



ASX / Media Release

1 November 2012

Turner Bayou Project Update and Investor Presentation

Please find enclosed a copy of a presentation updating the market on our Turner Bayou project located in North Bayou Jack Field, Avoyelles Parish, Louisiana.

A copy of this presentation is available at the Australian Securities Exchange and can be viewed on the Company's website www.prymeenergy.com.

About Turner Bayou

The Turner Bayou project comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey. Pryme has a 40% working interest in 25,029 acres (10,011 net acres) in the Turner Bayou Project and is initially targeting development of the Austin Chalk horizon. In addition to the Austin Chalk potential of the Turner Bayou project area, exploration drilling within Pryme's Turner Bayou leases has intersected the Tuscaloosa Marine Shale which is analogous to the prolific Eagle Ford Shale in South Texas.

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


ASX Code: PYM

OTCQX Code: POGLY

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.

This report may contain some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Pryme that its expectations, estimates and forecast outcomes will be achieved.

A horizontal bar composed of several colored segments: orange, green, red, blue, and yellow.

Pryme Energy Limited
ASX Code: PYM
OTCQX Code: POGLY

Turner Bayou Project
Update and Investor Presentation

November 2012

Disclaimer, Forward Looking Statements and Competent Person Statement

This presentation has been prepared by Pryme Energy Limited (the “Company”). This presentation is being provided to investors for the sole purpose of providing preliminary background financial and other information to enable recipients to review the business activities of the Company. It is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in the Company.

The information presented in this presentation may contain predictions, estimates and other forward-looking statements. Although the company believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those included in the forward-looking statements include the timing and extent of changes in commodity prices for oil and gas, the need to develop and replace reserves, environmental risks, drilling and operating risks, risks related to exploration and development, uncertainties about the estimates of reserves, competition, government regulation and the ability of the company to meet its stated business goals.

Prospective investors should make their own independent evaluation of an investment in the Company or seek advice from their financial adviser, accountant, lawyer, stockbroker or other professional adviser. Nothing in this presentation should be construed as financial product advice, whether personal or general, for the purposes of Section 766B of the Corporations Act, or otherwise. This presentation does not amount to, involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product.

Technical information contained in this presentation in relation to Turner Bayou was compiled by Pryme and 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 consents to the inclusion in this presentation of the information in the form and context in which it appears.

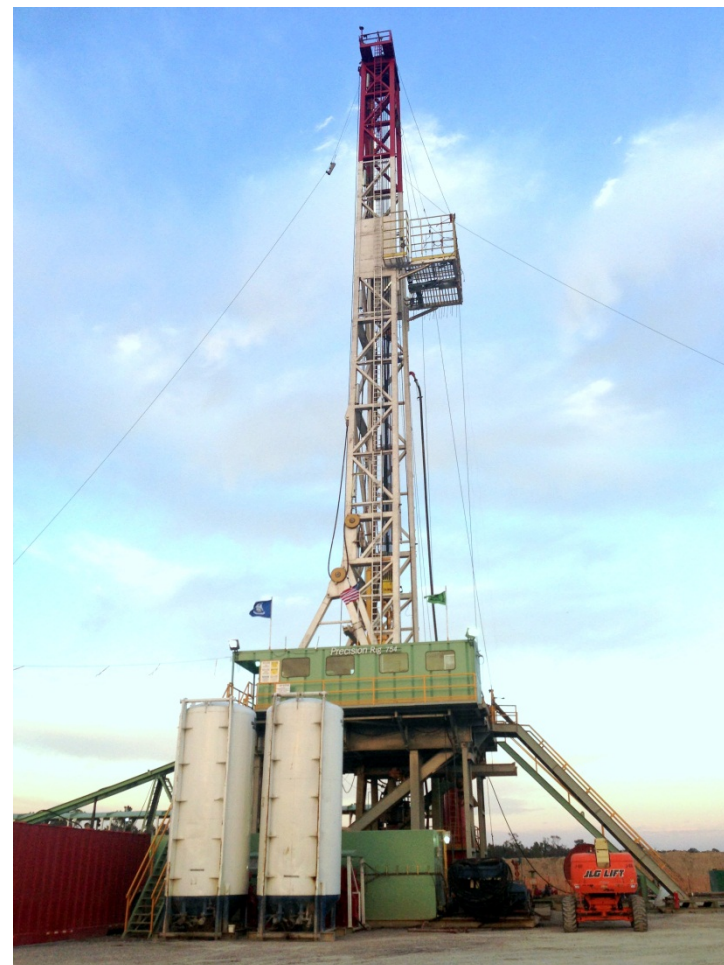
ASX Code: PYM

Shares on issue	259,360,278
Market Cap	\$21m
Price Range 12 months	\$0.021-\$0.105
Current Price (as of 31 October 2012)	\$0.081

Major Shareholders

Panorama Ridge Pty Ltd	14.83%
Belmont Park Investments Pty Ltd	14.65%
Mr Anthony Rispoli	4.14%
BT Portfolio Services Limited	3.18%
Mr Peter Daniels Adams	2.66%
Fortsu Pty Ltd	1.74%
Pettett Pty Ltd	1.69%
Jojeto Pty Ltd	1.61%

Top 20 Hold	56.00%
Cash position	A\$1.28 million
Drilling activities debt financed through Macquarie Bank Limited	Non-recourse



Drilling the Rosewood Plantation 21H well

Corporate History

Incorporated	October 2005
ASX Listing	April 2006
Projects on listing	LaSalle Parish Project Turner Bayou 3D Seismic



Corporate Vision	Identify, explore and develop high return oil and gas projects from a platform of low risk, profitable and long life oil and gas income
12 Month Plan	Execute on Turner Bayou “Company Maker” project Evaluate and execute on additional high impact plays within Turner Bayou (Wilcox, Tuscaloosa Marine Shale) Continue to review, evaluate and high grade next “High Impact” project
Board of Directors	George Lloyd (Chairman) Justin Pettett (Managing Director) Ryan Messer (Executive Director COO / Houston, TX based) Greg Short (Non-executive Director)

Pryme Energy ASX Share Price Trading History (12 months)

PRYME ENERGY LIMITED FPO (ORDINARY FULLY PAID)

Thu 01 Nov 2012 9:23 AM (Sydney time)

View Saved Chart: Standard Default

Compare
Upper Indicators
Lower Charts (up to 2)
Chart Style
Save
Refresh

Date Range: [1d](#) | [5d](#) | [1m](#) | [3m](#) | [6m](#) | [YTD](#) | [1y](#) | [3y](#) | [5y](#) | [All](#) | [Custom](#)

