
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 17, 2009**

NGAS RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Province of British Columbia
(State or other jurisdiction of
incorporation or organization)

0-12185
(Commission
File Number)

Not Applicable
(I.R.S. Employer
Identification No.)

120 Prosperous Place, Suite 201
Lexington, Kentucky
(Address of principal executive offices)

40509-1844
(Zip Code)

Registrant's telephone number, including area code: **(859) 263-3948**

None

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14d-2b)
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4c)
-
-

Item 8.01 Other Events

On August 17, 2009, we completed the sale of the remaining 50% undivided interest in 485 miles of Appalachian gas gathering facilities (*Gathering System*) to Seminole Energy Services, LLC (*Seminole*) for \$22 million. We receive \$7.5 million at closing, which we applied to reduce outstanding borrowings under our revolving credit facility. The balance of the purchase price is payable under a promissory note from Seminole for \$14.5 million, payable in monthly installments through December 2011, with interest at 8% per annum. The note is secured by a second mortgage lien on the underlying Gathering System assets. Payments under the note will be applied for further debt reduction. The transaction is described in a press release included as an exhibit to this report and incorporated herein by reference.

Item 9.01(d) Exhibits

Exhibit

<u>Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated August 18, 2009

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NGAS RESOURCES, INC.

By: /s/ William S. Daugherty
William S. Daugherty,
President and Chief Executive Officer

Date: August 18, 2009

NGAS RESOURCES, INC.

120 Prosperous Place, Suite 201, Lexington, KY 40509

FOR IMMEDIATE RELEASE

**NEWS
RELEASE**

Contact: Michael P. Windisch, CFO
Phone: (859) 263-3948
Fax: (859) 263-4228
E-mail: ngas@ngas.com

NGAS CLOSES SALE OF REMAINING INTEREST IN GATHERING SYSTEM FOR \$22 MILLION

- Cash Proceeds of \$7.5 Million Used to Reduce Debt
- \$14.5 Million under 30-Month Note Further Improves Liquidity

Lexington, KY, August 18, 2009. NGAS Resources, Inc. (Nasdaq: NGAS) today announced that it has closed the sale of its remaining 50% interest in 485 miles of Appalachian gas gathering facilities to Seminole Energy Services (*SES*) for \$22 million. The purchase price was paid \$7.5 million at closing, with the balance of \$14.5 million payable by SES in monthly installments through December 2011.

The sale completed a mid-July monetization of the initial half interest in the gathering system to a subsidiary of SES for \$28 million and was triggered by NGAS' exercise of put rights that it acquired at that time. The put rights were conditioned on an equity raise by NGAS, which was closed for net proceeds of approximately \$6.1 million on August 13, 2009. Proceeds from the second half of the gathering system sale and the equity raise were applied to reduce outstanding borrowings under NGAS' revolving credit facility to \$31 million. Payments on the \$14.5 million promissory note issued by SES, including interest at 8% per annum, will be applied for further debt reduction.

William S. Daugherty, President and CEO of NGAS Resources, commented, "We are very pleased to complete this phase of our plans for strengthening the company by improving our balance sheet. The sale of the remaining interest in this portion of our Appalachian gathering system provides further liquidity to take advantage of our significant development opportunities." Mr. Daugherty added, "In addition to monetizing this asset and remaining as operator of the gathering system, our firm capacity rights ensure long-term deliverability for our Appalachian gas production."

The gas gathering system spans parts of southeastern Kentucky, eastern Tennessee and western Virginia, and interconnects with Spectra Energy Partners' East Tennessee Interstate pipeline network. NGAS retained long-term operating rights and firm capacity rights of 30,000 Mcf per day in the gathering system.

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.

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.