

NATIONAL FUEL GAS CO

FORM 8-K

(Current report filing)

Filed 01/13/09 for the Period Ending 01/13/09

Address	6363 MAIN STREET WILLIAMSVILLE, NY 14221-5887
Telephone	716-857-7000
CIK	0000070145
Symbol	NFG
SIC Code	4924 - Natural Gas Distribution
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	09/30

**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): January 13, 2009

NATIONAL FUEL GAS COMPANY

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction
of incorporation)

1-3880
(Commission File Number)

13-1086010
(IRS Employer
Identification No.)

6363 Main Street, Williamsville, New York
(Address of principal executive offices)

14221
(Zip Code)

Registrant's telephone number, including area code: (716) 857-7000

Former name or former address, if changed since last report: Not Applicable

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 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure

National Fuel Gas Company (the “Company”) will participate in the BMO Capital Markets 2009 North American Unconventional Gas Conference on Tuesday, January 13, 2009. In connection with this event, the Company also plans to hold meetings with certain industry analysts, money managers and other members of the financial community. A copy of materials to be presented by the Company during the conference and provided to participants in the Company’s meetings is furnished as part of this Current Report as Exhibit 99.

Neither the furnishing of the presentation as an exhibit to this Current Report nor the inclusion in such presentation of any reference to the Company’s internet address shall, under any circumstances, be deemed to incorporate the information available at such internet address into this Current Report. The information available at the Company’s internet address is not part of this Current Report or any other report filed or furnished by the Company with the Securities and Exchange Commission.

In addition to financial measures calculated in accordance with generally accepted accounting principles (“GAAP”), the presentation furnished as part of this Current Report as Exhibit 99 contains certain non-GAAP financial measures. The Company believes that such non-GAAP financial measures are useful to investors because they provide an alternative method for assessing the Company’s operating results in a manner that is focused on the performance of the Company’s ongoing operations. The Company’s management uses these non-GAAP financial measures for the same purpose, and for planning and forecasting purposes. The presentation of non-GAAP financial measures is not meant to be a substitute for financial measures prepared in accordance with GAAP.

Certain statements contained herein or in the presentation furnished as part of this Current Report, including statements regarding future prospects, plans, performance and capital structure, anticipated capital expenditures and completion of construction projects, as well as statements that are identified by the use of the words “anticipates,” “estimates,” “expects,” “forecasts,” “intends,” “plans,” “predicts,” “projects,” “believes,” “seeks,” “will,” “may,” and similar expressions, are “forward-looking” statements” as defined by the Private Securities Litigation Reform Act of 1995. There can be no assurance that the Company’s projections will in fact be achieved nor do these projections reflect any acquisitions or divestitures that may occur in the future. While the Company’s expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis, actual results may differ materially from those projected in forward-looking statements. Furthermore, each forward-looking statement speaks only as of the date on which it is made. 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: financial and economic conditions, including the availability of credit, and their effect on the Company’s ability to obtain financing on acceptable terms for working capital, capital expenditures and other investments; occurrences affecting the Company’s ability to obtain financing under credit lines or other credit facilities or through the issuance of commercial paper, other short-term notes or debt or equity securities, 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 for, the Company's products and services; the creditworthiness or performance of the Company's key suppliers, customers and counterparties; economic disruptions or uninsured losses resulting from terrorist activities, acts of war, major accidents, fires, hurricanes, other severe weather, pest infestation or other natural disasters; changes in actuarial assumptions, the interest rate environment and the return on plan/trust assets related to the Company's pension and other post-retirement benefits, which can affect future funding obligations and costs and plan liabilities; changes in demographic patterns and weather conditions; changes in the availability and/or price of natural gas or oil and the effect of such changes on the accounting treatment of derivative financial instruments or the valuation of the Company's natural gas and oil reserves; impairments under the SEC's full cost ceiling test for natural gas and oil reserves; uncertainty of oil and gas reserve estimates; ability to successfully identify, drill for and produce economically viable natural gas and oil reserves, including shortages, delays or unavailability of equipment and services required in drilling operations; significant changes from expectations in the Company's actual production levels for natural gas or oil; changes in the availability and/or price of derivative financial instruments; changes in the price differentials between various types of oil; inability to obtain new customers or retain existing ones; significant changes in competitive factors affecting the Company; changes in laws and regulations to which the Company is subject, including tax, environmental, safety and employment laws and regulations; governmental/regulatory actions, initiatives and proceedings, including those involving acquisitions, financings, rate cases (which address, among other things, allowed rates of return, rate design and retained natural gas), affiliate relationships, industry structure, franchise renewal, and environmental/safety requirements; unanticipated impacts of restructuring initiatives in the natural gas and electric industries; 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, and the ability to obtain necessary governmental approvals and permits; ability to successfully identify and finance acquisitions or other investments and ability to operate and integrate existing and any subsequently acquired business or properties; changes in the market price of timber and the impact such changes might have on the types and quantity of timber harvested by the Company; significant changes in tax rates or policies or in rates of inflation or interest; 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; changes in accounting principles or the application of such principles to the Company; the cost and effects of legal and administrative claims against the Company or activist shareholder campaigns to effect changes at the Company; increasing health care costs and the resulting effect on health insurance premiums and on the obligation to provide other post-retirement benefits; or increasing costs of insurance, changes in coverage and the ability to obtain insurance. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99 Presentation materials for the BMO Capital Markets 2009 North American Unconventional Gas Conference to be held on January 13, 2009