Draw trend lines



Company Snapshot

Poised for Growth through Turner Bayou

Underpinned by stable oil and natural gas production

Current Daily Production (Net to Pryme)

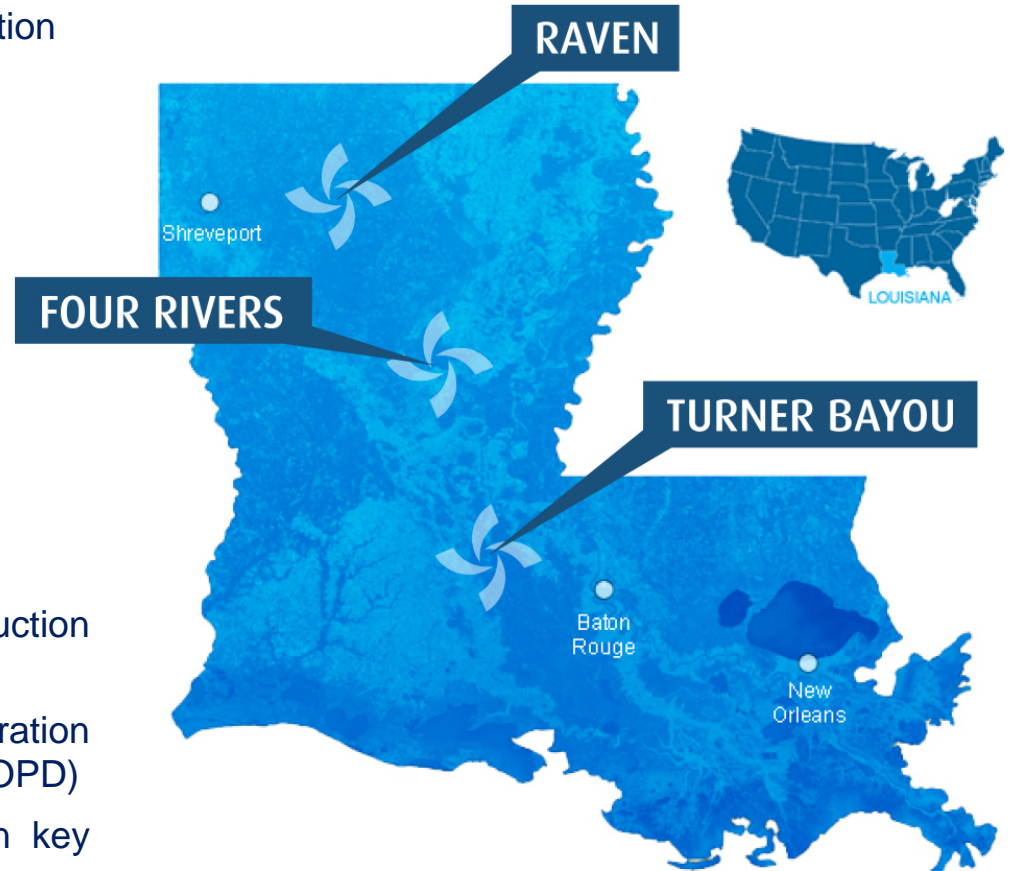
Oil	69 Bbls/day
Natural Gas	120 Mcf/day*

Total /Day	89 BOE/day
Total /Month	2,706 BOE/month
Annual net revenues	A\$2.5m

*Natural gas is converted at a ratio of 6.1:1 into barrels of oil equivalent.

A Pryme Platform for Growth

- Operator of own high impact projects
- Low risk oil and gas exploration and production underpins the Company
- Substantial upside from high impact exploration (expected IP's in Turner Bayou over 1,000 BOPD)
- Strong, strategic mineral lease positions in key projects



