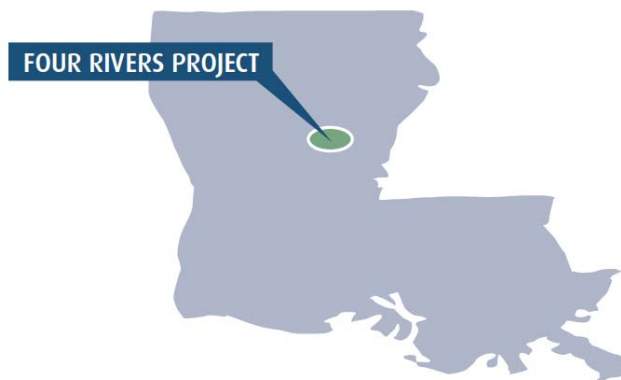
**Website:** [www.prymeenergy.com](http://www.prymeenergy.com)

**ASX Code:** PYM

**OTCQX Code:** POGLY

## About the Four Rivers Project

The Four Rivers Project which extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams and Jefferson Counties in Mississippi. The project is targeting multiple “stacked” oil zones throughout the Middle-Wilcox formation 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.



## Geology

The Middle-Wilcox contains sediments located in central Louisiana and western Mississippi. It is a proven source of large reserves of oil with some wells having sustained commercial production since the 1940's. There have been over 160,000 commercially producing wells established in and around the Wilcox Basin since 1910. The area is a proven oil province with multiple accumulations of Wilcox oil having produced for decades. These so-called “stacked sandstones” are typically layered between 1,200 feet and 6,000 feet from the surface. Many of them have become saturated with oil which has migrated from deeper source rocks. By industry standards, drilling in the Middle- Wilcox is relatively straightforward, low cost and without much mechanical risk.

The key attributes of the Four Rivers Project are:

- a proven oil and gas province;
- an economic rate of exploration and development success;
- relatively shallow, low-risk drilling;
- extensive oil and gas gathering and transportation infrastructure;
- low development costs with short lead time for revenue generation after well completion;
- a ready market for oil and gas and located within the Louisiana Light Sweet (LLS) premium oil purchase hub.
- additional drilling and development locations;
- stacked pays or formations behind pipe yet to be developed.

## The Project Area

Louisiana is among the strongest markets for oil and natural gas in the United States, with commensurately high oil and gas prices.

Louisiana is a major oil producing state with abundant crude oil reserves and ranking 7th in production and 8th in reserves in the United States. Petroleum infrastructure is extensive with a large network of crude oil, product, and liquefied petroleum gas (LPG) pipelines and storage facilities. Louisiana is also home to two of the four Strategic Petroleum Reserve (SPR) storage facilities in the United States: West Hackberry in Cameron Parish and Bayou Choctaw in Iberville Parish capable of



holding 300 million barrels of crude oil. Other infrastructure includes eighteen petroleum refineries with a combined crude oil distillation capacity of nearly 2.8 million barrels per calendar day, the second highest in the nation after Texas. Louisiana also has numerous ports including the Louisiana Offshore Oil Port (LOOP) the only port in the United States capable of offloading deep draft tankers.

Oil produced from successful wells is sold to the high-demand, low supply Louisiana market.

### **Stable Production**

Middle Wilcox oil reservoirs are mostly water and solution gas driven eliminating the need for artificially stimulating producing zones in their later life via “water flood” or gas injection. Wells either flow naturally or are pumped at the surface by standard oilfield pumping units. Their producing life is usually in excess of fifteen years with production from many of the wells exceeding 25 or even 50 years.

### **Lease Operating Expenses**

The production expense associated with these wells is low due to the natural reservoir pressures, the availability of associated gas to fuel the pumping units, and the ready availability of formation water disposal.

### **Competent Person Statement and Disclaimer**

*The information contained in this announcement has been reviewed by Mr Greg Short, BSc. Geology (Hons), a Director of Pryme who has more than 33 years’ experience in the practise of petroleum geology. Mr Short reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbons in place 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](http://www.spe.org).*