SIGNATURES

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.

NATIONAL FUEL GAS COMPANY

By: /s/ Paula M. Ciprich

Paula M. Ciprich

Secretary

Dated: January 13, 2009

EXHIBIT INDEX

Exhibit Number Description

99 Presentation materials for the BMO Capital Markets 2009 North American Unconventional Gas Conference to be held on January 13, 2009



**The BMO Capital Markets 2009 North
American Unconventional Gas
Conference**

January 13, 2009



National Fuel[®]

Safe Harbor

For Forward Looking Statements

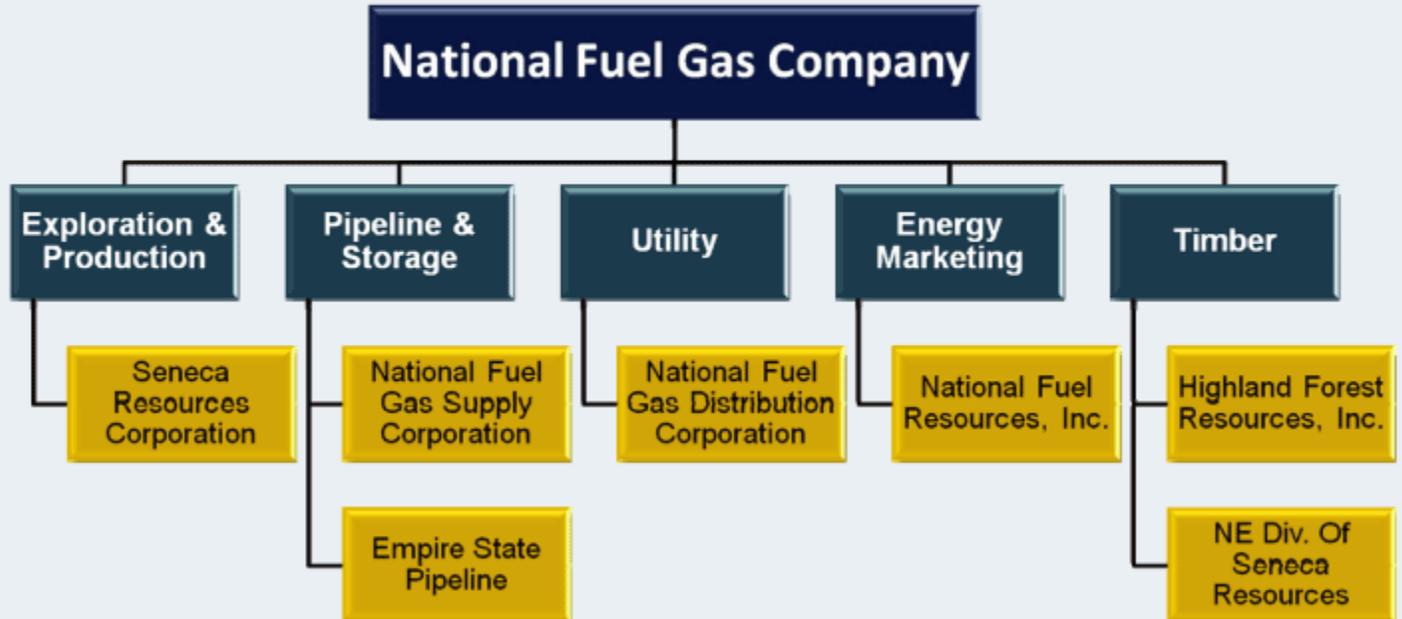
This presentation may contain “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995, including statements regarding future prospects, plans, performance and capital structure, anticipated capital expenditures and completion of construction projects, as well as statements that are identified by the use of the words “anticipates,” “estimates,” “expects,” “forecasts,” “intends,” “plans,” “predicts,” “projects,” “believes,” “seeks,” “will,” “may,” and similar expressions. 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 results referred to in the forward-looking statements: financial and economic conditions, including the availability of credit, and their effect on the Company’s ability to obtain financing on acceptable terms for working capital, capital expenditures and other investments; occurrences affecting the Company’s ability to obtain financing under credit lines or other credit facilities or through the issuance of commercial paper, other short-term notes or debt or equity securities, 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 for, the Company’s products and services; the creditworthiness or performance of the Company’s key suppliers, customers and counterparties; economic disruptions or uninsured losses resulting from terrorist activities, acts of war, major accidents, fires, hurricanes, other severe weather, pest infestation or other natural disasters; changes in actuarial assumptions, the interest rate environment and the return on plan/trust assets related to the Company’s pension and other post-retirement benefits, which can affect future funding obligations and costs and plan liabilities; changes in demographic patterns and weather conditions; changes in the availability and/or price of natural gas or oil and the effect of such changes on the accounting treatment of derivative financial