



18 December 2009

Seventh Four Rivers Well begins Production

Crosby 31-11 No.1 well update

The Crosby 31-11 No.1 well in the Saukum Field Prospect, which was drilled to a depth of 7,500 feet and logged earlier this month, has now been tied into production facilities. The well initially flowed at 240 barrels of oil per day on a 15/64th choke before being choked back to just over 100 barrels per day, on a 10/64th choke, to preserve formation integrity. The well is producing 100% oil with no water production.

"This well has delivered the strongest initial production flow rates of any Four Rivers project well to date. The producing structure comprises oil bearing sands between shale and is ideal for strong, long life production throughout the Wilcox Trend," said Justin Pettett, Pryme's Managing Director.

Pryme's Net Revenue Interest in the Crosby 31-11 No.1 well is 18.75% (25% Working Interest).

Crosby 16-4 No.2 well update

Perforation and connection to production facilities of the Crosby 16-4 No.2 well, which is the first offset well to the Crosby 16-4 No.1, are scheduled to begin early next week following which a further update on initial flow rates will be released.

Pryme's Net Revenue Interest in the Crosby 16-4 No.2 well is 18.75% (25% Working Interest).

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.

For further information please contact:

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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.