

Fall 2006

## Visit Our Open Houses

Join us at an open house near you:

**Frank Pierce Early Childhood Center,**  
3805 Meads Creek Road,  
Coopers Plains, N.Y.  
(south at I-86, Exit 42) –  
4 to 8 p.m.,  
Wednesday, October 25

**Waverly High School cafeteria,**  
1 Frederick Street,  
Waverly, N.Y. –  
4 to 8 p.m.,  
Thursday, October 26

**New York State Grange,**  
100 Grange Place,  
Cortland, N.Y. –  
4 to 8 p.m.,  
Monday, October 30

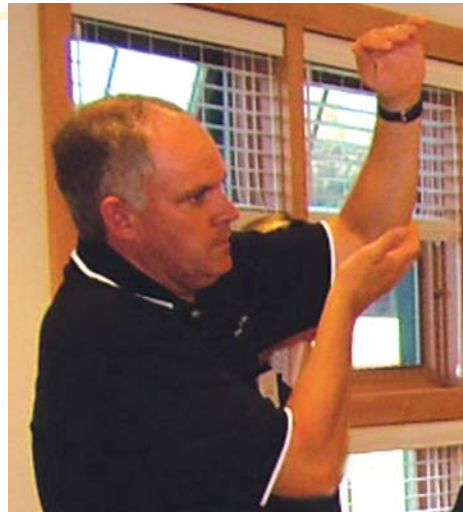
Information, refreshments,  
gifts and prize drawings.

### See you there!

## GEOLOGY:

### *Finding natural gas*

*By Steve Coulter, Senior Geologist*



Throughout the many phases of natural gas exploration – leasing, seismic testing, drilling and production – geoscientists are the detectives at work interpreting the natural clues that point to where natural gas might be found. Geologists and geophysicists are the modern day prospectors. Their know-how has its foundation in education, but their skills have grown through years of experience in the field.

Geologists study rocks and surface formations across local fields and hills. Each drill rig also has a geologist on site to examine and learn from the drill cuttings as they're brought to the surface. Geophysicists analyze the data gathered in seismic surveys to determine drilling locations and plan the well's underground path.

Under our feet are complicated formations of rock, sediment, gases and water that evolve over time. Tapping into natural gas in your backyard is not as simple as putting a straw in the ground and sucking it out.

Contrary to popular belief, the natural gas here is not found in large caverns or pools. Instead, the gas is trapped in rock crevices, pores, cracks and fractures under intense pressure, in what would appear to be solid rock. The specific rock formation is the Black River limestone layer that was converted to crystallized dolomite millions of years ago. The dolomite typically occurs in fault-bounded “graben trends” or troughs, where the rock is more porous than the surrounding limestone. Another layer of Trenton limestone, above the Black River layer, has trapped natural gas in the productive locations. Drilling horizontally across these dolomite areas greatly increases our chance of finding gas in economic quantities.

Since 2002, Fortuna Energy has explored to produce natural gas from this Trenton-Black River formation, some two miles below the surface. In addition, as we have drilled to this depth, our geologists have noted shale and sand formations with some gas that we have passed through at shallower levels. Using this information, Fortuna is now testing shallow gas production in some areas to see if it will prove economically feasible.

We've prepared an information sheet that explains the geology of natural gas exploration in more detail. To request a copy, please call us at 607-795-2780 or toll free at 866-566-4747. A digital version is also available at our website: [www.fortunaenergy.com](http://www.fortunaenergy.com).

# A message from our new president



Jim O'Driscoll  
Fortuna President

I've only been in the Twin Tiers a few weeks now, but I'm getting to know and enjoy the community and have had an opportunity to meet many of the people who make this a great place to live and work. I hope to meet many

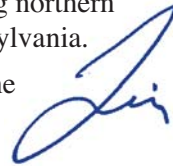
more of you at our upcoming open houses, where we will have a chance to talk about Fortuna's business activities (see the schedule in this newsletter.)

Fortuna Energy has been benefiting the communities where we work in a number of ways. Our team has grown to 69 staff members working in our offices

in Horseheads, N.Y. Last year, we spent more than \$17 million with local businesses buying products and services to run our operations. In 2005, we also paid \$63 million to landowners in lease and royalty payments. Local town, county and school tax payments totaled \$3 million and we were able to contribute to several local groups and community projects.

Fortuna has built a solid foundation and is entering a new phase of growth. While we will continue to develop our core areas in the Southern Tier and adjacent counties, we are also excited about expanding operations into new areas, including northern and southwestern Pennsylvania.

I hope to see you at one of our open houses.