instruments or the valuation of the Company’s natural gas and oil reserves; impairments under the SEC’s full cost ceiling test for natural gas and oil reserves; uncertainty of oil and gas reserve estimates; ability to successfully identify, drill for and produce economically viable natural gas and oil reserves, including shortages, delays or unavailability of equipment and services required in drilling operations; significant changes from expectations in the Company’s actual production levels for natural gas or oil; changes in the availability and/or price of derivative financial instruments; changes in the price differentials between various types of oil; inability to obtain new customers or retain existing ones; significant changes in competitive factors affecting the Company; changes in laws and regulations to which the Company is subject, including tax, environmental, safety and employment laws and regulations; governmental/regulatory actions, initiatives and proceedings, including those involving acquisitions, financings, rate cases (which address, among other things, allowed rates of return, rate design and retained natural gas), affiliate relationships, industry structure, franchise renewal, and environmental/safety requirements; unanticipated impacts of restructuring initiatives in the natural gas and electric industries; 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, and the ability to obtain necessary governmental approvals and permits; ability to successfully identify and finance acquisitions or other investments and ability to operate and integrate existing and any subsequently acquired business or properties; changes in the market price of timber and the impact such changes might have on the types and quantity of timber harvested by the Company; significant changes in tax rates or policies or in rates of inflation or interest; 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; changes in accounting principles or the application of such principles to the Company; the cost and effects of legal and administrative claims against the Company or activist shareholder campaigns to effect changes at the Company; increasing health care costs and the resulting effect on health insurance premiums and on the obligation to provide other post-retirement benefits; or increasing costs of insurance, changes in coverage and the ability to obtain insurance.

