

# **NGAS RESOURCES, INC.**

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## **NEWS RELEASE**

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### **NGAS ENTERS AGREEMENT FOR SALE OF GAS GATHERING ASSETS**

- Company Will Retain Firm Capacity Rights
- Transaction Will Strengthen Balance Sheet

**LEXINGTON, KENTUCKY, May 11, 2009.** NGAS Resources, Inc. (Nasdaq: NGAS) today announced that it has entered into an asset purchase agreement with Seminole Gas Company, our gas processing partner, for the sale of a 50% undivided interest in most of the company's Appalachian gas gathering facilities for \$28 million. The portion of the company's gas gathering and midstream facilities covered by the purchase agreement spans 485 miles through parts of southeastern Kentucky, eastern Tennessee and western Virginia. The sale is expected to close by the middle of June 2009, subject to customary closing conditions.

Upon the closing of the sale, NGAS will enter into various gas marketing and sales arrangements with Seminole Energy Services, the parent of Seminole Gas. Under these arrangements, NGAS will remain operator of the facilities and will have firm capacity rights for daily delivery of 30,000 Mcf of controlled gas through the system. Seminole Energy will have a six-month option to purchase NGAS' remaining 50% interest for \$22 million. Under certain conditions, NGAS will have the right to require Seminole Energy to exercise its purchase option.

William S. Daugherty, President and CEO of NGAS Resources, commented "We look forward to enhancing our existing relationship with Seminole." Added, Mr. Daugherty, "This will be a significant liquidity event for our company. The proceeds from the sale will enable us to strengthen our balance sheet by reducing our outstanding debt and providing financial flexibility." Mr. Daugherty further commented, "We have reserved more than sufficient firm

capacity to ensure that we are able to move to market our Appalachian gas production on a long-term basis.”

"This transaction extends our footprint in the Appalachian Basin, where we have already invested in the area's future growth," said Robert Rosene, chairman and CEO of Seminole Energy Services. "NGAS is an excellent partner in two other gas processing facilities we hold jointly. We look forward to expanding this relationship," he added.

### **About NGAS Resources**

NGAS Resources is an independent exploration and production company focused on unconventional natural gas basins in the United States that provide repeatable drilling opportunities, principally in the southern portion of the Appalachian basin. Additional information, including the company's most recent 10-K, proxy statement and periodic reports can be accessed on its website at [www.ngas.com](http://www.ngas.com).

### **About Seminole Gas Company**

Privately held, Tulsa-based Seminole Gas Company a wholly owned subsidiary of Seminole Energy Services LLC provides midstream services in Oklahoma, Kansas, Kentucky, Tennessee and Texas. Seminole Energy Services ([www.seminoleenergy.com](http://www.seminoleenergy.com)) and its subsidiary, Seminole Gas Company, provides “wellhead-to-burnertip” natural gas midstream and marketing services to end users and producers throughout the central United States. In Illinois and Michigan, Seminole operates under its affiliate brands, Vanguard Energy Services and Lakeshore Energy Services, respectively. Seminole's customer base today numbers over 3,000 customers with average daily sales of 900 million cubic feet.

### **Forward Looking Statement**

This release includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act relating to matters such as anticipated operating and financial performance and prospects. Actual performance and prospects may differ materially from anticipated results due to economic conditions and other risks, uncertainties and circumstances partly or totally outside the control of the company, including risks of production variances from expectations, volatility of product prices, the level of capital expenditures required to fund drilling and the ability of the company to implement its business strategy. These and other risks are described in the company's periodic reports filed with the Securities and Exchange Commission.