

31 January 2011

Turner Bayou Operational Update

Pryme Oil and Gas Limited ("Pryme") provides the following update on operations and production at its Turner Bayou project. Turner Bayou comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey. Primary targets are contained within six prospective formations ranging in depth from the Frio at 3,000 feet, to the Tuscaloosa at 18,000 feet.

Deshotels 20-H No.1 (40% Working Interest / 30% NRI)

The Deshotels 20-H No.1 well is currently producing at a rate of 630 barrels of oil and 430 Mcf of natural gas per day.

The lowest productive interval within the horizontal leg was re-perforated using tubing conveyed perforating equipment. Mechanical issues have temporarily prevented completion of a focused acid treatment of the perforated intervals. The well will be flowed to clean up the perforations and a plan will be developed to complete the acidizing and completion of the well in the coming weeks.

Planning for the second Turner Bayou chalk well, to be spudded before the end May this year, is underway.

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