

Seneca Resources Announces Plan to Convert Marcellus Drilling Rigs to Natural Gas

(Oct. 25, 2012) 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") today announced plans to complete the conversion of two of its Pennsylvania drilling rigs to cleaner-burning natural gas, displacing the diesel fuel currently used to power equipment at the well site. These will be the first dedicated 100 percent liquefied natural gas (LNG)-fueled drilling rigs operating in the Marcellus Shale within Pennsylvania.

The first rig was converted earlier this month in Lycoming County. The conversion of a second rig should be completed in early November. Seneca will also deploy a third rig that will run on both diesel and natural gas during this fiscal year.

"We continually look for opportunities to improve our operations, reduce our costs and minimize our environmental impact. The use of alternative fuels, such as LNG and eventually field gas (natural gas produced from local wells near the drill pad), is just one step in a broader strategic plan to expand the use of natural gas in our drilling program," said Matthew D. Cabell, President of Seneca. "This change will help reduce our environmental footprint and it is also economically beneficial."

Industry studies on the use of natural gas have shown a significant reduction in carbon dioxide (CO₂), volatile organic compounds (VOCs) and nitrogen oxide (NOX) emissions when compared to diesel. Certain emissions reductions could be as high as 95 percent. Additionally, the operation of a drilling rig fueled by natural gas is quieter than one utilizing diesel fuel and is virtually odorless.

At a much lower cost than diesel, natural gas-powered drilling rigs offer an economic benefit to the company. At today's prices, the savings could be as much as 65 percent. Longer-term, Seneca expects to see additional savings as rigs are connected to natural gas produced from nearby wells, eliminating the need to transport LNG to the rig site.

"National Fuel has been a diligent steward of the environment for more than 100 years and Seneca places this as a top operational priority," said David F. Smith, Chairman and Chief Executive Officer of National Fuel. "Over the past few years, Seneca has used coal mine drainage water in its drilling program, instituted a 'zero surface discharge' policy for produced water and embraced other technology to reduce its environmental footprint. Utilizing natural gas powered drilling rigs furthers Seneca's long-standing operational excellence."

National Fuel is an integrated energy company with \$5.8 billion in assets comprised of the following four operating segments: Exploration and Production, Pipeline and Storage, Utility, and Energy Marketing. Additional information about National Fuel is available at www.nationalfuelgas.com or through its investor information service at 1-800-334-2188.