National Fuel Reports Seneca's Operational Results in its Appalachian Region and the Results from Netherland, Sewell's Study

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WILLIAMSVILLE, N.Y.--(BUSINESS WIRE)--Oct. 11, 2007--National Fuel Gas Company ("National Fuel" or "Company") (NYSE:NFG) is announcing the preliminary results of the Appalachian operations of Seneca Resources Corporation ("Seneca"), the Company's exploration and production subsidiary, for its 2007 fiscal year, which ended on September 30, 2007. In addition, Seneca is reporting the results of a study performed by Netherland, Sewell & Associates, Inc. ("NSA" or "Netherland, Sewell") regarding Seneca's undeveloped reserves(1) in a portion of Seneca's acreage in Appalachia.

Highlights of Seneca's Appalachian Operations in 2007:

- Seneca's proved reserves increased approximately 33 percent to 110 billion cubic feet equivalent ("BCFE") as of September 30, 2007, (including proved undeveloped reserves of approximately 10.4 BCFE that had not been historically reported by Seneca) from 83 BCFE as of September 30, 2006.

- As confirmed by public data available through September 2007, Seneca was the most active driller in northwestern Pennsylvania. Seneca drilled or participated in 233 wells during fiscal 2007 (not including a deeper Onondaga Reef well and two vertical wells drilled through the EOG Resources joint venture), representing more than a 50 percent increase compared to drilling activity in 2006; 219 of the 233 wells (94 percent) have been, or will be, completed as producing wells (five of the remaining 14 wells have been plugged and nine are in the final stages of evaluation).

- 2007 results are consistent with previous disclosure regarding per well estimated ultimate recoveries ("EUR"), production profile and costs to drill and complete wells in this region.

Highlights of NSA Study:

- NSA identified more than 1,000 prospective drilling locations on approximately 200,000 acres. The acreage that qualified for Proved, Probable, or Possible status was limited to a 200,000-acre area within close proximity to wells with reliable production histories.

- NSA identified total undeveloped reserves of approximately 120 BCFE consisting of the reserve categories of Proved Undeveloped, Probable Undeveloped and Possible Undeveloped, resulting in total 3P reserves of approximately 220 BCFE in accordance with the Society of Petroleum Engineers ("SPE") reserve definitions.

Seneca's 2007 Appalachian Activities

Philip C. Ackerman, Chairman and Chief Executive Officer of National Fuel Gas Company, stated: "We have taken significant action in the Exploration and Production segment this year to take advantage of our opportunities. Of note, we've hired Matt Cabell as Seneca's new President and John McGinnis as its new Senior Vice President of Exploration and Development. We sold our Canadian E & P operations at a very attractive price and we have significantly, and very successfully, increased our activity in the Upper Devonian and Silurian sandstones in Appalachia. We entered into an agreement with EOG Resources, a recognized leader in shale development that will help us exploit the Marcellus Shale in a timely and prudent fashion. We believe that the Appalachian region, in particular, is significant to the Company's growth, and we will continue to develop our acreage in the region on the basis of reliable scientific and well data."*

Seneca drilled or participated in 233 wells in Appalachia during fiscal 2007 (excluding a deeper Onondaga Reef well and two joint venture wells with EOG Resources) and 219 of those have already been, or will be, completed as producing wells.* Five of the 14 remaining wells have been plugged, and nine are in their final stages of evaluation and will be completed and begin producing early next year, or plugged and abandoned. The 219 successful wells are expected to produce on average, or have an EUR of, approximately 97 million cubic feet equivalent ("MMCFE") of oil and natural gas, which is in-line with previous Company EUR disclosures.* In addition, Seneca participated as a 50 percent working interest partner in the deeper Onondaga Reef well, which has an expected EUR of more than 1,000 MMCFE.*

Matthew D. Cabell, Seneca's President, said: "I am very pleased with the 2007 results, and we hope to do even better in 2008, both by increasing the number of wells to be drilled and by continuing to high-grade and prioritize drilling locations.* While the average EUR per completed well was 97 MMCFE, our individual well results across all shallow Devonian and Silurian wells ranged from dry holes to a well with an EUR of approximately 640 MMCFE.* By high-grading and prioritizing drilling locations, the average EURs for newly drilled wells have been increasing over the past few years. Results are consistent with our prior disclosures and the findings of the Netherland, Sewell study. We hope to continue to improve our results through detailed geologic mapping and continuous integration of new results."*

The variability of the reserve potential among wells can be seen on Exhibit 1, which illustrates a representative portion of Seneca's Appalachian acreage showing the EUR for wells that have a number of years of production data. As shown, a well having an EUR of 739 MMCFE has directly offsetting wells with EURs of 120 MMCFE and 43 MMCFE. This high degree of variability is typical across Seneca's producing area, although most wells have EURs between 40 and 160 MMCFE.