Turner Bayou - Operator

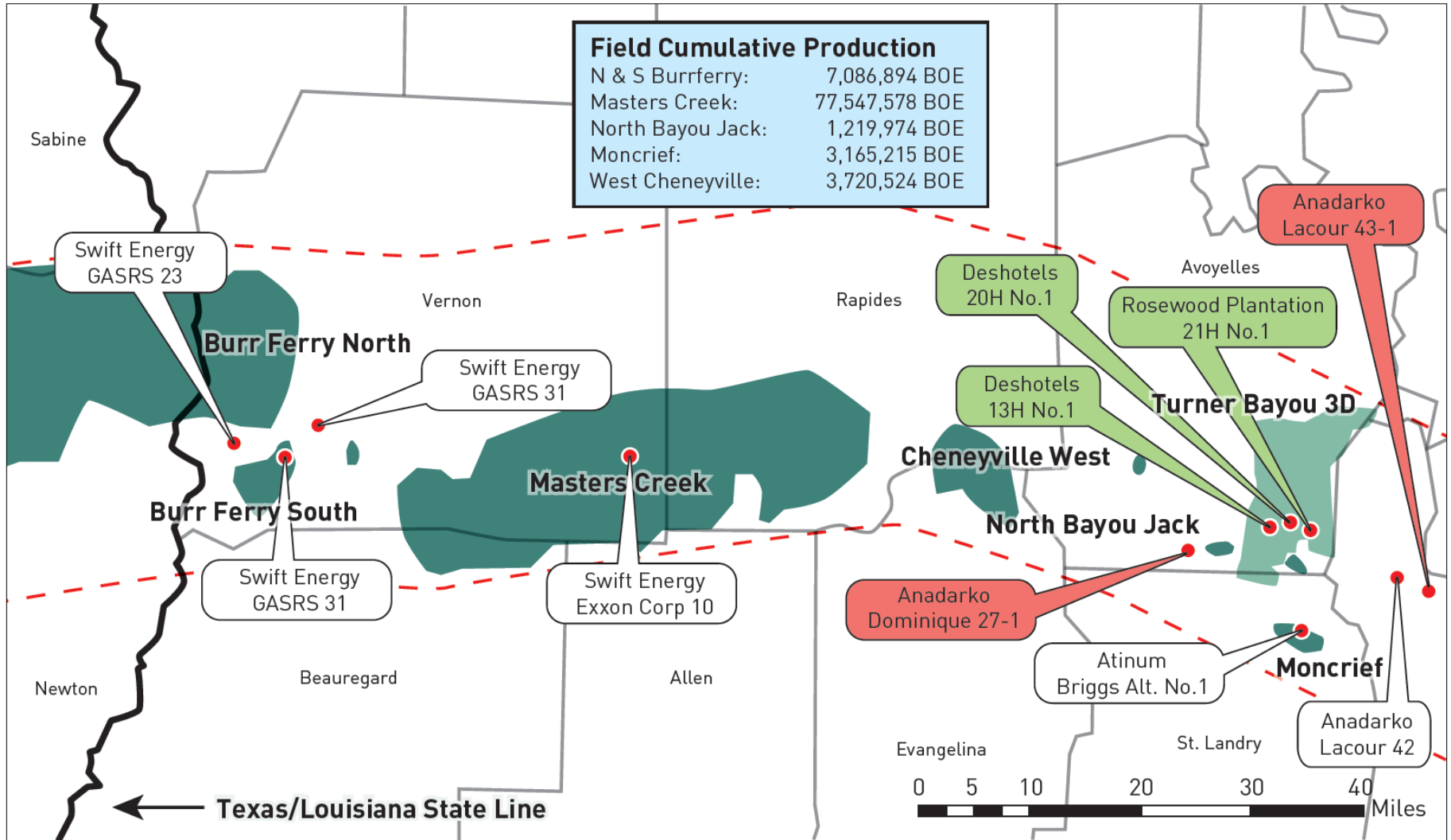
A Company Making Project

- Shot 80 square mile (52,000 acre) 3D survey in 2007
- Pryme is operator and owns 40% working interest (30% NRI)
- 25,029 acres under lease (10,011 acres net to Pryme) targeting major phase oil in the Austin Chalk
- Potential to support up to 30 wells based on 640 acre spacing
- Recoverable oil 500,000 Bbls – 750,000 Bbls per well (150,000 Bbls - 225,000 Bbls per well net to Pryme)
- Historically high IP's averaging over 1,000 Bbls/day of oil
- Well cost US\$3.2m net to Pryme (US\$8m gross per well)
- US\$14 million undiscounted cash / US\$12 million NPV10 valuation per well net to Pryme
- Additional oil targets in the Wilcox and Tuscaloosa Marine Shale
- Significant shows and/or production from all targeted intervals
- Oil attracts premium of US\$15/Bbl on current WTI pricing





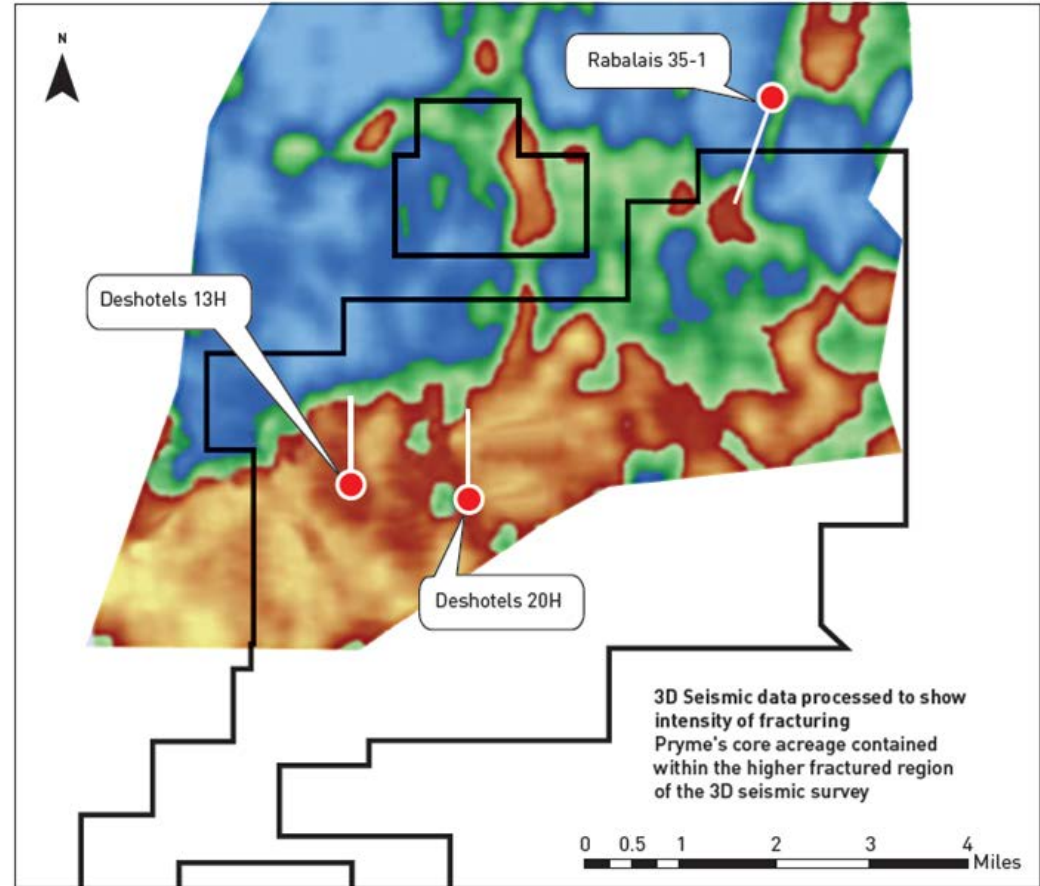
Austin Chalk Regional Trend Map and Project Location





