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ASX Release

Initial Gas Production Commenced at Clear Creek well

- Initial production commenced at Ridge Runner 2-20 well at Clear Creek
- Consistent, uninterrupted gas supply being sold into distribution network
- Increased production rates anticipated in the short term following further work
- First well to be brought back into production under current multi-well rehabilitation program
- Three further wells at various stages of operation (referred to below)

Marion Energy Limited (ASX:MAE) is pleased to advise that initial gas production and associated revenue has commenced from its 100% owned Ridge Runner ("RR") 2-20 well located at Clear Creek, Utah, USA with natural gas now being sold into the distribution system.

The well was placed on production in mid-December and since that time has flowed uninterrupted with consistent good quality, clean gas. The well is currently flowing at an initial rate of approximately 280 mcf/day with a significant amount of back pressure yet to be pumped down and fully released.

This indicates that higher production rates will ultimately be achieved over the coming weeks as the release of the back pressure is completed.

The commencement of initial production supply into the nearby distribution system is occurring at a time of rising gas prices with the current Nymex price at US\$5.45 per mcf.

The well is the first to be fully brought back onto production in the well rehabilitation program currently being undertaken by operational management under the direction of recently appointed Chief Operating Officer, Jay Stratton.

Additional operations currently underway

In addition to the operations currently being undertaken on the RR 2-20 well, additional work is also well underway or is in the planning stage at a number of other Clear Creek wells which are considered by management to have good potential to be brought on production in the short term and may not need as much work in terms of analysis and clean-up operations.

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Work at the RR13-17, RR 11-17 and RR 2-19 wells is currently at various stages of operation. The target outcome is to bring all three of these Clear Creek wells back onto production in a timely manner in early 2010, as part of the objective of bringing in the balance of the other Clear Creek and Helper wells. Management remains of the view that the Clear Creek wells have the potential to produce in the previously indicated range of 1 to 4 million cubic feet of gas per day.

The Marion Board looks forward to providing regular production updates on the RR 2-20 and the other wells as they become available and as Marion moves to capitalise on its numerous production opportunities and high US gas prices.

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