Due to the significant variability in the performance of wells in relatively close proximity, resulting from the heterogeneous nature of the geology of this part of the Appalachian Basin, Seneca cannot simply drill successively offsetting wells on immediately adjacent acreage. Cabell noted: "The results announced today, as well as the NSA study, validate the prudent pace of Seneca's accelerated drilling program in the Appalachian Basin." While Seneca has significantly increased its drilling activity on its Appalachian acreage, the Company remains committed to pursuing opportunities at a pace that it believes will maximize well production and economics.*

Cabell continued: "This part of the Appalachian Basin has complex stratigraphy. We can certainly be successful if we are deliberate and careful, and that is how we intend to operate. The geology and sand characteristics are more consistent in those areas of the basin where other operators are active." Seneca's drilling area, relative to certain others, can be seen on the map labeled Exhibit 2.

For the fiscal 2007 Appalachian drilling program (excluding the EOG joint venture), Seneca is providing the average estimated economics:

Average capital cost per completed well - $200,350 per well

Average fixed monthly operating cost per well - $150 per month

Other variable/fixed lifting cost per MCFE - $0.43 per MCFE (average over life of well)

Average Net Revenue Interest per well - 94 percent

Payout - approximately 3 years

Price Deck - Flat NYMEX $7.00 per MCF and $70 per barrel, adjusted for British Thermal Unit ("BTU") and basis differential, gathering expense, and processing expense (net effect equates to $8.12 per MCF).

In addition, the average "type" decline curve, based on the results of Seneca's 2007 shallow Devonian and Silurian drilling program, is illustrated in Exhibit 3.

Netherland, Sewell Study Results

Earlier in 2007, Seneca engaged NSA to complete an estimate of Proved undeveloped, Probable undeveloped, and Possible undeveloped reserves in the Upper Devonian and Silurian sandstone formations on its acreage. This analysis has been completed as of September 30, 2007.

Cabell commented: "Upon joining Seneca, I thought it was important to have a well-recognized engineering firm review Seneca's developed and undeveloped reserves. Netherland, Sewell's work was extremely thorough and their team spent months reviewing Seneca's geologic and production data on all of its Appalachian acreage. However, due to the definitions and guidelines of the SPE relating to the recognition of undeveloped well locations, their estimates are limited to approximately 200,000 acres in close proximity to existing Seneca wells in Pennsylvania and New York that had reliable production histories. Because of the incomplete nature of the public production data for other operators in those States, Netherland, Sewell's quantification of Seneca's reserves

may seem conservative, as much of Seneca's acreage is too far from reliable data points."

The NSA estimates have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers ("2007 PRMS"). The 2007 PRMS is available at

http://www.spe.org/spe-site/spe/spe/industry/reserves/Petroleum_Resources_Management_System_2007.pdf (Due to its length, this URL may need to be copied/pasted into your Internet browser's address field. Remove the extra space if one exists.)

Based on Seneca's approximate 94 percent average net revenue interest in this area, the NSA review yields the following estimates of Seneca's undeveloped reserves in the Upper Devonian and Silurian formations on its Appalachian properties:

		Net Reserves*		
Category	Number of Locations	Oil (Barrels)	Gas (MCF)	Gas Equivalent (MCFE)
Proved Undeveloped	82	21,210	10,251,828	10,379,089
Probable Undeveloped	321	97,379	35,941,088	36,525,364
Possible Undeveloped	654	246,774	72,272,934	73,753,581
Total Undeveloped	1,057	365,363	118,465,850	120,658,034

The 13-page NSA summary report is provided with this release and is labeled Exhibit 4.