Higher the fracture density the higher the productivity of the Austin Chalk

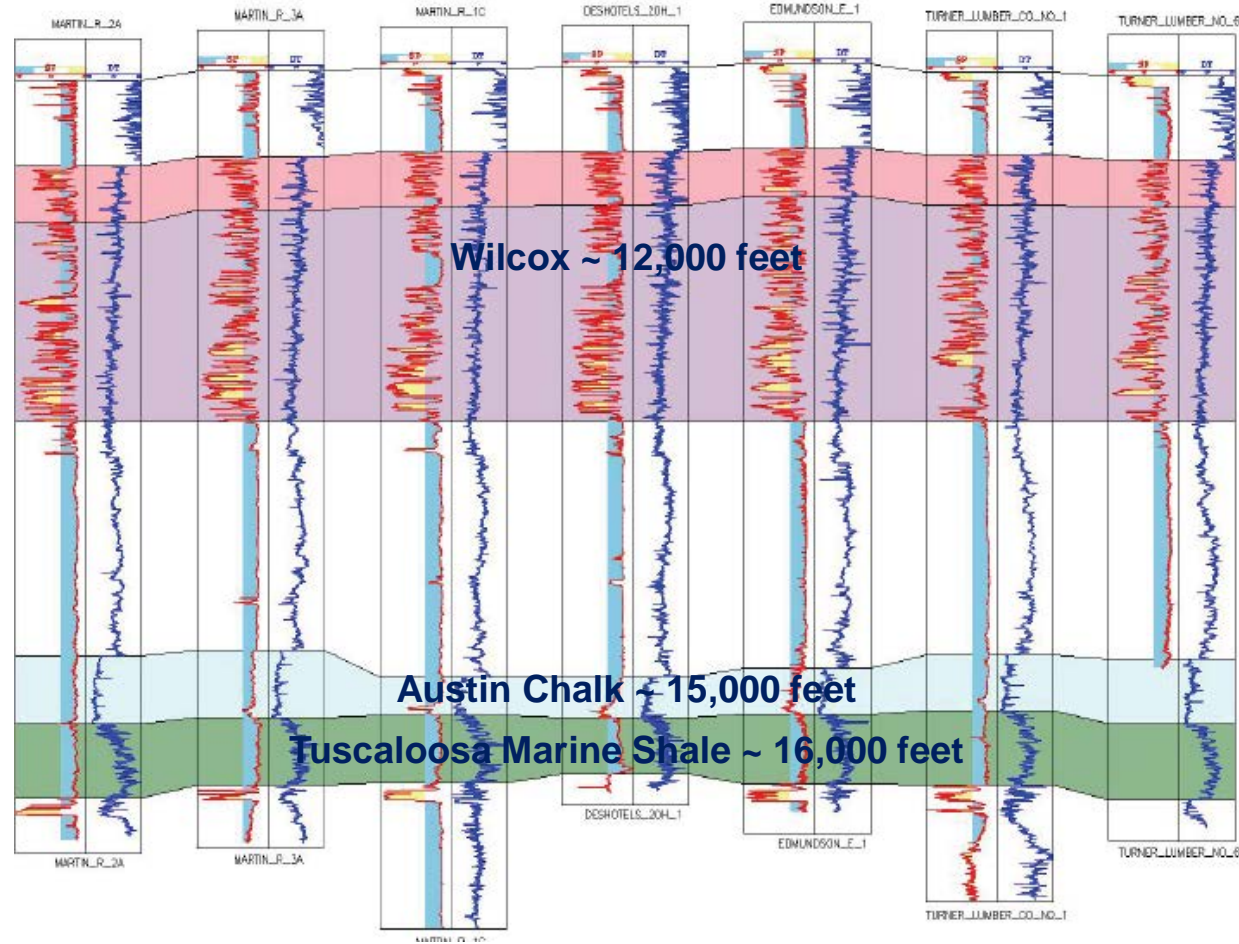
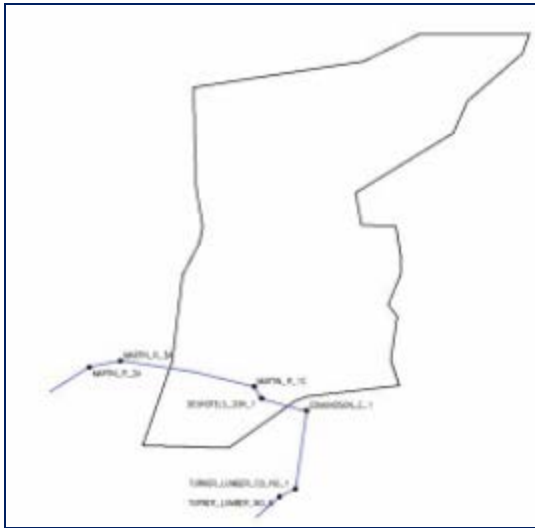
- Horizontal drilling increases potential of productive structures
- Several vertical wells were drilled on our survey in the period from the late 1970's to the mid 1990's and include one of the best vertical wells in the trend which produced 572,000 Bbls of oil and 0.58 Bcf of natural gas from one fracture network
- Interpretation indicates an erosional event occurred during the Upper Cretaceous age causing chalk to thin from 1,000 feet to 450 feet in some sections
- Results of Deshotels 20H, 13H and Rabalais 35H well support geologic and geophysical interpretation
- 128 open fractures logged in Deshotels 13H



Turner Bayou acreage over 3D seismic survey

Turner Bayou Stratigraphic Column

- Thinner chalk is one element that dictates better production in Masters Creek Field to the west due to higher fracture density



The TMS is the Louisiana equivalent of South Texas' highly prospective Eagle Ford formation

Deshotels 20H (40% WI)

- 12 major oil and gas bearing fracture zones, many smaller fractures intersected
- Gas shows and oil over shakers while drilling
- Currently producing 56 barrels of oil per day gross (17 barrels per day net to Pryme)
- Well damaged – low production rates due to mechanical problems during completion and stimulation which were not encountered in second well
- Plan to install lift system on well to improve production in future



Deshotels 13H (40% WI)

- 15 major oil and gas bearing fracture zones, many smaller fractures intersected
- Burning up to a 70 foot flare and oil produced to surface
- 128 oil bearing fractures indicated by fracture identification log
- Currently producing 54 barrels of oil per day gross (17 barrels per day net to Pryme)
- Mechanical failures with the installation of Packers Plus production liner
- Well currently on pump



Rosewood Plantation 21H (61.53% WI / 46.15% NRI)

- Drilling underway one mile east of Deshotels 20H in intensely fractured area of Austin Chalk
- New engineering team – specialists in Austin Chalk and horizontal drilling
- Benefit from past experiences and simplified completion procedure
- Increased working interest to 61.53% through securing additional interest from non-consenting parties
- Well to be drilled to a vertical depth of 14,919 feet (4,550 metres) into the top of the Austin Chalk
- Planned 5,000 foot (1,524 metre) lateral, through naturally occurring oil bearing fracture systems within the Austin Chalk formation at 15,380 feet (4,687 metres).
- Drilling expected to take approximately 60 days with flow testing and connection to production facilities planned for mid-December



Austin Chalk Potential

- Extensive fracturing and oil and gas produced to surface during drilling were observed in both the Deshotels 20H and 13H wells
- Third party engineering studies have confirmed this view
- Sub optimal completion techniques and major mechanical issues during completion resulting in lower than expected production rates – **Completion techniques have been refined using large independent oil and gas companies’ proven methodology**
- Acreage in Austin Chalk “sweet spot” surrounded by Anadarko and Atinum with Swift to the west

