



5 January 2010

Atocha Project - HM Brian No.1 Update

Perforation and testing of the second Tuscaloosa sand interval in the HM Brian No.1 re-entry well has been completed. On perforation the well did not produce hydrocarbons at commercial rates. Accordingly, the partners have agreed to abandon work on the well, restore the site to its original condition and focus on evaluating a second well location within the Atocha project area.

“Even with the perforation of this second zone the total re-entry costs to date have remained under budget,” said Ryan Messer, Pryme’s Chief Operating Officer. “We have commenced collating the data from the re-entry to assist in the generation of a possible second test location.”

Further updates on the Atocha project are expected within the first half of 2010.

Atocha Project Description

The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend. The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Trillion Cubic Feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years.

Atocha is located five miles north of BP’s Port Hudson Field which is the best producing field in the trend and contains the HM Brian No.1 well which was drilled by Shell Oil in 1980 and cased to a depth of approximately 17,700 feet. Pryme is the operator of the project and has a 25% working interest and a 3% overriding royalty on production.

Working Interest Partners

Pryme Oil and Gas Limited (ASX: PYM)	25% (Operator)
Future Corporation Australia Limited (ASX: FUT)	50%
Promesa Limited (ASX: PRA)	25%

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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 management team has over 75 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).



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.