Far East Energy Provides Update on CBM Subsidy and Spring Drilling Campaign

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Far East Energy Corporation (OTCBB: FEEC) today announced that the Chinese news service Xinhua, has recently advised that the PRC's CBM subsidy will be increased this summer in conjunction with the release of the 12th Five Year Plan and could be increased as much as 0.2 RMB per cubic meter (or $0.86 per Mcf based on the March 31, 2011 exchange rate). Michael R. McElwrath, CEO and President, said, 'If implemented, this level of subsidy increase would take our current sales price of $6.27 up to $7.13 per Mcf (inclusive of taxes). This provides a very meaningful impact upon our economics and is one more example of the favorable climate for developing CBM resources in China. Considering that this would yield a wellhead price 1.6 times that of US Henry Hub gas prices on April 27, 2011, it provides a significant opportunity for Far East Energy.'

The Company also announced the completion of the fracture stimulation of its SYS02 pilot development test well in the Shouyang Block, the Company's deepest test of the productive #15 coal seam to date. The SYS02 well is located approximately half-way down the block and will give the Company a first look at the permeability of this coal seam at a significant distance away from the present producing area. If successful this test well will provide valuable insight into the high permeability distribution on a significant portion of the Shouyang Block. The #15 coal seam was fracture stimulated with resin-coated sand at a depth of 1,254 meters (approximately 4,114.18 feet) and is presently being prepared for production testing, which will commence as soon as possible.

Shanxi Guoxin Energy Development Co., Ltd., with whom the Company signed its Gas Purchase Agreement in 2010, is working with the Company to connect another 14 wells that have previously been drilled, 3 wells currently being drilled, and 9 wells on locations prepared for drilling, which will connect a total of 26 additional wells to our original gathering system. These 26 wells will extend the gathering system allowing additional wells to be connected. The trunk lines (i.e., main lines) are already laid and in place to receive these larger volumes of gas from the additional wells. This will allow us to increase our gas sales without significant capital outlay for larger diameter pipe or larger compressors. These new wells will be tied into the gathering system and begin selling additional gas as soon as possible. These new wells will bring the total number of wells connected to the gathering system able to sell gas to 56 wells.

'We have just finished the Spring drilling and fracture stimulation campaign of 26 wells,' said Michael R. McElwrath. 'We are very pleased with these Spring campaign efforts and look forward to the results of these additional wells.'

The additional wells added to the gathering system should increase the total gas production in the Shouyang Block accordingly. Second stage compressor equipment allowing for total sales up to 5 MMcf/d (141,584 m3) is on site and available for use as volumes increase.

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About Far East Energy Corporation
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Based in Houston, Texas, with offices in Beijing, Kunming, and Taiyuan City, China, Far East Energy Corporation is focused on CBM exploration and development in China.

Statements contained in this press release that state the intentions, hopes, beliefs, anticipations, expectations or predictions of the future of Far East Energy Corporation and its management are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. It is important to note that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: there can be no assurance as to the volume of gas that is ultimately produced or sold from our wells; the fracture stimulation program may not be successful in increasing gas volumes; due to limitations under Chinese law, we may have only limited rights to enforce the gas sales agreement between Shanxi Province Guoxin Energy Development Group Limited and China United Coalbed Methane Corporation, Ltd., to which we are an express beneficiary; additional pipelines and gathering systems needed to transport our gas may not be constructed, or if constructed may not be timely, or their routes may differ from those anticipated; the pipeline and local distribution/compressed natural gas companies may decline to purchase or take our gas, or we may not be able to enforce our rights under definitive agreements with pipelines; conflicts with coal mining operations or coordination of our exploration and production activities with mining activities could adversely impact or add significant costs to our operations; certain of the proposed transactions with Dart Energy (formerly Arrow Energy) may not close on a timely basis or at all, including due to a failure to satisfy closing conditions or otherwise; the anticipated benefits to us of the transactions with Dart Energy may not be realized; the final amounts received by us from Dart Energy may be different than anticipated; Dart Energy may exercise its right to terminate the Farmout Agreement at any time; the Chinese Ministry of Commerce ('MOC') may not approve the extension of our PSCs on a timely basis or at all; our Chinese partner companies or the MOC may require certain changes to the terms and conditions of our PSCs in conjunction with their approval of any extension of our PSCs, including a reduction in acreage; our lack of operating history; limited and potentially inadequate management of our cash resources; risk and uncertainties associated with exploration, development and production of coalbed methane; proved reserves may not be reported in a timely manner or at all and, if reported, may be smaller than anticipated; our inability to extract or sell all or a substantial portion of our estimated Contingent Resources; we may not satisfy requirements for listing our securities on a securities exchange; expropriation and other risks associated with foreign operations; disruptions in capital markets affecting fundraising; matters affecting the energy industry generally; lack of availability of oil and gas field goods and services; environmental risks; drilling and production risks; changes in laws or regulations affecting our operations, as well as other risks described in our 2010 Annual Report and subsequent filings with the Securities and Exchange Commission.

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