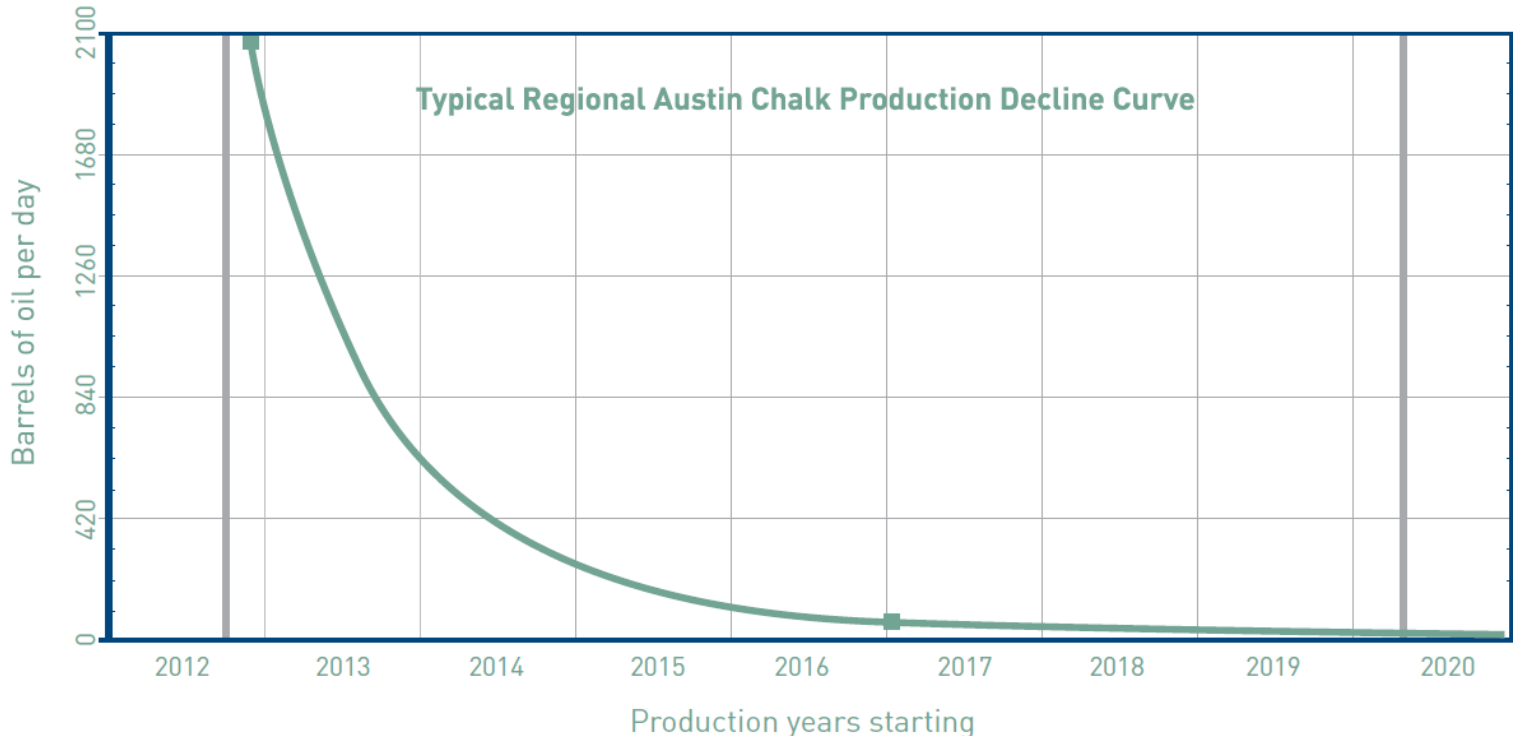
Austin Chalk Initial Potential Rates

Operator	Well	Oil (bopd)	Gas (mcf/d)	Water (bwpd)
Anadarko Petroleum	Lacour 43-1	3,000	2,500	600
Atinum Operating, Inc	Briggs Alt. No.1	2,184	6,795	3,276
Pryme Energy	Deshotels 13H No.1	1,167	644	350
Anadarko Petroleum	GASRS 5 No.1	1,073	12,663	5,465
Anadarko Petroleum	Dominique 27 No.1	753	1,151	1,484
Pryme Energy	Deshotels 20H No.1	600	458	0
Anadarko Petroleum	GASRS 18 No.1	500	7,000	6,672
Anadarko Petroleum	GASRS 16 No.1	203	1,127	259

