

2 December 2009

Atocha Project Update - HM Brian No.1 Perforated

Perforation of the HM Brian No.1 well has been completed. Prior to this the previously reported casing leak was successfully isolated and the well bore pressure tested.

On perforation the well produced natural gas and built up some pressure but not enough to produce back approximately 90 barrels of completion fluid placed in the well by the operator for the logging and perforation procedures. The fluid creates pressure against the formation, thus restricting the flow of natural gas. The slow build up of pressure confirms the tight nature of the formation and indicates that it may be necessary to fracture stimulate the formation before assessing its gas production potential. Fracture stimulation of the formation was considered likely in the planning for this project.

Crews are currently producing the load water back to surface mechanically, reducing the artificial pressure from the formation to allow it to produce naturally. Once the load water has been produced back to surface, a work over procedure will begin whereby acid is injected into the formation to increase porosity and permeability. Results from the acidizing procedure will provide valuable information for the design of a fracture stimulation plan.

The process of recovering the completion fluid and acidizing the formation may take as long as a week at which time a further update will be released.



Perforation of the HM Brian No.1 well and associated testing equipment supplied by Weatherford



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.

Working Interest Partners

Pryme Oil and Gas Limited (ASX: PYM)	25% (Operator)
Future Corporation Australia Limited (ASX: FUT)	50%
Promesa Limited (ASX: PRA)	25%

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Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas 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).

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 spe.org.