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Turner Bayou Chalk Project: Farmout Completed, First Deep Test to Commence in July

Pryme Oil and Gas Limited (ASX: PYM) is pleased to announce the farmout of an interest in the Turner Bayou Chalk project to Nelson Energy of Shreveport, Louisiana and two other US oil and gas companies. Drilling of the first well to test the Austin Chalk formation is scheduled to begin in July/August 2010.

The Turner Bayou Chalk project covers approximately 15,000 acres and is contained within Pryme's 52,000 acre Turner Bayou project in Avoyelles Parish, Louisiana. The area is covered by a 3D seismic survey which was carried out by Pryme.

Pryme has a 52% working interest (39% Net Revenue Interest "NRI") in the Turner Bayou project, which comprises both deep and shallow prospects, and will retain a 40% working interest (30% NRI) in the Turner Bayou Chalk project.

Under the terms of the farm out agreement, Pryme will receive a cash payment of US\$500,000 and a free carry on the first two wells drilled within the project area. The carry consists of a 25% back in after payout on the initial well and a 25% carry through to production on the second well proportionate to Pryme's interest being farmed out (4% net carry to Pryme.) There are a number of Austin Chalk well locations within the project area and the parties will bear the costs of the third and subsequent wells in proportion to their working interests.

Based on analogous reservoirs and production from the Austin Chalk within the region of the project, initial production rates from a successful horizontal well are estimated to be between 1,500 and 3,000 barrels of oil per day (BOPD) with potential reservoir capacity in the range of 750,000 to 1,500,000 barrels of oil recoverable per well.

The first Turner Bayou Chalk project well is currently planned to be drilled to a depth of approximately 15,300 feet vertically from which a horizontal leg of approximately 4,500 feet will be drilled. Previously drilled vertical wells completed in the Austin Chalk, within and adjacent to the area of Pryme's 3D seismic survey, have produced significant quantities of oil. Drilling of this well is planned to commence in late July or early August 2010.

Turner Bayou Chalk Project Well Characteristics

<u>Description</u>	<u>100% Working Interest</u>	<u>Net to Pryme (40% WI/30% NRI)</u>
Target size (recoverable)	750,000 – 1,500,000 Bbls	225,000 – 450,000 Bbls
Dry hole cost	US\$3 – \$4m	US\$1.2m - \$1.6m
Total measured depth*	20,000 feet	
Horizontal section	4,500 feet	
Offset existing commercial wells	Yes	
3D seismic confirming location	Yes	

*Total measured depth includes the vertical and horizontal portions of the well bore.



“Successful exploration and development of the deeper Turner Bayou prospects identified through modern seismic technology has the potential to create significant value for shareholders,” said Justin Pettett, Pryme’s Managing Director. “With success we would expect to multiply Pryme’s companywide oil production several times and substantially increase the Company’s 1P and 2P oil reserves.”

Project Description

Turner Bayou is one of Pryme’s high value projects. Pryme has a 52% interest (39% NRI) in the project comprising approximately 80 square miles (50,000 acres) which have been imaged by Pryme’s proprietary 3D seismic survey. Primary targets are contained within six prospective formations ranging in depth from the Frio formation at 3,000 feet, to the Tuscaloosa formation at 18,000 feet.

Shallow Frio/Miocene wells have been successfully drilled from anomalies identified from the 3D seismic survey and have been shut-in as potential producers. A number of Austin Chalk prospects on trend with vertical completions within the area of the survey have also been identified. Additional prospects located within other zones throughout the area survey have been mapped and will be tested in the future. Successful exploration and development of the Turner Bayou Chalk project prospects has the potential to create significant value for shareholders.

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 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).