



National Fuel Gas Company

Financial News

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National Fuel Provides Fiscal Third Quarter Update for Exploration & Production Operations

Average Daily Production Exceeded 445 MMcfe per Day

New 9 Well Pad in Western Development Area Averages 8.2 MMcfe per Day per Well

(July 28, 2014) WILLIAMSVILLE, N.Y. – Seneca Resources Corporation (“Seneca”), the wholly-owned exploration and production subsidiary of National Fuel Gas Company (NYSE: NFG) (“National Fuel” or the “Company”) reports that production volumes for the fiscal year’s third quarter ended June 30, 2014, totaled 40.6 billion cubic feet equivalent (“Bcfe”), a 19% increase over the prior year’s third quarter. In its Western Development Area (“WDA”) of the Marcellus Shale, Seneca had strong production results from the first multi-well pad completed since transitioning to full development mode. Additionally, Seneca is finalizing new firm sales agreements, including several long-term arrangements associated with its future firm pipeline transportation capacity on the Atlantic Sunrise project being constructed by the Transcontinental Gas Pipeline Company (“Transco”).

Field Operations Update

Seneca’s Marcellus Shale drilling activity during the third quarter was focused largely in its greater Clermont-Rich Valley area located in Elk, McKean and Cameron counties, Pa., within the WDA. This reflects a shift in operations from its prior focus area in Lycoming County, Pa. in the Eastern Development Area (“EDA”). Seneca had planned this shift after its delineation drilling in the WDA confirmed substantial development opportunity. Until the firm transportation capacity on the Atlantic Sunrise pipeline expansion project becomes available in late 2017, Seneca will continue to focus its operations in the WDA.

In July, Seneca brought nine new wells on line from its first development pad in the greater Clermont-Rich Valley area with 24-hour peak production rates that averaged 8.2 MMcf per day per well. These wells, located on Pad N where Seneca has a 100% net working and revenue interest, had an average lateral length of 5,297’ and each well was completed using a reduced cluster spacing (“RCS”) design, averaging 35 stages per well. The average capital cost to drill and complete each of these wells was approximately \$6.5 million.

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These wells are currently flowing into the Tennessee Gas Pipeline 300 Line (“TGP 300”) from National Fuel Gas Midstream Corporation's Clermont Gathering System which was placed in-service as previously forecasted on July 1, 2014. The interconnect with TGP 300 is currently being upgraded and the Clermont Gathering System will have the capability of transporting 300,000 Dth per day by mid-August, with additional capacity increases targeted for 2015.

In addition to the nine wells on Pad N in the greater Clermont-Rich Valley area, Seneca expects to initiate production from an additional 22 wells during its fiscal 2014 fourth quarter, 16 of which are located in the EDA. With this new production, Seneca expects that its daily net production rate in Pennsylvania will exceed 500 MMcf per day.

Natural Gas Marketing Update

As previously reported in January, Seneca signed a precedent agreement for 189,405 dekatherms (“Dth”) per day of firm transportation capacity on Transco's Atlantic Sunrise pipeline expansion project, which will deliver natural gas to the Mid-Atlantic and Southeast U.S. This capacity is expected to be available starting in the fall of 2017 and the term of the contract is 15 years.

Seneca has taken a portfolio approach to marketing its natural gas production associated with this capacity, pursuing firm sales agreements of varying duration with several counterparties. When fully executed, these agreements support selling 189,405 Dth per day of production, equivalent to Seneca's entire Atlantic Sunrise capacity, commencing in the fall of 2017 through at least October 2022, at an average premium of approximately \$0.13 per MMBtu over the NYMEX Henry Hub benchmark natural gas index (“NYMEX”).

As part of two of the aforementioned firm sales agreements associated with the Atlantic Sunrise capacity, Seneca is utilizing the strong demand for this capacity to negotiate fixed price sales starting in November 2014, three years ahead of the project's scheduled in-service date. These agreements, which cover 50,000 Dth per day of production, carry a weighted-average fixed price of \$3.77 per MMBtu through October 2017 and then convert to a NYMEX based price for the period from November 2017 through at least October 2025 (subject to an average price cap of \$5.19 per MMBtu).

Furthering its strategy of increasing its firm transportation capacity, Seneca signed precedent agreements to transport natural gas from its WDA in Pennsylvania to markets in Canada. Seneca entered into agreements with National Fuel Gas Supply Corporation and Empire Pipeline, Inc., both wholly-owned pipeline subsidiaries of National Fuel that continue to significantly invest in Appalachian pipeline expansions, along with TransCanada Pipeline and Union Gas Limited.

These agreements provide Seneca with 350,000 Dth per day of firm transportation capacity starting in late 2016 to move natural gas from the outlet of the Clermont Gathering System to the Dawn market hub in Ontario, Canada. Including this project, by November 2016 Seneca will have more than 550,000 Dth per day of capacity into Ontario, Canada. Below is a summary of the various firm transportation and sales transactions in which Seneca is participating.

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Firm Transportation (Dth per day)	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Delivery Market
Northeast Supply Diversification Project (TGP)	50,000	50,000	50,000	50,000	Canada
Niagara Expansion (TGP/NFG) ¹	-	170,000	170,000	170,000	Canada/TETCO
Northern Access 2016 (NFG) / TransCanada / Union ²	-	-	350,000	350,000	Canada
Atlantic Sunrise (Transco) ³	-	-	-	189,405	Mid-Atlantic/Southeast
Total Firm Transportation	50,000	220,000	570,000	759,405	
Incremental Firm Sales ⁴	281,000	139,000	69,000	19,000	Multiple Points
Total Firm Volumes	331,000	359,000	639,000	778,405	

(1) Expected in-service date of November 2015. 158,000 Dth per day to Canada and 12,000 Dth per day to TETCO.

