



Epsilon Energy Ltd. spuds first well on Block 41 in the Republic of Yemen

CONCORD, Ontario – May 20, 2008 – Epsilon Energy Ltd. (“Epsilon” or the “Company”) (TSX: EPS) is pleased to announce that as of 1600 Hours, May 17th drilling operations have commenced on the Al Waya 2 well on Block 41 in the Republic of Yemen, where the Company has a 57.14% paying interest and a 50% undivided interest in the Block 41 Production Sharing Agreement.

Epsilon’s President, Mr. Fred Zaziski, stated “Commencing with the Al Waya 2, Epsilon Energy Yemen Ltd (EEYL) a wholly owned corporation in the Epsilon group of companies is now ready to commence the drilling program to exploit the upside potential Block 41 is believed to hold”. The Al Waya 2, is a step-out well to the Al Waya 1 discovery well, which produced 454 bbls/d from the Naifa formation on an long term test. Three known oil zones; the Naifa, Madbi and the Fractured Basement will be targeted.

In addition to the Al Waya 2 well, three additional well locations on Block 41 have been selected:

- Duda #1 (down-throne from Al Waya 2)
- West Mahrawa 2 (up-dip to Mahrawa 1)
- Mukalla 1 (on trend with Al Waya)

Epsilon is in the process of negotiations to secure an additional drilling rig to drill these wells as soon as practicable.

About Epsilon Energy Ltd.

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

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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.

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