For a discussion of these risks and other factors that could cause actual results to differ materially from results referred to in the forward-looking statements, see “Risk Factors” in the Company’s Form 10-K for the fiscal year ended September 30, 2008. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

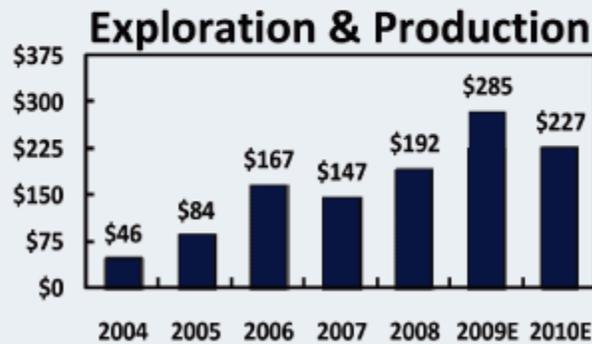
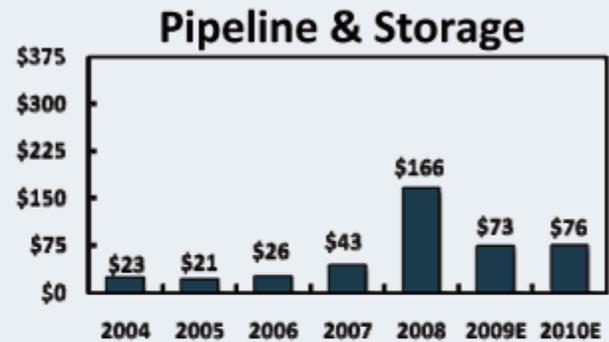
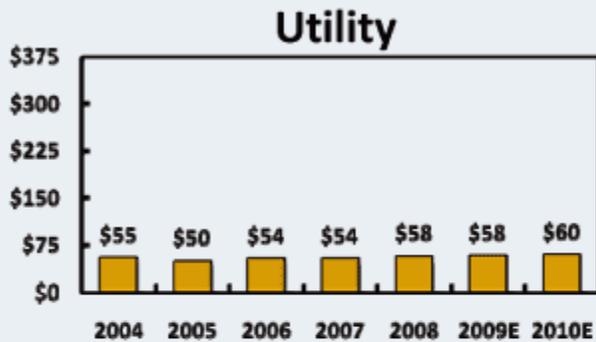
National Fuel Gas Company

