



3 May 2010

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## **Producing Oil Wells and Infrastructure Acquired in Catahoula Lake, Louisiana**

Please find enclosed a copy of an announcement from Pryme Lake Exploration LLC (PLX) regarding its project located on Catahoula Lake, Louisiana. PLX is 50% owned by Pryme Oil and Gas Limited (ASX:PYM) and 50% owned by Future Corporation Australia Limited (ASX:FUT).

A copy of this announcement is available at the ASX and can also be viewed on the Company's website [www.prymeoilandgas.com](http://www.prymeoilandgas.com).

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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).*



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## **Producing Oil Wells and Infrastructure Acquired in Catahoula Lake Drilling to Begin in May**

Pryme Lake Exploration, LLC ("PLX"), a company which is 50% owned by Pryme Oil and Gas Limited (ASX:PYM) and 50% owned by Future Corporation Australia Limited (ASX:FUT), is pleased to announce the acquisition of oil production, production facilities and prospective leasehold on Catahoula Lake, Louisiana, from Lamar Oil and Gas Inc. ("Lamar Property"). The Lamar Property, which was acquired for US\$550,000, will be incorporated in the Catahoula Lake project which is also 50% owned by PLX.

The Lamar Property includes a 50% working interest in three producing oil wells; two salt water disposal wells; onshore production facilities; associated infrastructure and various barges and crew boats. In addition, the acquired leasehold contains several non-producing wells, some of which have post-remediation production potential, and a number of prospective locations for exploration. The Lamar Property leases are located in the same geological environment as the Catahoula Lake project.

Current production from the Lamar Property is approximately 35 barrels of oil per day. Remediation of two non-producing wells could increase this rate.

"The value of current production alone justifies the acquisition cost. The production facilities, flow lines and salt water disposal facilities, which have also been acquired, will significantly reduce the cost and time involved in commencing production from the Catahoula Lake leases," Said Ryan Messer, PLX's Managing Member and Pryme's Executive Director/COO.

Exploration of the Lamar Property leases will be carried out using the barge-mounted rig that was acquired with the Catahoula Lake project interest in December, 2009. Drilling is planned to commence in May; the first prospect will target three Wilcox sands in LaSalle Parish, Louisiana. Pryme Energy LLC, the wholly owned subsidiary and operating arm of Pryme Oil and Gas Inc., is the operator for the Lamar Property.

PLX' Net Revenue Interest (NRI) in the Lamar Property is 37.5% (50% Working Interest).

### **Project Description**

Pryme Oil and Gas Limited and Future Corporation Australia Limited each own 50% of Pryme Lake Exploration ("PLX") which in turn owns a 50% Working Interest (36.5% NRI) in 7,676 mineral acres within Catahoula Lake and its surrounds, and a 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on Catahoula Lake. The Catahoula Lake project is located in LaSalle, Rapides, and Grant parishes, Louisiana and is targeting multiple "stacked" oil zones throughout the Middle-Wilcox formation at depths ranging from 4,500 to 5,500 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. Ultimate oil

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recoveries are expected to range from 50,000 through to 200,000 barrels drilled from land locations and in excess of 250,000 barrels for each successful well drilled from lake locations.

Ownership of the only equipment available to drill and service wells on Catahoula Lake provides PLX with a significant competitive advantage over other explorers throughout the entire 30,000 acre area of the lake, almost all of which is prospective.

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*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](http://spe.org).*

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