



Epsilon Energy Ltd. is awarded Block 55 in the Sultanate of Oman

CONCORD, Ontario – January 26, 2009 – Epsilon Energy Ltd. (TSX: EPS) (“Epsilon” or the “Company”), with its wholly owned subsidiary Epsilon Energy International Ltd., is pleased to announce it has been awarded Block 55, an oil and gas concession covering approximately 7,564 square kilometers located onshore in the southern central section of the Sultanate of Oman. The award was made via a competitive bidding process. His Excellency, Dr Mohammed bin Hamed al Rumhy, Minister of Oil and Gas, personally welcomed Epsilon Energy Ltd. to Oman and pledged his full support and support of his Ministry to Epsilon. Local TV and print media prominently reported the event.

In management’s opinion, Block 55 is highly prospective for commercial oil and gas exploitation. Exploration plans during the initial three year exploration program include acquiring 800 kilometers of seismic data, reprocessing 4,000 kilometers of existing seismic data, which will be followed up by a drilling program covering a minimum of four initial exploratory wells designed to exploit Block 55’s upside oil and gas potential.

Within Block 55 four exploratory wells have been previously drilled, including the Ameerq-1, which is a discovery well that may contain reserves in the range of one to ten million barrels of oil. The three other exploratory wells previously drilled on Block 55 were determined to be exploratory dry holes, with oil shows encountered in two of them. Adjacent to and within 20 kilometers of Block 55, there are approximately 27 discoveries and producing fields, of which 12 are currently producing oil and gas, with one hundred fifty eight (158) producing wells. In addition, OilEx, who operates an adjacent block, has reported a significant oil discovery near the southern border of Block 55. Other oil and gas operators in the Sultanate of Oman include PDO, EnCana, Hunt Oil, Reliance Industries, MOL, Sinopec and Occidental.

Fred Zaziski, Epsilon's President and CEO, stated: "We are delighted to be working in partnership with the Sultanate of Oman to assist in the development of its oil and natural gas sector. We intend to execute our work program on a timely basis with the goal of bringing significant additional commercial oil and gas production online within the country. Our entry into Oman represents a significant development in Epsilon’s aspirations within the region. To this end, we are establishing an office in Oman to support our participation in the continued development of the Omani oil and gas industry and to assess further opportunities in the region."

About Epsilon Energy

Epsilon is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in the Middle East, Africa and North America:

- Republic of Yemen: Epsilon has a 57.14% paying interest and a 50% undivided interest in the Block 41 Production Sharing Agreement, which covers approximately 5,600 sq. km onshore.
- Sultanate of Oman: Epsilon has been awarded Block 55, an onshore oil and gas concession covering approximately 6,654 sq. km.

- Democratic Federal Republic of Ethiopia: Epsilon has signed a study agreement covering 154,871.53 sq. km with the option to acquire oil & gas concessions for the entire area or portions thereof.
- North America: Epsilon has producing properties in West Virginia, New York and Ohio and is focused on additional exploration and development projects targeting the Marcellus Shale in the Appalachian Basin, the Utica Shale in Quebec and the Bakken in Saskatchewan.

Additional information about Epsilon is available at www.epsilonenergy.com.

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Forward-Looking Statements

Certain statements contained in this new release constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this news release should not be unduly relied upon.

Special note for news distribution in the United States

The securities described in this news release have not been registered under the United States Securities Act of 1933, as amended, (the "1933 Act") or state securities laws. Any holder of these securities, by purchasing such securities, agrees for the benefit of Epsilon Energy Ltd. (the "Corporation") that such securities may not be offered, sold, or otherwise transferred only (A) to the Corporation or its affiliates; (B) outside the United States in accordance with applicable state laws and either (1) Rule 144(as) under the 1933 Act or (2) Rule 144 under the 1933 Act, if applicable.