Business Segment Reporting



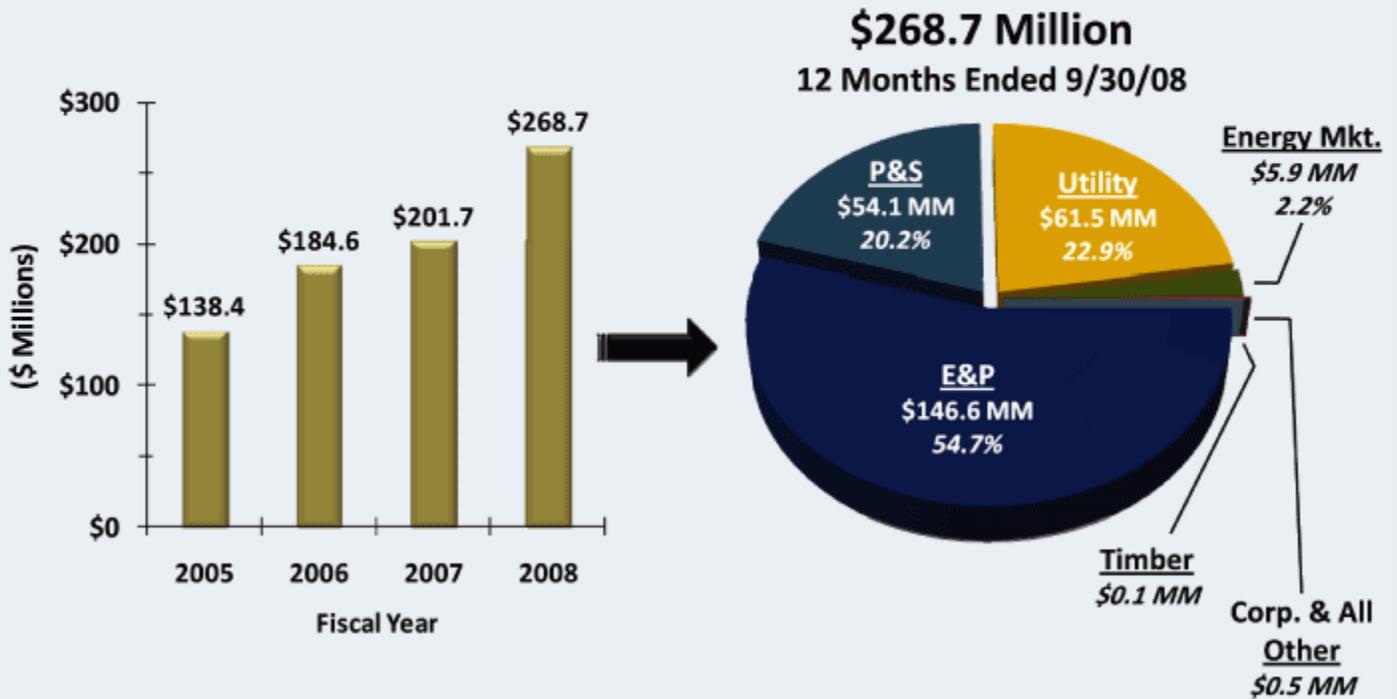
National Fuel Gas Company

Capital Expenditures⁽¹⁾ by Segment



National Fuel Gas Company

Net Income from Continuing Operations⁽¹⁾





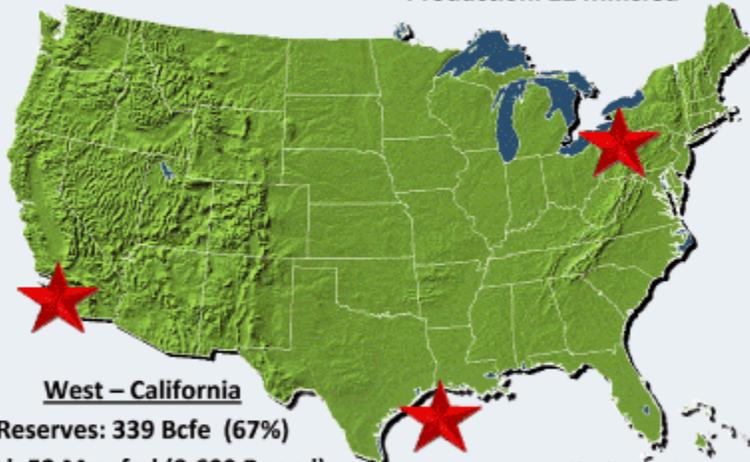
Exploration & Production



Seneca Resources Corporation

Exploration & Production

East - Appalachia
Reserves: 131 Bcfe (26%)
Production: 22 Mmcfed

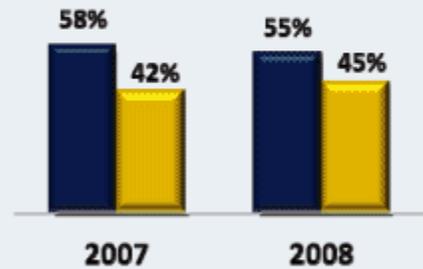


West - California
Reserves: 339 Bcfe (67%)
Prod: 52 Mmcfed (8,600 Boepd)