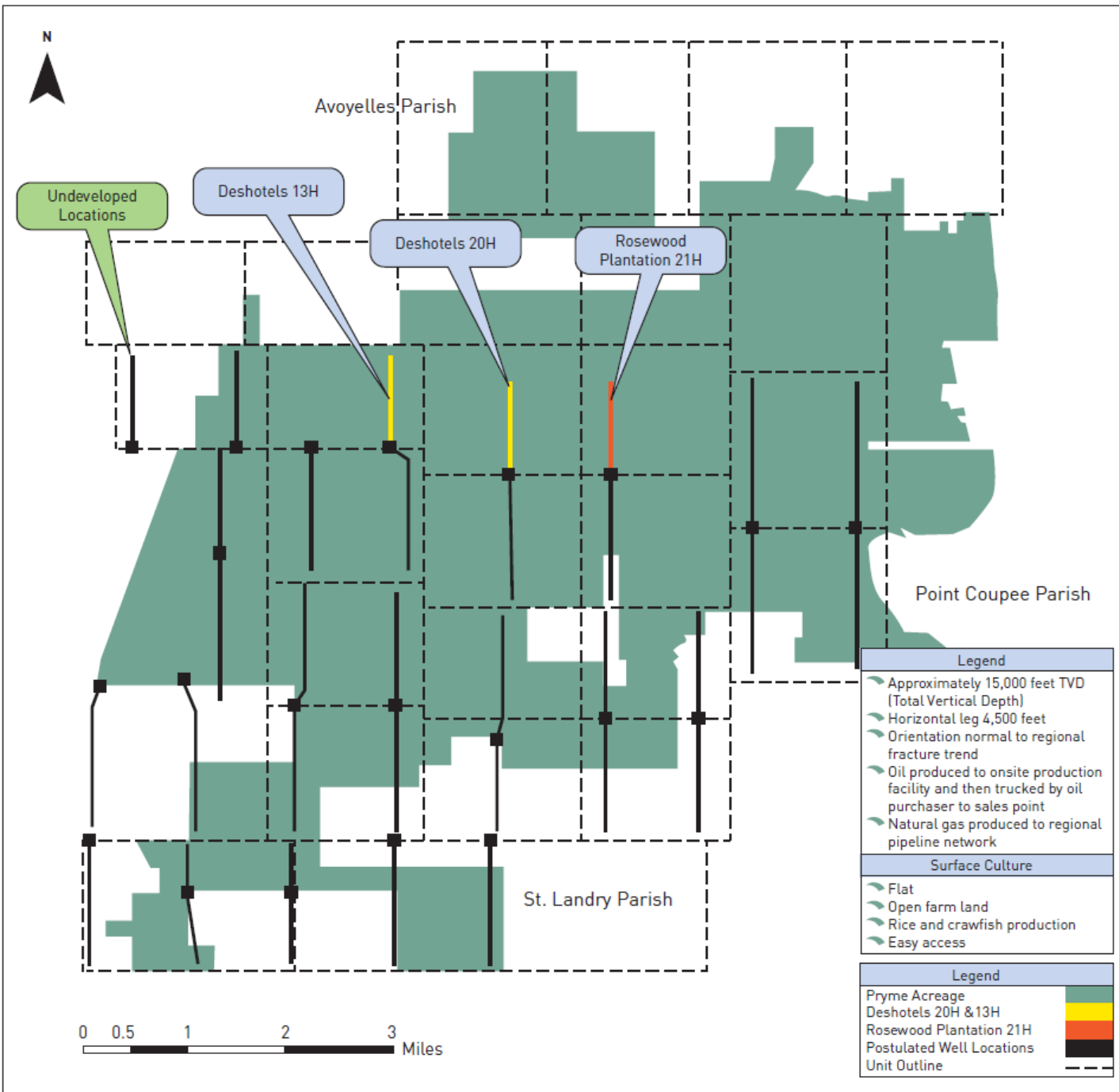


Development of the Austin Chalk in Turner Bayou

- Development model using the following assumptions:
 - 2,000 barrel per day average Initial Production (IP)
 - 750,000 barrels of oil recovered per well (gross)
 - Typical production decline curve based on average analogue well production histories
 - Initial field development modeled on 640 acre spacing



Schematic Turner Bayou Project Development Model (Assuming Continued Success)



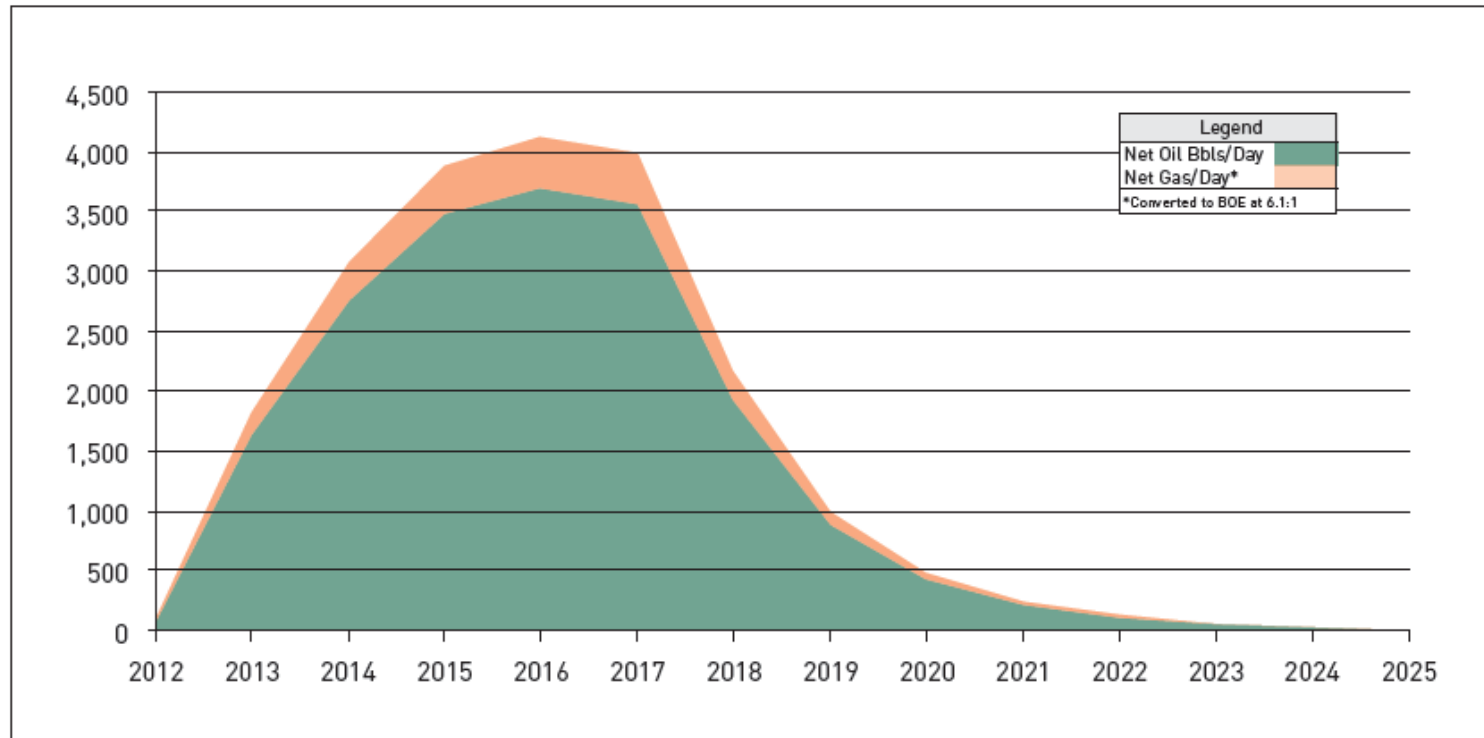


Austin Chalk Field Development and Production Forecast Model

- US\$85 flat oil price (including WTI premium) / 3% per annum escalation in costs
- Well cost \$3.2m net to Pryme (US\$8m gross per well)
- US\$14 million undiscounted cash / US\$12 million NPV10 valuation per well net to Pryme
- Drill Rosewood Plantation 21H in 2012 then 6 wells per year onwards

