



EPSILON ENERGY LTD TO SIGNIFICANTLY INCREASE PRODUCTION AND RESERVES FROM MARCELLUS SHALE OPERATIONS

CONCORD, Ontario – November 26, 2008 – Epsilon Energy Ltd (TSX: EPS) (“Epsilon” or the “Company”), today provided an operations update on its Hwy 706 project in the Marcellus shale area in Pennsylvania, USA. Epsilon has recently completed a large slickwater fracture on its initial horizontal well and testing results are proving very favorable. A 3-stage frac on a short, 1500’ lateral resulted on flowback with an IP (initial production) rate of 3.2 MMcf per day. The company’s initial vertical well, originally tested last January was also re-tested and recorded an IP rate of 1.1 MMcf per day. These results are most significant as they indicate the commercial viability of the Hwy 706 project, where Epsilon controls 11,500 acres of which only 5% to date has been explored by the Company.

Once the first phase of the pipeline infrastructure is completed, and the wells are tied in, projected to be before June 30th 2009, it is expected that production from the Hwy 706 wells will be limited by existing compressor capacity to 7.1MMcf per day. Epsilon is also currently procuring bids for additional compression.

With the high initial production rates reported in the area, and confirmed with our recent production testing, Epsilon expects a substantial increase in daily production from this project.

Epsilon has completed drilling its sixth well in the Hwy 706 project, and will be continuing with its drilling program. By having a mixture of vertical and horizontal wells in the project, the Company will have a basis to determine the most effective way of producing in this area in order to generate the highest production rates.

Furthermore, given the impact of these results, work has already commenced to update Epsilon’s reserves.

“We are very pleased with the testing results for the first two wells on our Highway 706 project, which afford Epsilon the opportunity to significantly increase its production and cash flow in the coming months. In addition we expect to book a significant amount of proved and probable reserves associated with our Marcellus shale development”, stated Fred Zaziski, Epsilon’s President and CEO.

About Epsilon Energy Ltd.

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

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 United States, Bakken Oil Shale in the Saskatchewan province of Canada and the Utica Shale in the Quebec province of Canada.

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.

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.

Additional information is available on the Epsilon Energy Ltd. Web site:
<http://www.epsilonenergyltd.com/>

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