



Epsilon Energy commences construction of the Highway 706 pipeline

CONCORD, Ontario – February 25, 2009 – Epsilon Energy Ltd. (TSX: EPS) (“Epsilon” or the “Company”) today announced it has commenced constructing pipeline and related production infrastructure within its Highway 706 project in Pennsylvania, where it holds a 100% working interest and is targeting the Marcellus shale.

The Department of Environmental Protection has issued the Company an ESCGP-1 permit (“General Permit”), which allows the Company to immediately commence infrastructure construction, including the build-out of the compression facility and gathering system in order to bring natural gas production to a sales point on the Tennessee Gas pipeline. To date, the Company has acquired over 25 miles of pipeline right-of-way; a critical element in developing a substantial drilling program designed to fully exploit the potential for natural gas production within the Highway 706 project. The Company expects to commence natural gas production from Highway 706 prior to the end of June 2009.

Fred Zaziski, President of Epsilon, stated “We are continuing to aggressively develop our Highway 706 project in the Marcellus shale, where we are currently drilling our eighth well (Hardic 2H, a horizontal well) and are scheduled to frac our fourth well (Poulson 2H, a horizontal well) at the end of this month”. In the Marcellus shale, the Company has assembled a strong acreage position where it is the operator, including approximately 47,000 gross (31,000 net) leasehold acres in Pennsylvania and New York, including approximately 12,000 gross/net leasehold acres on its Highway 706 project in Pennsylvania.

About Epsilon Energy

Epsilon is engaged in the exploration and production of oil and natural gas reserves in North America, the Middle East and Africa. Established in 2005, the Company has been a producer of oil and natural gas since 2006. Epsilon's ongoing business strategy involves developing a well-balanced inventory of oil and natural gas projects, including high potential oil & gas properties in the Middle East and Africa coupled with lower risk oil and natural gas properties within Canada and the United States.

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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.