(2) Expected in-service date of November 2016.

(3) Expected in-service date of November 2017.

(4) Excludes firm sales associated with firm transportation contracts.

For the last quarter of fiscal 2014, at the midpoint of the current guidance range, approximately 66% of Appalachian volumes are committed to firm sales agreements. In fiscal 2015, at the midpoint of the current guidance range, approximately 56% of Appalachian volumes are already committed under firm sales agreements. Seneca continues to pursue incremental firm sales agreements and will add new positions when contract terms and pricing are favorable.

Ronald J. Tanski, President and Chief Executive Officer of National Fuel Gas Company, stated, “We are pleased to highlight the results we achieved on our first major multi-well pad in the WDA. With our mineral ownership and large contiguous acreage position, we have consistently viewed this area as one of tremendous potential for National Fuel. These results confirm that thesis and our near-term focus at Seneca has shifted almost entirely to this area. The challenge of persistent pricing differentials remains, but with our ability to creatively market the Atlantic Sunrise capacity and the commitment executed on the Northern Access 2016 project, we have made significant strides in securing long-term markets for a large portion of our future production.”

Production Volume Update

Seneca’s total production of 40.6 Bcfe, or 446 million cubic feet equivalent (“MMcfe”) per day, represents a 10% increase from the fiscal 2014 second quarter and a 19% increase over the prior year's third quarter. The increase was driven by the ongoing success of Seneca’s Marcellus Shale development program in the EDA. Natural gas production increased 20%, to a total of 35.9 Bcf, with minimal price-related curtailments. Crude oil production totaled 783,000 barrels, which increased 10% from the prior year’s third quarter largely as a result of continued success in the East Coalinga field.

Guidance Update

The Company is updating its previous fiscal 2014 production guidance range of 155 to 165 Bcfe to a new range of 160 to 168 Bcfe. This represents a 33 to 39% increase over fiscal 2013 production. Seneca's fiscal 2015 production guidance range of 180 to 220 Bcfe remains unchanged.

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Seneca is updating its capital expenditure forecast range for fiscal 2014 from the previous range of \$550 to \$625 million to a new range of \$575 to \$625 million. This change reflects the acceleration of activities on five Marcellus Shale wells where completion operations were originally scheduled in early fiscal 2015.

Seneca's capital expenditure forecast for fiscal 2015 remains unchanged at \$650 to \$750 million.

Additional information on the Company's operations and financial results will be discussed during the 3rd Quarter Fiscal 2014 Teleconference, which is scheduled for Friday, August 8, 2014, at 11 a.m. ET.

National Fuel is an integrated energy company with \$6.6 billion in assets comprised of the following five operating segments: Exploration and Production, Pipeline and Storage, Gathering, Utility, and Energy Marketing. Additional information about National Fuel is available at www.nationalfuelgas.com.

Certain statements contained herein, including statements identified by the use of the words "anticipates," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects," "believes," "seeks," "will," "may" and similar expressions, and statements which are other than statements of historical facts, are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The Company's expectations, beliefs and projections contained herein are expressed in good faith and are believed to have a reasonable basis, but there can be no assurance that such expectations, beliefs or projections will result or be achieved or accomplished. In addition to other factors, the following are important factors that could cause actual results to differ materially from those discussed in the forward-looking statements: factors affecting the Company's ability to successfully identify, drill for and produce economically viable natural gas and oil reserves, including among others geology, lease availability, title disputes, weather conditions, shortages, delays or unavailability of equipment and services required in drilling operations, insufficient gathering, processing and transportation capacity, the need to obtain governmental approvals and permits, and compliance with environmental laws and regulations; changes in price differential between similar quantities of natural gas at different geographic locations, and the effect of such changes on natural gas revenues and production, and on the demand for pipeline transportation capacity to or from such locations; changes in laws, regulations or judicial interpretations to which the Company is subject, including those involving derivatives, taxes, safety, employment, climate change, other environmental matters, real property, and exploration and production activities such as hydraulic fracturing; regulatory actions, initiatives and proceedings, including those involving environmental and safety requirements; changes in the price of natural gas or oil; other changes in price differentials between similar quantities of natural gas or oil having different quality, heating value, hydrocarbon mix or delivery date; impairments under the SEC's full cost ceiling test for natural gas and oil reserves; uncertainty of oil and gas reserve estimates; significant differences between the Company's projected and actual production levels for natural gas or oil; changes in the availability, price or accounting treatment of derivative financial instruments; delays or changes in costs or plans with respect to Company projects or related projects of other companies, including difficulties or delays in obtaining necessary governmental approvals, permits or orders or in obtaining the cooperation of interconnecting facility operators; financial and economic conditions, including the availability of credit, and occurrences affecting the Company's ability to obtain financing on acceptable terms for working capital, capital expenditures and other investments, including any downgrades in the Company's credit ratings and changes in interest rates and other capital market conditions; changes in economic conditions, including global, national or regional recessions, and their effect on the demand for, and customers' ability to pay

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