## Jim O'Driscoll:

- Appointed President, Fortuna Energy Inc., July 17
- Prior position was Senior Finance Manager, North American Operations, Talisman Energy
- 24 years in the oil and gas industry worldwide
- Native of Ireland
- Wife, Marlene, and two grown children
- Enjoys playing golf and traveling

# More than 1,600 youths get free bike helmets

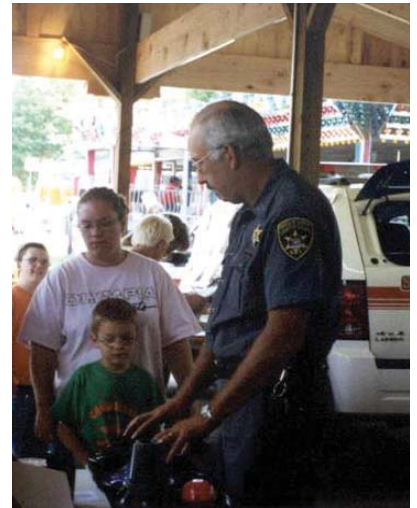


## Thank You!

Handwritten list of names: Jenna, Bill, Anthony, Force + Darcy, Panel, Megan, Mitchell, Jacob, Nathan, Aaron, Kyle, Jayde, and Taylor, Austin, Dwyer, Carol, Faith, Foulkrod, Katlin, Jason, Anish, WARE, Raelynn, Emily, Matthew, Nat, Tim, Kyle, Jeffrey, Caitlyn, Megan, Alex, Holly, Karly, Warren, Ian, Ronald, Gregory, Holly, Becky, Alexis, Samantha, BPS, Sawyer, Cayla, Will, Bobbie, Alexis, Mellissa, Kyle, Brandon, Rebecca, Charlie, Moyer, Andrew, Cole, Caitlin, Shaffer, Patrick, Mike, Rebecca, Megan, Michael, Vette, Katherine, Hailey, Warner, Tyler, Darrah, Sebastian, Katy, Marjorie, Joe, Ottaviano, Nathanial, Lance, Taylor, Amy, Alex, Braden



Troy Police Officer Floyd McDonald (white shirt) adjusts a helmet at the Troy Fair.



Captain Keith Barrett of the Steuben County Sheriff's Department prepares to fit a bike helmet at the fair in Bath.

Fortuna Energy provided free bicycle safety helmets to more than 1,600 youths in the Twin Tiers this summer. The helmets were distributed at two festivals in Owego, N.Y., the Troy Fair in Bradford County, Pa. and the Steuben County Fair in Bath, N.Y. Local police departments helped make sure the helmets fit the kids properly.

# Operations Report

So far, 2006 has been another busy year for Fortuna Energy. Our main activity has continued to be drilling deep, horizontal wells in the Southern Tier of New York, but we're also branching out into new regions.

In addition, we are installing two compressors in New York – one in Lindley, Steuben County, and the other in the Town of Dix, Schuyler County.

If you ever have questions concerning any of our wells or our work in your area, please call our Landowner Relations Department at 607-795-2780 or toll-free at 866-566-4747.



*Stoscheck Well drilling in April 2006 in Van Etten.*

## 2006 Trenton Black River well drilling activity through September:

County	Town	Wells
Chemung	Catlin	Schwingel 2
Chemung	Van Etten	Stoscheck 1
Chemung	Veteran	Hulett 1
Schuyler	Orange	Alletto 1 and Kaiser 1A
Steuben	Bradford	Elliott 1
Steuben	Campbell	Congdon R1, Cosier 1 and Swan 1
Steuben	Caton	BJ Hartman 1, Dennis 1 and Kio 1 (all with East Resources, Inc.)
Steuben	Corning	Dzybon 1 and Gross D. 1
Tioga, NY	Barton	Shipman 1
Tioga, NY	Spencer	Winter 1
Washington, Pa	Hanover	Starvaggi

## Thanks for the input

Many thanks to the hundreds of you who took the time to fill out and return the survey cards from the spring newsletter. We were glad to hear from so many of you. All of the responses will be very helpful as we plan future activities and ways of communicating with landowners.

## Farewell to Judy

Judy Harding, president since 2004, was given a send off at the Fortuna office in July. She left to take a management position with Talisman Energy, Fortuna's Canadian parent company.



## Fortuna in our community



George Sindoni, 16, of Waverly, N.Y., caught the largest bass at the Red Cross Fishing Tournament which Fortuna helped sponsor in July.



At the Chemung County Fair in August, Fortuna Energy purchased the Grand Champion Market Hog and Steer and donated them to the Food Bank of the Southern Tier. Left to right are Scott Esty of Fortuna, hog owner, Dylan Reep, 12, and Mary Parmenter from the Food Bank.



Fortuna Energy was proud to once again help sponsor the annual "Strong Kids Safe Kids" back-to-school event in Chemung County.

**Fortuna Energy Inc.**

203 Colonial Drive, Suite 101  
Horseheads, NY 14845

**Fall Open House  
Dates Inside**