



14 October 2010

Deshotels 20-H No.1 Directional Drilling Successfully Kicked Off

"We have officially and successfully kicked off," said Ryan Messer Pryme's Chief Operating Officer.

Directional drilling of the Deshotels 20-H No.1 well in the Turner Bayou Chalk project is now underway. The well will intersect the Austin Chalk formation at the target depth of approximately 15,330 feet (4,672 metres) and establish the 4,500 feet (1,372 metres) horizontal leg at that depth. The kick-off point was at a vertical depth of 14,710 feet and, at the time of the most recent report, the well had been drilled to a vertical depth of 14,890 feet.

Prior to reaching the target depth in the Austin Chalk formation the operator will run and set intermediate casing before completing the radius of the well bore and commencing drilling of the horizontal leg.

It is currently estimated that drilling of the horizontal leg will be completed during the first week of November.

Pryme has a 40% working interest (30% net revenue interest (NRI)) in this well.

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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 board of directors and management team has over 100 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) and Greg Short (Non Executive Director).