



U.S. Energy Corp. Announces Initial Production Rate of Approximately 3,807 BOE/D From the State 36-1 #1H Well

RIVERTON, Wyo., Jan 5, 2010 (GlobeNewswire via COMTEX News Network) -- U.S. Energy Corp. (Nasdaq:USEG) ("USE" or the "Company"), a natural resources exploration and development company with interests in oil and gas, molybdenum, geothermal, and real estate assets, today announced the initial production rate from its State 36-1 #1H well which was recently completed with Brigham Exploration Company (Nasdaq:BEXP) ("Brigham" or "BEXP").

The State 36-1 #1H well, which is operated by Brigham Exploration Company, produced approximately 3,236 barrels of oil and 3.42 MMCF of natural gas per day or 3,807 BOE/D during an early 24-hour flow back period. The well was completed with swell packers and 30 fracture stimulation stages. U.S. Energy's initial working interest in this well is approximately 29% (~23% net revenue interest). Oil and gas sales (of 1.5 MMCFD due to line constraints) from this well have commenced.

"We are extremely pleased to see a 3,800 BOE/D initial production rate well to round out our six initial well program with Brigham," stated Keith Larsen, CEO of U.S. Energy Corp. "We anticipate continuing an aggressive drilling pace in 2010, with wells seven and eight currently drilling forward in the horizontal portion of the well bore while well number nine is now drilling forward in the vertical well bore. We expect to provide further updates as wells seven and eight are completed," he added.

About U.S. Energy Corp.

U.S. Energy Corp. is a diversified natural resource company with interests in oil and gas, molybdenum, geothermal and real estate assets. The Company is headquartered in Riverton, Wyoming, and its common stock is listed on The NASDAQ Capital Market under the symbol "USEG".

The U.S. Energy Corp. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5043>

Note Regarding BOE

In this press release, BOEs are derived by converting gas to oil in the ratio of one barrel of oil to six thousand cubic feet of gas (1 bbl:6 Mcf). Barrel of oil equivalent ("BOE") amounts may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 bbl of oil to 6 Mcf of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value of equivalency at the well head.

Note:

Outstanding third party elections may result in a change to USEG's working interest and net revenue interest on a well-by-well basis.

Disclosure Regarding Mineral Resources Under SEC and Canadian Regulations; and Forward-Looking Statements

The Company owns or may come to own stock in companies which are traded on foreign exchanges, and may have agreements with some of these companies to acquire and/or develop the Company's mineral properties. An example is Sutter Gold Mining Inc. These other companies are subject to the reporting requirements of other jurisdictions.

United States residents are cautioned that some of the information available about our mineral properties, which is reported by the other companies in foreign jurisdictions, may be materially different from what the Company is permitted to disclose in the United States.

This news release includes statements which may constitute "forward-looking" statements, usually containing the words "believe," "estimate," "project," "expect," or similar expressions. Forward-looking statements in this release relate to, among other things, USE's drilling of wells pursuant to the terms of the DPA, its ownership interests in those wells and the costs it expects to incur in drilling those wells. There is no assurance that any of the wells USE drills under the terms of the DPA with Brigham will have results similar to those referenced in this press release or that any of the wells drilled with Brigham will be productive at all. In addition, initial production rates may not be indicative of future or long-term production rates. These statements are made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, future

trends in mineral prices, the availability of capital, competitive factors, and other risks including those described in the Company's filings with the SEC, which are incorporated herein by reference. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revision or changes after the date of this release.

For further information on the differences between the reporting limitations of the United States, compared to reports filed in foreign jurisdictions, and also concerning forward-looking statements, please see the Company's Form 10-K ("Disclosure Regarding Forward-Looking Statements"; "Disclosure Regarding Mineral Resources under SEC and Canadian Regulation"; and "Risk Factors"); and similar disclosures in the Company's Forms 10-Q.

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