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ASX Release

Oman 2-20 well remediation program successfully proceeding

Highlights

- Average consistent gas production of 270 thousand cubic feet/day achieved since mid January 2010
 - First stage of well remediation almost complete
 - Oman 2-20 on track to meet 1-4 million cubic feet/day gas production target
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Marion Energy (ASX) is pleased to report to provide an update on the successful remediation work underway at its Oman 2-20 well in Utah.

The staged work is part of the Company's work program designed by Chief Operating Officer Jay Stratton, designed to bring a number of key wells back into production over the coming nine months.

Work on the well commenced in December 2009 with the removal of an isolation plug from the Ferron Sandstone Reservoir to allow more efficient lift and the installation of an electric submersible pump to remove water from the well.

Improved production from the well has been uninterrupted and steadily increasing. Since mid-January, consistent sales-quality natural gas has continued to flow at an average of 270,000 cubic feet/day.

Downhole pressure in Oman 2-20 has decreased from 715 psia in December to 100 psia currently and the fluid level has dropped from 1600 feet over the pump to under 100 feet over the pump. This indicates that pumping operations are successfully drawing down pressure while removing water and clearing the well casing which will result in higher gas production.

The well behaviour to date is in line with that expected for the program, which provides Marion Energy with great confidence as it prepares to embark on a similar remediation program on the Company's other wells.

With the initial stage of the Oman 2-20 program nearing completion, the Company is now preparing to implement three further staged improvements to increase flow rates from the well to increase production to the historical levels of between 1 and 4 million cubic feet/day from a fully open and dewatered Ferron interval.

Marion Energy expects the Oman 2-20 remediation program to be completed in Quarter 2, 2010.

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The experience gained during the Oman 2-20 program will be applied to 7 other Marion Energy wells over the coming nine months.

Marion Energy Chief Operating Officer Jay Stratton said the increased gas flow from the Oman 2-20 well had been sold at market prices into the gas distribution network.

“The remediation program we have in place is progressing to plan and we are pleased the results so far have unlocked consistent gas flow,” Mr Stratton said.

“We look forward to updating investors with progress on our field development plans as the program rolls out over the coming months.”

Further updates will be provided to the market as operations progress.

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