

# **NGAS RESOURCES, INC.**

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## **NEWS RELEASE**

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### **NGAS CLOSES \$28 MILLION SALE OF GAS GATHERING ASSETS**

- Proceeds Used to Reduce Debt
- NGAS Remains Operator and Retains Firm Capacity Rights

**LEXINGTON, KENTUCKY, July 16, 2009.** NGAS Resources, Inc. (Nasdaq: NGAS) today announced that it has closed the sale of a 50% undivided interest in 485 miles of Appalachian gas gathering facilities to Seminole Gas Company for \$28 million. The gas gathering system spans parts of southeastern Kentucky, eastern Tennessee and western Virginia, and interconnects with Spectra's East Tennessee Interstate pipeline network. NGAS applied all of the sale proceeds to reduce its credit facility to \$52 million.

As part of the transaction, Seminole Energy Services, the parent company of Seminole Gas, will have a six-month option to purchase NGAS' remaining 50% interest in the gathering system for \$22 million. Under certain conditions, NGAS may require Seminole Energy to exercise its purchase option. If the purchase option is exercised, NGAS will use the proceeds to further reduce bank debt. The purchase price will be payable \$7.5 million upon exercise of the option and the balance over 30 months, with interest at 8% per annum.

William S. Daugherty, President and CEO of NGAS Resources, commented, "This sale significantly improves our balance sheet and provides liquidity to concentrate on our development opportunities." Mr. Daugherty added, "In addition to remaining as operator of the gathering system, we retained ample firm capacity of 30,000 Mcf per day, ensuring that our Appalachian gas production has access to the interstate pipeline network long term."

## **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).

## **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.