Gulf of Mexico
Reserves: 33 Bcfe (7%)
Production: 38 Mmcfed

Proved Reserves @9/30

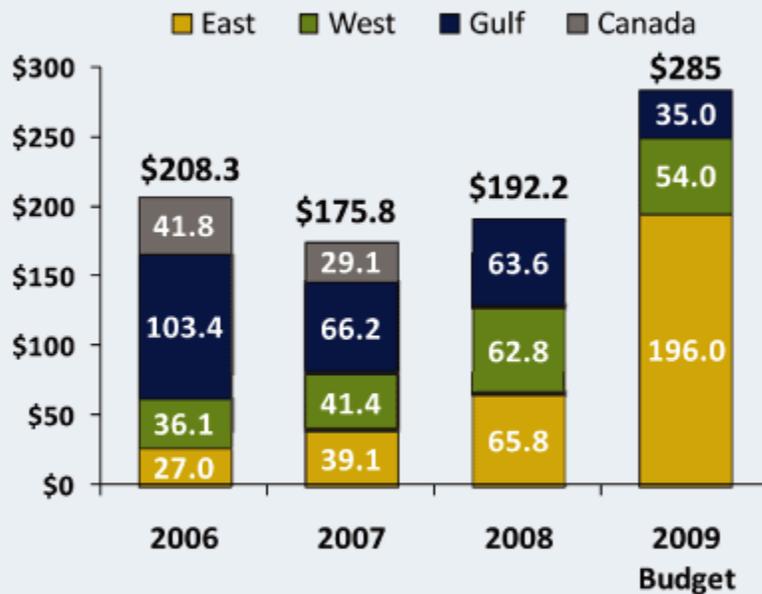
491 Bcfe 503 Bcfe



2007 2008

■ Oil ■ Gas

Exploration & Production *Capital Expenditures*



East *Increased Focus*

2006	2007	2008	2009E
13%	22%	34%	69%

West *Stable Spending*

2006	2007	2008	2009E
17%	24%	33%	19%

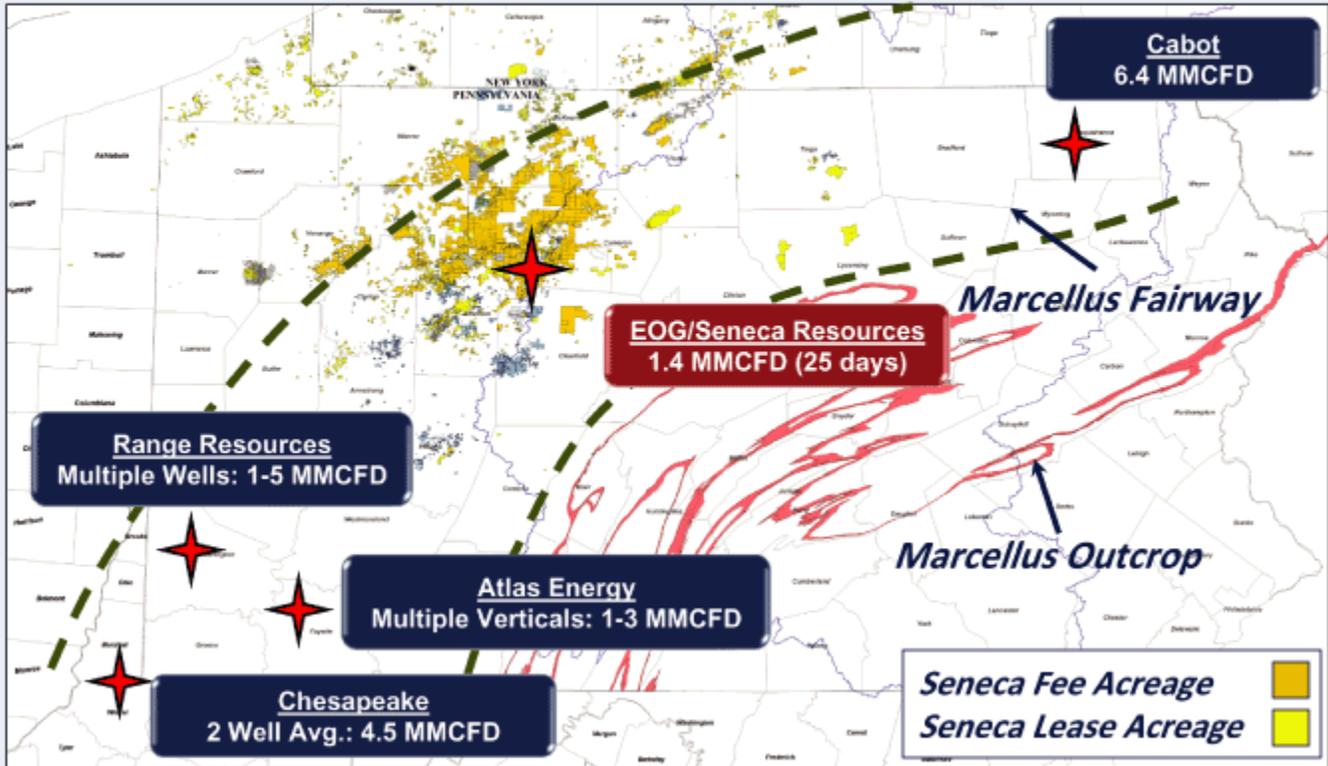
Gulf of Mexico *Reduced Focus*

2006	2007	2008	2009E
50%	38%	33%	12%

Major shift in capital allocation from higher-risk exploration to lower-risk development will lead to improved Finding & Development costs

Marcellus Shale

Recent Daily Production Rates



Marcellus Shale

3rd Largest Acreage Holder

Company	Acres
Chesapeake	1,200,000
Range	900,000
Seneca	725,000
Atlas	580,000 (“under control”)
Equitable	400,000
Chief	350,000
XTO	280,000
Exco	276,000
EOG	220,000

Marcellus Shale

EOG JV Drilling Update

Drilling Summary

Well Type	# of Wells
Vertical	5
Horizontal ⁽¹⁾	6

Horizontal Well Summary

Well #	IP Rate	Details
1	350 Mcf/d	<i>Ineffective Frac Job</i>