Austin Chalk Field Development Production Profile

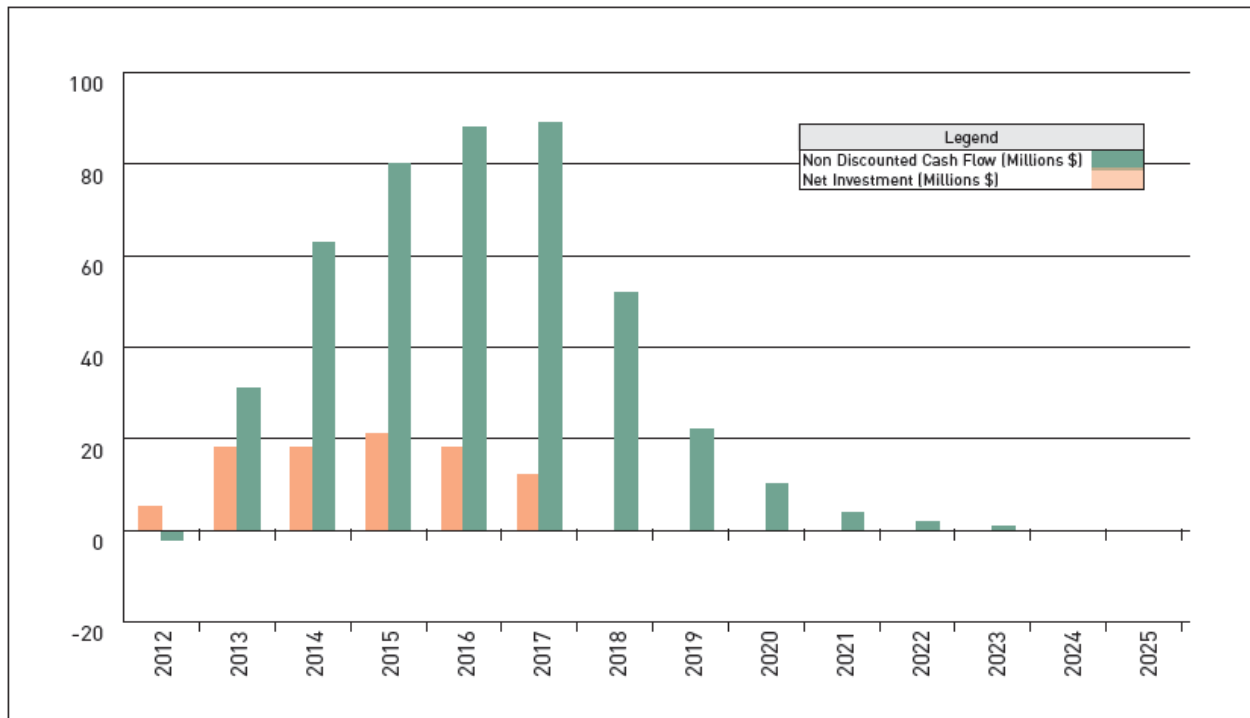
(Figures in model are net to Pryme)



Development Drilling Program Budget and Cashflow Model

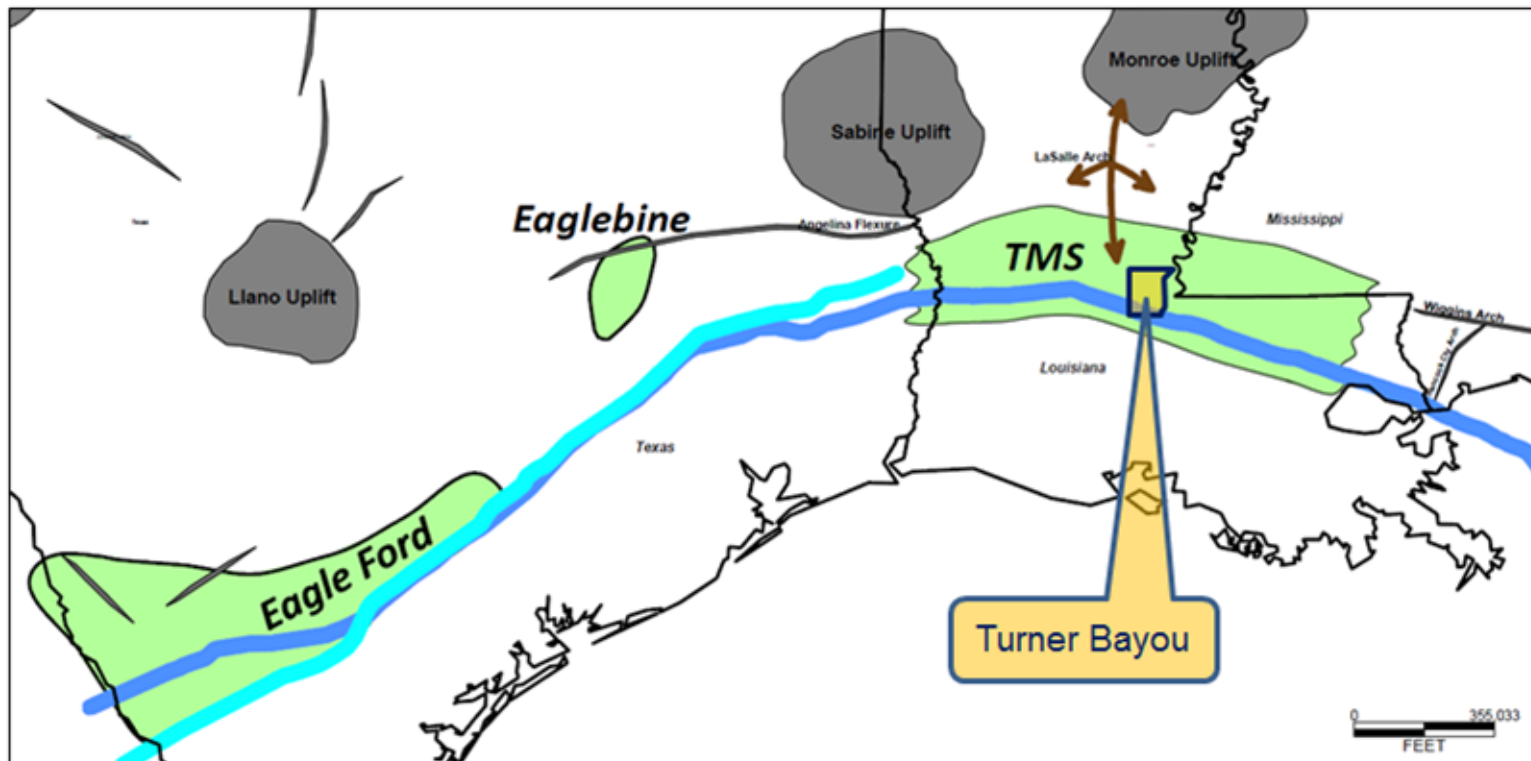
- Rosewood Plantation 21H completion expected mid-December 2012
- Rig to drill back-to-back throughout 2013
- Postulated development plan of 6 wells per annum through to full development
- Development model indicates project will support its own development through cash flow generated from production from well number 3 onwards

