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ASX Release

Regulatory Approval Received to Commence Conversion of Two Existing Wells into Water Disposal Wells at Clear Creek

- Regulatory approval received from the Division of Oil, Gas and Mining of the State of Utah DEPARTMENT OF NATURAL RESOURCES to commence conversion of two Clear Creek wells into water disposal wells
- Conversion of first well (ASD 3-17) into water disposal well to commence shortly and this will facilitate acceleration of the current well workover and remediation program
- The ability to dispose of water into the Company's own disposal wells will ultimately result in significant cost savings and operational efficiencies
- The converted disposal wells will have the capacity to process much of the anticipated water production associated with producing Clear Creek gas wells

Marion Energy (ASX: MAE) is pleased to announce that it has received regulatory approval from the Division of Oil and Gas and Minerals to commence the conversion of the ASD 3-17, and if required, the ASD 6-17 wells at Clear Creek into salt water disposal wells.

Operations to complete the conversion of the ASD 3-17 well into a water disposal well will shortly commence. Given that the Clear Creek field is expected to be a significant water producer in its early productive operations, the ability to dispose of the water into the Company's own disposal wells, together with the existing infrastructure of water pipelines in the area and the close proximity of the disposal wells to the Company's gas wells, is expected to result in a material positive impact on the economics of production as it will provide significant cost savings. There will be no external transport or disposal fees incurred. Water disposal costs are now expected to be minimal.

The ability to dispose of water using Marion's existing produced water pipelines will also enable the current well workover and remediation program to progress in a quicker and more efficient manner.

Testing so far has not established an upper limit to either well's capacity to take water, which is highly significant as it gives cause to believe that either well will be capable of disposing of much of the anticipated water produced in association with gas from the Clear Creek Wells. It is anticipated that as gas production ramps up, this water production will gradually decline.

It is planned that these disposal wells will also eventually be put onto gas production once all the other wells in the field have been put onto gas production.

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