3	400 Mcf/d	<i>Short Lateral – 1,500'</i>
4	1,400 Mcf/d	<i>3,500' Lateral</i>
5,6	N/A	<i>To Be Frac'd Soon</i>

2009: Anticipated 10 Horizontal Wells

Marcellus Shale

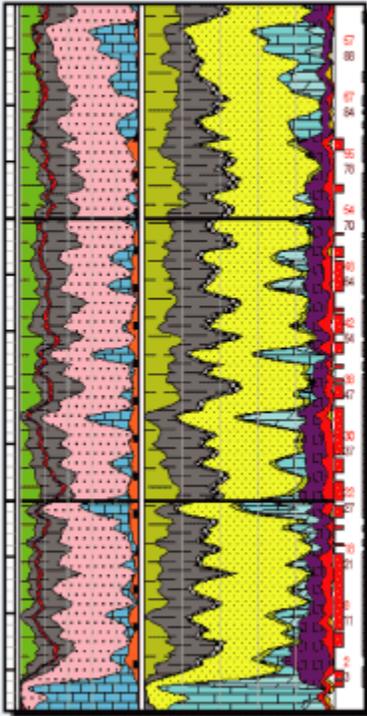
Seneca Resources-EOG Joint Venture

	Joint Venture Terms
JV Agreement	Originated November, 2006, 10 Year Term tied to a Continuous Drilling commitment.
Total Acreage	EOG can earn 50% WI in 200,000 Seneca acres. Seneca can earn 50% WI in ~120,000 EOG acres.
Prospect Selection	EOG prospect selection to be completed by March 2009 (Originally - December 2011).
Drilling Requirements	EOG must ramp up to 60 development wells per year by 2014.

Beginning in March 2009, Seneca will have complete control of ~525,000 acres

Marcellus Shale

Log and Core Evaluation



Depth TVD:	5,000' – 8,000'
Thickness	50' – 200'
Total Organic Content (TOC)	2% - ≥ 10%
Thermal Maturity	1% - 3%
Effective Porosity	3% - 12%
Pressure (psi/foot)	0.43 – 0.65
Water Saturation	12% - 35%
Gas-in-Place (Bcfe/Section)	30 – 150
Anticipated EUR/Horizontal Well (Bcfe)	1.0 – 3.0

