

17 September 2009

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

**Development and Operations Update**

***Prospective Resources in Australia increased by 300 million barrels***

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 increase in prospective resources in Australia and an update on operations in the USA.

**Development – PEL 82 Licence, South Australia**

Primary Industries and Resources, South Australia ("PIRSA") has formally offered to renew the PEL 82 licence to Meridian for a further 5 year period. The work programme agreed with PIRSA provides for further geological and seismic interpretation and evaluation, and the drilling of 2 wells. Meridian's proposed area for the compulsory 50% relinquishment was also accepted by PIRSA. The PEL 82 licence area will now be 137 square kilometres and retains all of the identified major structures

In addition to the 10 Waarre/Flaxman traps identified by the 3D seismic interpretation, initial evaluation of a structural high trend located north of the 3D area has been completed. Although existing seismic coverage of this northern part of PEL 82 is very sparse, two potential structural closures have now been mapped. Volumetric calculations based on the limited seismic data indicate that these structures have the potential to be significantly larger than those within the 3D area. Preliminary calculations indicate a P50 potential hydrocarbon resource\* of 300 million bbls of oil in place or 450 bcf of gas in place, or some combination of both. This brings the total P50 resource estimate for the renewed PEL 82 licence area to 430 million bbls of oil or 630 bcf of gas.

**Operations – East Lake Verret Field, Louisiana, USA**

The current period of low US natural gas prices provides an opportunity to carry out a programme of planned work at East Lake Verret aimed at sustaining production volumes at the current level into 2010. This work will require wells to be shut-in for a period, but with existing hedging contracts providing significant monthly cash gains, the short-term reduction in revenue at current gas prices is not that material. At the same time, barge and other costs and equipment availability are very favourable at present.

The work programme is underway as follows:-

- A work-over has commenced on the Kafoury 2 well which has been producing water alongside gas and oil for a few weeks. The well will be cleaned up, existing perforations will be plugged and isolated, and new perforations completed higher in the D-1 sands. This well is expected to be brought back on-stream in October.
- The barge will then move to work-over the McKerrall 1 well, closing off the lower perforations and opening up the choke on the well. This well is also expected back on-stream in October, potentially at higher flow rates.
- The McKerrall 2 well, which is nearing the end of its productive life, has been producing intermittently over the past two months and loading up with water. The well is currently shut-in whilst operations to release the water and restore some production, possibly by the use of compression, are undertaken.
- The remaining three wells continue to produce as normal.

### **Production – East Lake Verret Field, Louisiana, USA**

Net natural gas production from ELV was 26.3 mmcf in July and 19.4 mmcf in August, which was affected by the shut-ins at the end of the month. Net oil production was 1,240 bbls and 1,124 bbls in July and August respectively. The combined average daily rate of production was 187 barrels of oil equivalent per day (“boepd”) in July and 140 boepd in August.

September production will be affected by the shut-ins and work-over programme.

The average prices received for ELV production in July were US\$4.21/mcf and US\$60.38/bbl for gas and oil respectively. In August these prices were respectively US\$3.56/mcf and US\$67.02/bbl.

### **Hedging**

The current pattern of US natural gas prices, with high storage levels contributing to very weak prompt prices, benefits the Company’s hedging contracts as these are settled on the monthly closing price, which for the August contract was below US\$3/mcf.

As a result the Company's hedging contracts are currently performing exceptionally well, delivering cash gains of US\$349,000 in July/August.

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

“Our investment in the PEL 82 licence in Australia represented a significant commitment for a company of our size, but the major transformational potential now identified has confirmed the value of that investment. Our discussions with potential partners for the

drilling of PEL 82 have been encouraging and our position is further strengthened by the confirmation of licence renewal and the bonus of further significant prospectivity.

Operationally, when we acquired ELV in June last year, we anticipated that work on the existing six producing wells would be required at some point, but we have been pleasantly surprised that production has been sustained beyond our expectations. With low gas prices and falling costs, now is an ideal time to perform this work, particularly as monthly hedging gains are currently well in excess of our cost base.

Based on production levels over the past year there remains over two years of proven reserves in producing wells, plus the upside potential in the field.”

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\*Note : Prospective resources are quantities of hydrocarbons estimated to be potentially recoverable from undiscovered accumulations. As a general statement, prospective resources can only become reserves as a result of successful drilling.

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.