NSA is in the process of completing its review of Seneca's Proved developed reserves for the Appalachian region, as well as the other regions in which Seneca operates. Final production figures for the month of September are still being tallied in order to arrive at final year-end reserve figures, which will be included in the Company's Annual Report on Form 10-K. Seneca's preliminary estimate of Proved developed Appalachian reserves at September 30, 2007, is 99,600 MMCFE and is illustrated in Exhibit 5.*

In addition, NSA is preparing an estimate of "Prospective Resources," with respect to the Upper Devonian and Silurian sandstone formations on Seneca's Appalachian acreage. This analysis is expected to quantify potential resources that exist on that acreage, but are too far from existing production data to be considered in the Proved, Probable or Possible categories. Seneca anticipates that this estimate will be available within the next few weeks and the Company plans to publicly disclose this estimate when it becomes available.*

Cabell noted: "Although Netherland, Sewell has identified only approximately 1,000 locations that can be classified as having undeveloped reserves, we believe that, at current commodity price levels and well costs, hundreds of wells will be drillable each year for the foreseeable future.* We fully expect that the step-out locations we drill each year, as well as the exploratory wells we will drill on the acreage that is now classified as only having 'Prospective Resources,' will yield additional locations that will ultimately be classifiable in the Proved, Probable, and Possible categories."*

The drilling history and projected number of wells that Seneca has targeted to drill during 2008 in its shallow Appalachia drilling program is shown in the graph labeled Exhibit 6.*

Future Opportunities in the Appalachian Region

The above estimates do not include any estimate related to the resource potential of other formations, including Seneca's rights in the Marcellus Shale, which is a deeper formation in Appalachia. Seneca is actively investigating the potential of the Marcellus Shale through its partnering arrangement with EOG Resources, an industry leader in exploiting shale formations. Seneca and EOG have drilled two vertical wells to date and are currently drilling the first horizontal Marcellus test well on Seneca's acreage. By early 2008, Seneca expects to have results for three vertical wells and three horizontal wells on Seneca's acreage, and additional drilling is planned for calendar year 2008.* Management believes that the plan developed by Seneca and EOG is prudent and optimal at this early stage of exploration in the Marcellus Shale. Although the Company intends to provide regular updates concerning its progress in exploring and evaluating the Marcellus opportunity, it is a very competitive play and neither Seneca nor

EOG will be disclosing technical or competitive details. While the Company recognizes that the Marcellus Shale may present a significant opportunity for National Fuel, the play is still in its early stages and its economic viability is not yet determined.*

The complete results for Seneca's 2007 fiscal year will be reported when the Company issues its consolidated fiscal 2007 earnings release on November 8, 2007. Management will discuss this release, consolidated fiscal 2007 earnings and answer questions regarding the NSA study during its conference call on November 9, 2007, at 11:00 AM.

Seneca is a wholly owned subsidiary of National Fuel. National Fuel is an integrated energy company with $3.8 billion in assets comprised of the following five operating segments: Utility, Pipeline and Storage, Exploration and Production, Energy Marketing, and Timber. Additional information about National Fuel is available on its Internet Web site: http://www.nationalfuelgas.com or through its investor information service at 1-800-334-2188.

* Certain statements contained herein, including those which are designated with an asterisk ("*") and those which use words such as "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects," and similar expressions, 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: changes in economic conditions, including economic disruptions caused by terrorist activities, acts of war or major accidents; changes in the availability and/or price of natural gas or oil and the effect of such changes on the valuation of the Company's natural gas and oil reserves; inability to obtain new customers or retain existing ones; significant changes in competitive factors affecting the Company; governmental/regulatory actions, initiatives and proceedings; significant changes from expectations in actual capital expenditures and operating expenses and unanticipated project delays or changes in project costs or plans; the nature and projected profitability of pending and potential projects and other investments; occurrences affecting the Company's ability to obtain funds from operations or from issuances of short-term notes or debt or equity securities to finance needed capital expenditures and other investments, including any downgrades in the Company's credit ratings; uncertainty of oil and natural gas reserve estimates; ability to successfully identify, drill for and produce economically viable natural gas and oil reserves; significant changes from expectations in the Company's actual production levels for natural gas or oil; or significant changes in the Company's relationship with its employees or contractors and the potential adverse effects if labor disputes, grievances or shortages were to occur.

(1) The Securities and Exchange Commission (the "SEC") permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The Company uses the terms "probable" and "possible" and other descriptions of volumes of reserves potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines would prohibit us from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and, accordingly, are subject to substantially greater risk of being actually realized. Investors are urged to consider closely the disclosure in our Form 10-K and Form 10-Qs, available at www.nationalfuelgas.com. You can also obtain these forms on the SEC's website at www.sec.gov.

MULTIMEDIA AVAILABLE: http://www.businesswire.com/cgi-bin/mmg.cgi?eid=5515998

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