



Wednesday 12 November 2008

**MERIDIAN PETROLEUM plc**  
("Meridian" or "the Company")

**Operations Update**

Meridian Petroleum (AIM: MRP), the oil and gas exploration and production Company with producing assets in the USA and exploration licences in Australia, announces an update on the Company's current activities.

**Orion 36 Well, Michigan, USA**

Orion 36 continued to perform well in October. Average gross daily gas production (excluding downtime) was 4.8mmcf and the well produced 144mmcf of gas. Production of natural gas liquids (NGL's) was higher than expected during the month at 1,718 bbls.

Net production to Meridian in October (based on a Net Revenue Interest of 54.589%) was 78.8mmcf of gas and 938 bbls of NGL's. This equates to 14,071 boe at a daily production rate of 454 boepd.

At the end of September typical flowing well-head pressure was in the range of 400-425 psi.

US gas prices averaged US\$7.40 per mcf for gas produced.

The Company's hedging contracts produced a profit of US\$161,500 in October.

**East Lake Verret Field (ELV), Louisiana, USA**

The ELV Field delivered a strong performance in October with no downtime. Gross gas production was 171mmcf, up 15% on September, and gross oil production was 7,202 bbls, up 19% on September.

Meridian's net share of production in October was 34.5mmcf of gas and 1,609 bbls of oil, equivalent to 7,359 boe at an average daily rate of 237 boepd.

## **Hedging & Finance**

During the recent period of volatility in currency markets, the Company took the opportunity to lock-in a favourable exchange rate for the Australian dollar against the US dollar. As a result the cost of the PEL 82 3D seismic survey in Southern Australia is now expected to be US\$1.8 million compared to our previous estimate of US\$2.5 million. The survey remains on schedule to commence at the end of January 2009.

Against the backdrop of the global capital market crisis, Meridian continues to strengthen its financial position. Despite lower energy prices, cash generation remains strong with continued good production levels and the benefit of valuable hedging contracts. These contracts which extend into 2010 for natural gas and 2011 for oil, have generated over US\$375,000 of cash gains in the last 4 months, and currently have a future mark-to-market value of US\$1.4 million.

The Company had set aside US\$2.5 million for the PEL 82 3D seismic survey, which is now expected to cost just US\$1.8 million, has further cash available for developments, and has already begun to make significant repayments against the first tranche of borrowing from Macquarie Bank Ltd which was drawn down to acquire the ELV assets.

## **Development**

The Company continues to plan for the drilling of the second Orion prospect in Michigan and a 2-3 well programme at ELV. On Orion 2 the commercial, leasing and permitting arrangements are close to being finalised and, with equipment availability improving, late 2008 or early 2009 remains the target for drilling to commence. At ELV, good progress is being made with the complex unitisation issues and the drilling programme is expected to commence early in the second quarter of 2009.

### **Stephen Gutteridge, Chairman of Meridian, said:**

*"In a period of difficult financial markets and weaker energy prices Meridian continues to perform strongly with plans in place to grow the Company through the development of our US and Australian assets and through further acquisitions."*

*"The Board believes that the Company is substantially undervalued at present, but we are confident that the prospects for Meridian and its shareholders are excellent."*

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Ed Childers, the Company's Chief Operating Officer, who meets the criteria of a qualified person under the AIM guidance note for mining and oil and gas companies, has reviewed and approved the technical information contained in this announcement.

**Glossary of Terms**

bbls	Barrels (of oil)
cf	Cubic feet (of natural gas)
mmcf	Million cubic feet (of natural gas)
boe	Barrels of oil equivalent (natural gas converted at 1 boe = 6000 cf)
NGL's	Natural Gas Liquids
NRI	Net Revenue Interest

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