

# ASX RELEASE

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## **WELL TEST RESULT: SIGNIFICANT TEST OF THE CORDINGLY CANYON 15-1 WELL IN THE HELPER PROJECT, UTAH WITH WELL FLOWING 2.0 MILLION CUBIC FEET OF GAS PER DAY**

The Board of Marion Energy Limited ( ASX: MAE, MAEO) as operator is pleased to announce the successful completion and testing of the Cordingly Canyon 15-1 well which has been flow tested in excess of 2.0 million cubic feet ("mmcf") per day. This well will go on production immediately and is the fourth well to be completed in the Helper Project in central Utah.

The Company is also currently in the process of testing the Cordingly Canyon 15-2. Results are expected shortly. Concurrent with the ongoing testing program, numerous wells in the Helper Project are now being progressively tied into production over the coming weeks.

Commenting on the successful completion and testing of the Cordingly Canyon 15-1, Jeff Clarke, MAE Chief Executive Officer said: "With the successful testing of a fourth well, it is becoming evident that the Helper Project has significant reserve and value potential and should be the source of a substantial drilling program over several years."

Since the Company announced an accelerated drilling program in April 2006, three new wells have been drilled, the Cordingly Canyon 11-1, the Cordingly Canyon 15-5 and the Cordingly Canyon 10-1. These wells all exhibited gas shows comparable to the wells already completed in the field. Completion operations have already begun on the Cordingly Canyon 11-1 and testing operations have commenced on the Cordingly Canyon 15-2.

The vertical Cordingly Canyon 15-5 and the directional Cordingly Canyon 10-1 – both drilled off the same pad as the Cordingly Canyon 15-2 – will be

completed in the Mancos Shale horizon, a secondary objective in the previously drilled Ferron test wells. This operation will commence shortly.

The Mancos Shale horizon exhibited excellent gas shows in all the wells drilled to date. The Mancos Shale play is likely to significantly add to the natural gas resource in the Helper Project.

The new 15 well drilling program is to be completed in two stages, with the first phase consisting of eight wells; the first three wells have already been drilled. Since the planned 15 well program will ultimately involve drilling three wells from each existing drill pad, it has been and will continue to be necessary to intermittently shut-in existing production from individual current and future wells until all wells planned from each pad have been drilled. As a result of this drilling program, the production and associated revenue stream from current and future wells will be curtailed from time to time during this period.

The better-than-expected results achieved to date in the Helper Project are considered in part to be the result of a modified completion program incorporating a higher density of perforations than previously used in the project area and a multi-stage fracture stimulation program, together with enhanced permeability in the Ferron formation due to secondary fracturing of the reservoir.

Further announcements will be made by the Company as the testing and production operations continue.

Participating working interests in the Helper Project are:

|                                        |         |
|----------------------------------------|---------|
| Marion Energy Limited (ASX: MAE, MAEO) | 48.75%  |
| Odyssey Energy Limited (ASX: ODY)      | 30.00%  |
| Pegasi Energy                          | 10.625% |
| Private interests                      | 10.625% |

*Marion Energy Limited is aggressively pursuing a low risk strategy to increase reserves and production of conventional and non-conventional natural gas in the onshore USA. The company plans to develop low cost reserves by exploiting mature reserves and finding new reserves in existing producing areas. Favorable industry fundamentals, including record high natural gas prices, advances in drilling, completion and fracture stimulation techniques, coupled with ready access to infrastructure have allowed the company to pursue several attractive investment opportunities. The company currently has in its portfolio an inventory of over three years of drilling opportunities, which if successful could create a substantial reserve base.*

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