Marcellus Shale

PA State (DCNR) Lease Sale – 9/3/08

Company	Total Acreage
Seneca Resources	23,988
ExxonMobil	19,439
Anadarko E&P	17,189
Fortuna Energy	9,339
Hunt Oil	4,068

❖ **Seneca was the high bidder on 4 of 6 tracts**

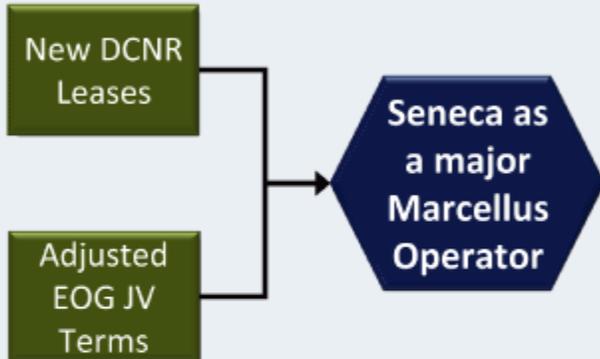
- Total of the 4 high bids - \$74 million
- 10-year lease terms
- Lycoming & Tioga Counties

❖ **Marcellus Shale impact**

- 150-200 potential horizontal well locations
- Acreage is relatively contiguous in the core area of the play where the shale is thick

Marcellus shale

Seneca Operations



- ❖ ~525,000 net acres to evaluate as operator
- ❖ Plan to drill 6-8 vertical “test” wells this fiscal year, beginning March ‘09
- ❖ Begin horizontal program in July ‘09

*May partner in some areas,
remain 100% in others*

❖ Marcellus acreage prioritized by:

- Geology
- Lease Terms
- Permitting Issues
- Pipeline infrastructure

Summary

- **Seneca is the third largest acreage holder in the Marcellus Shale play**
- **EOG Joint Venture**
 - Initial exploration at minimal cost
 - Gained experience of an industry leader
- **2009 is a big year**
 - Development drilling on Joint Venture acreage
 - March '09 – Seneca drilling operations commence

Reconciliation of Exploration & Production Segment Capital Expenditures from Continuing Operations to Consolidated Capital Expenditures
(\$ millions)

	2004	2005	2006	2007	2008	2009 Forecast	2010 Forecast
Exploration & Production Capital Expenditures from Continuing Operations	\$ 46.3	\$ 83.9	\$166.5	\$146.7	\$192.2	\$285.0	\$227.0
Pipeline & Storage Capital Expenditures (1)	23.2	21.1	26.0	43.2	165.5	73.0	76.0
Utility Capital Expenditures	55.4	50.1	54.4	54.2	57.5	58.0	60.0
Timber Capital Expenditures	2.8	18.9	2.3	3.7	1.4	1.0	1.0
Corporate & All Other Capital Expenditures	5.7	1.1	3.2	(0.2)	(2.1)		
Total Corporation — Continuing Operations	\$133.4	\$175.1	\$252.4	\$247.6	\$414.5	\$417.0	\$364.0
Capital Expenditures from Discontinued Operations	38.9	38.5	41.8	29.1	—	—	—
Total Capital Expenditures	\$172.3	\$213.6	\$294.2	\$276.7	\$414.5	\$417.0	\$364.0

(1) Amount for year ended September 30, 2008 includes \$16.8 million of accrued capital expenditures related to the Empire Connector project. This amount has been excluded from the Consolidated Statement of Cash Flows at September 30, 2008 since it represents a non-cash investing activity at that date.

**Reconciliation of Segment Net Income from Continuing Operations to
Consolidated Net Income
('000)**

	2005	2006	2007	2008
Income from Continuing Operations	\$138,437	\$184,614	\$201,675	\$268,728
Discontinued Operations:				
Income (Loss) From Operations, Net of Tax	25,277	(46,523)	15,479	—
Gain on Disposal, Net of Tax	25,774	—	120,301	—
Income (Loss) From Discontinued Operations, Net of Tax	\$ 51,051	\$ (46,523)	\$135,780	\$ —
GAAP Net Income	\$189,488	\$138,091	\$337,455	\$268,728