

27 JANUARY 2010

## ASX Release

### **Production Operations Commence at Second Clear Creek Well**

#### **Further Well Update**

- Work program underway at Ridge Runner (“RR”) 13-17 for initial production to commence at second Clear Creek well
- Targeted production in a range of 1 – 4 million cubic feet per day from this well
- Oman 2-20 well operations at Clear Creek continue to perform in line with expectations with gas sales continuing to be made directly into the distribution network (NOTE: this well was incorrectly referred to as RR 2-20 well in ASX Release dated 12 January 2010)
- Current multi well rehabilitation program ongoing and focussed on bringing two further wells (RR 11-17 and RR 2-19) into production by April 2010 targeting combined total production of 8 million plus cubic feet per day from the above four wells when optimum productivity is achieved.

Marion Energy Limited (ASX:MAE) is pleased to announce gas production operations have now commenced at a second Clear Creek well, the 100% owned RR 13-17 well located at Clear Creek, Utah, USA.

#### **Ridge Runner 13-17**

Marion’s operation team have commenced production operations at the RR 13-17 well. RR 13-17 is located approx. 8 km from Marion’s producing Oman 2-20 well and benefits from excellent access to infrastructure and also being tied into existing pipeline and gas distribution networks.

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The well is the second to commence production operations under the well rehabilitation program designed and being implemented by recently appointed Chief Operating Officer Jay Stratton,

The RR 13-17 well was drilled prior to Marion acquiring the Clear Creek project. The well was completed and underwent limited production testing in 2007 but was then shut in to allow the construction of the Clear Creek gathering and distribution system.

Following extensive recent diagnostic analysis undertaken by operations management, a program of work has commenced with first gas sales targeted for mid February 2010.

Management is firmly of the view that this well has the potential to produce in the range of 1 to 4 million cubic feet per day, given the well flowed at approximately 2 million cubic feet per day previously during a limited test period.

**Oman 2-20 Update (note that this well was incorrectly referred to as RR 2-20 in ASX Release of 12 January 2010)**

The Oman 2-20 successfully commenced production operations in December 2009.

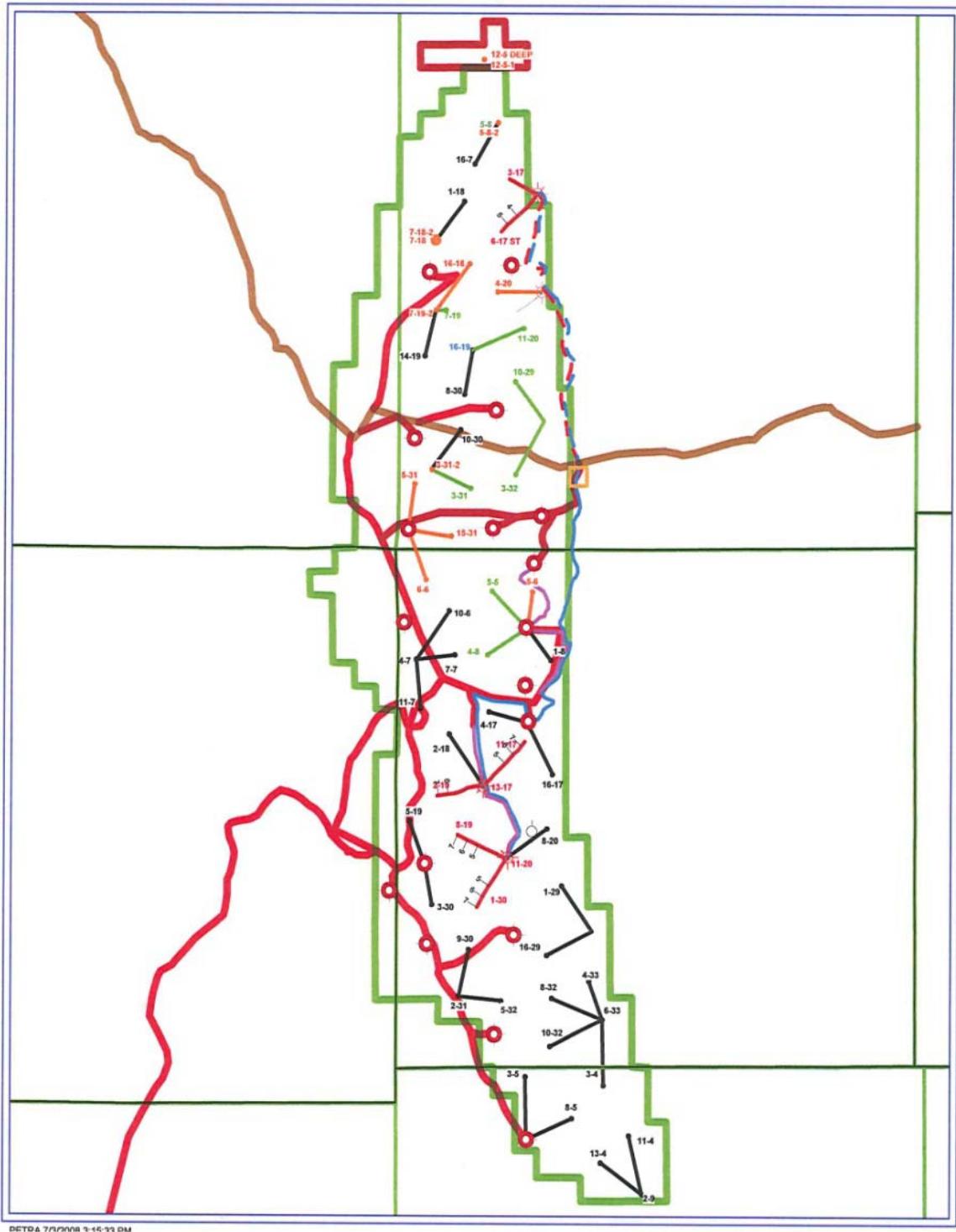
The well has now been in operation for over six weeks and since that time has flowed uninterrupted with consistent good quality, clean gas. Operations management are closely monitoring and managing flow rates, and as the back pressure is gradually pumped down and fully released, these rates will increase above the initially reported level of 280 mcf per day (ASX Release 12 January 2010). Gas is currently being sold into the distribution network at prices close to the prevailing Henry Hub benchmark price.

**Multi Well Rehabilitation Program**

Operations management are currently implementing a multi well rehabilitation program that is focussed on bringing a further two wells into production by April 2010, currently planned to be the RR 11-17 and RR 2-19. Both the RR 11-17 and RR 2-19 wells were previously production tested by Marion achieving flow rates of over 5 million and 2 million cubic feet per day respectively.

Management believe that with the successful implementation of the multi well rehabilitation program all four of these Clear Creek wells will be back onto production by late April 2010 with the wells expected to increase production rates to targeted maximum productivity within a further two months. Management is targeting a production level from each of these four wells to be in a range of 1 to 4 million cubic feet of gas per day with a combined production target for the four wells of 8 million plus cubic feet of gas per day. It is management's aim to further extend this program to bring onto production the other 14 Clear Creek and Helper wells over 2010 and 2011.

A map showing the locations of all the Clear creek wells is included below.



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