Annual Net Investment and Cash Flow Summary (Figures in model are net to Pryme)



Tuscaloosa Marine Shale (TMS)

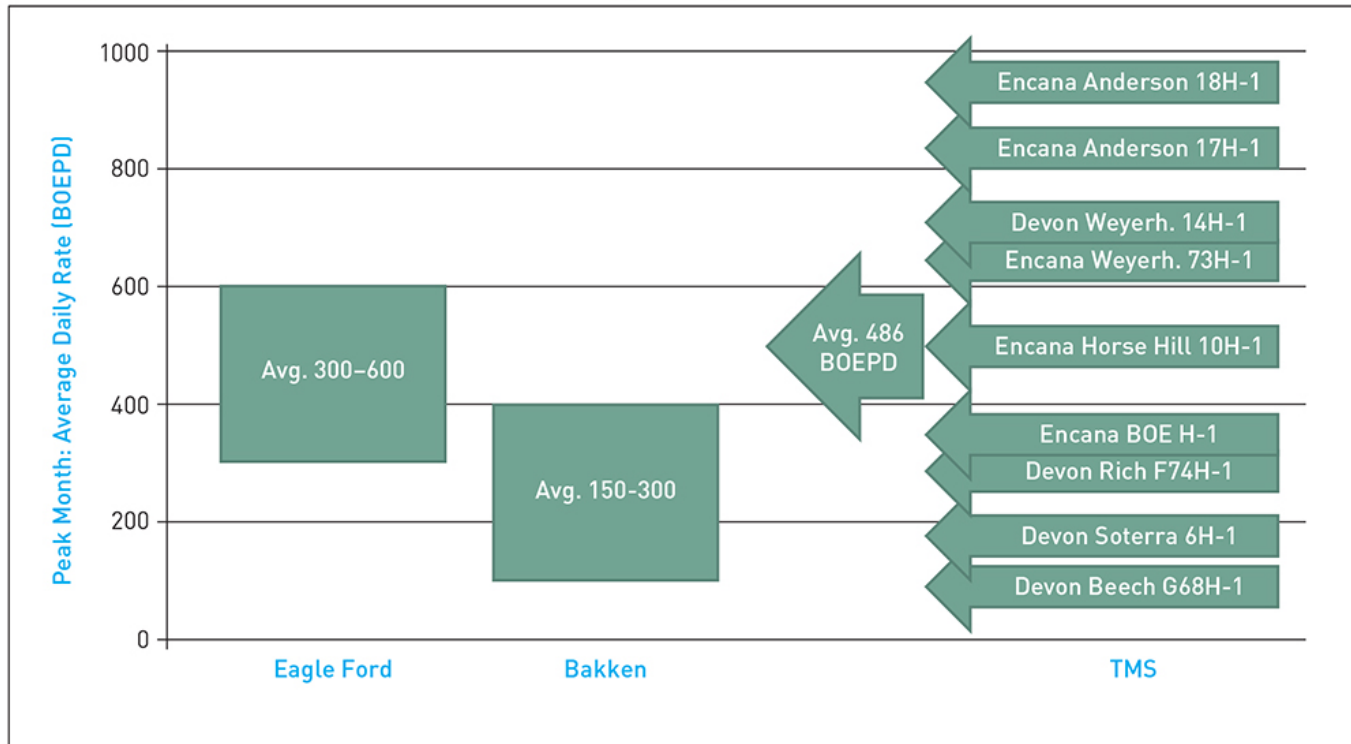
- A vertical completion was made in the TMS on our 3D survey in 1977 by Gulf which tested at initial rate of at over 100 barrels of oil per day and associated gas with no stimulation
- The Eagle Ford is an abnormally pressured source rock and is a target for shale gas and NGLs in South Texas. Deshotels well intersected the Louisiana Eagle Ford equivalent (the TMS) with minor reservoir rock with porosity up to 16% with very encouraging mud log shows. Compares favourably to some of the better locations in the Eagle Ford play in South Texas which exhibit porosities in the 6% to 12% range



Tuscaloosa Marine Shale (TMS)

- Good exploration results have already been achieved in this oil rich shale play. The following diagram shows a comparison of the TMS with other major US oil shale plays. Initial production rates achieved in the TMS have already exceeded those of the Bakken shale and are heading towards those of the prolific Eagle Ford shale in South Texas.

Play Comparison – Peak Month: Average Daily Rate (BOEPD)



Play Comparison; Eagle Ford and Bakken averages sourced from IHS; TMS averages sourced from SONRIS (Louisiana Department of Natural Resources www.sonris.com) and operator presentations.

Resource Play Drilling Potential with Conventional Production Upside

- Producer with exploration and development upside through secured projects
- Proprietary 3D seismic to generate prospects in Turner Bayou
- Currently drilling Company maker project
- Funded through Macquarie debt financing (non-recourse to Pryme)

Strategy

- Bring into production next Austin Chalk well – inline with regional initial production rates in excess of 1,000 barrels of oil per day
- Develop Austin Chalk play; drilling another well within approx. 60 days of completion of current well
- Multiple Austin Chalk locations to drill and develop (up to 30 locations)
- Payback on successfully completed wells typically a matter of months due to strong initial production
- Expected to exponentially increase Pryme's company wide production
- Drill Turner Bayou Wilcox oil prospect





[Home](#) > [Contact Us](#) > [Contact Us](#) >

Contact Us



[Contact Us](#)

[Email Alerts](#)

Office Locations:

Pryme Energy Limited
Level 7, 320 Adelaide Street
Brisbane QLD 4000
Australia

Telephone: +617 3371 1103
Fax: +617 3371 1105

USA Office
3500 Washington Ave.
Suite 200
HOUSTON TX 77007

Telephone: +1 713 401 9806
Fax: +1 713 401 9806

Mailing Address:

Pryme Energy Limited
GPO Box 101
Brisbane QLD 4000
Australia

Email: info@prymeenergy.com

Website: www.prymeenergy.com

Feature: Turner Bayou Project

Proprietary 3D seismic survey targeting the Wilcox, Austin Chalk and Eagle Ford formations; major phase oil, with some natural gas production.

[More](#)



Email Alerts

Sign up to our free email alerts.



[More](#)