

Spring 2006

## Operations Report

Looking back at 2005, Fortuna Energy completed drilling 11 of our own wells and participated in the drilling of five more with other operators. These wells were located in Big Flats, Catlin, South Corning, Caton, Van Etten and Spencer. We also completed seismic work in the Van Etten-Spencer-Candor and Campbell-Savona areas.

We expect another active year in 2006. Our work will continue with leasing of new lands, seismic exploration, drilling in targeted locations and tying in new wells to pipelines. *(See related article on seismic surveys.)*

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.

## What is seismic?

By David Whedbee, Supervisor, Surface Land



Seismic survey work is a very visible activity in our local search for natural gas deposits. If you've seen cables strung along roadsides or helicopters hovering over local hills, then you've seen seismic crews at work. Seismic surveys gather underground geologic information by transmitting acoustic (sound) waves into the earth and then recording the reflected signals that bounce back from underground layers and rock formations.

Before we can begin a seismic survey, land agents need to lease gas rights across enough land to allow for widespread examination of a region's underground geologic structures. It is important that we work with landowners to understand any special land-use requirements that they may have. The seismic crews take all possible steps to minimize the impact on people and their property and to clean up as they go.

Geologists and geophysicists consider many factors in selecting sites for more in-depth study. There are two types of seismic surveys they may choose to run: two-dimensional (2D) and three-dimensional (3D).

In a 2D seismic survey, single lines of energy transmitters, such as a convoy of vibrator trucks, send waves of energy pulses into the ground. Small energy "echoes" are reflected back to the surface from each rock formation that the energy waves pass through.

These tiny impulse echoes are detected by sensitive "listening" devices called geophones that are wired to recording instruments. It is the measured reflections of these energy pulses which reveal geologic information along a cross section of the earth.

The more extensive 3D surveys require a network of cabled geophones to be placed in a grid pattern. This can cover an area of around 30 to 50 square miles at a time. A 3D seismic survey will more completely image subsurface geologic features and increase our understanding of underground geological structures.

Both types of seismic studies provide valuable information that Fortuna Energy needs in order to find the specific rock formations that may contain deposits of natural gas thousands of feet below the surface. However, even with the finest equipment and the best analysis possible, there is still considerable uncertainty in locating a site for a productive well rather than coming up with a dry hole.

We've prepared a handout that explains seismic surveys in more detail. To request a copy, just call us at 607-795-2780 or toll free at 866-566-4747 or visit our website at [www.fortunaenergy.com](http://www.fortunaenergy.com).



David Whedbee (left) and Eric Haskins check GPS positioning data.

## We want to hear from you



*Judy Harding  
Fortuna President*

I was pleased to meet many landowners at our open houses that we held last fall in New York and Pennsylvania. You'll soon see we are scheduling new

open houses in other locations and I'm looking forward to meeting many more of you.

Of course, even with these events, we can't possibly talk to each of you personally the way we would like.

That's why we're asking for your feedback in another way.

In this newsletter you'll find a postage-paid card with a few brief questions. I hope you will take the time to write in your answers and mail it back to us.

Landowners are important to our work at Fortuna Energy and we value your input. We can't always provide everything that is requested, but we will work hard to meet your expectations.

Please take the time to tell us your opinions on the survey and to visit with us at an upcoming open house.

## Help us find great photos for the 2007 calendar

For three years now, Fortuna Energy has produced calendars featuring our local operations, area communities and local scenery. Now we want to involve you, our landowners, in the process.

Please send us photos you'd like to see in the 2007 calendar. Here are the guidelines:

- Photo prints must be 35mm quality or better; digital photos must be high resolution, in their original files (not manipulated or format modified.)
- Photos will not be returned.
- By submitting your photos, you are agreeing to let Fortuna Energy make full use of them in the 2007 calendar, in any promotion of the calendar and on our web site (personal credit will be given).
- Subjects can include local scenery, events and Fortuna-related topics (such as well sites or open houses).
- Consider seasons, holidays and events for all 12 months when choosing photos to submit.
- All photos and photo disks should be clearly labeled with your name, address and phone number.
- Photos must be received by July 1, 2006, to be considered for the 2007 calendar.

## A chance to chat

Hundreds of people visited our New York and Pennsylvania open houses last fall.



*Big Flats, N.Y.*



*Spencer, N.Y.*



*Mansfield, Pa.*



*Hornby, N.Y.*

## Making a Difference – A report from Catholic Charities

Last fall, with winter fast approaching and heating bills predicted to reach record highs, Fortuna Energy made a grant of \$50,000 to Catholic Charities' Turning Point program.

"While we're not a utility and we don't directly supply to homes or set the prices for propane or natural gas, we do understand how rising costs create struggles for many people, especially in winter," said Judy Harding, Fortuna's president.

The donated funds were intended to help families facing emergencies. According to the agency, the money has been hitting its mark.

Catholic Charities reports that a Steuben County woman (names withheld to protect privacy) came to Turning Point requesting assistance to buy propane. Employed as a waitress, she had covered some shifts of a sick coworker for three weeks. The extra money had an unexpected down side: her income now exceeded the federal

### Turning Point Heating Assistance

Households _____	148
Number of Adults _____	230
Number of Children _____	194
Average Grant _____	\$150

Home Energy Assistance Program (HEAP) limit by \$10.

"She had been counting on the HEAP benefit to help pay for a delivery of propane, but she was denied," said Jackie Slayton, a Catholic Charities' emergency services specialist.

Slayton said the woman's household consists of a disabled husband, a daughter who is a full-time college student and a two-year-old grandson. Turning Point was able to assist her through the Fortuna Energy grant with enough money to cover the propane delivery, said Slayton.

Catholic Charities said another Southern Tier resident had been injured on the job and was on Workman's Compensation. She had been out of work for three months and was having trouble paying all the bills, according to Catholic Charities.

She had already exhausted her HEAP benefits, had an overdue bill of \$564 and was on the verge of having her heat shut-off.

"She was able to pay a portion of the bill herself and, through the generosity of Fortuna Energy, Catholic Charities' Turning Point program was able to help her with the balance. Soon she will be back to work and able to pay her own expenses once again," said Slayton.

According to Catholic Charities, grants had been made to 148 households in Steuben, Schuyler and Chemung counties in New York as of April. A total of 424 individuals, including 194 children, have benefited from the program.

A milder than predicted winter helped keep heating bills down, so funds were used at a slower pace than expected, according to Slayton.

### Local gas exploration featured on PBS



Photos courtesy  
Bill Jaker (WSKG)

TV crews from the Southern Tier's public broadcasting station, WSKG-TV in Binghamton, filmed practically every step in the life of a well for a documentary about local natural gas exploration. They also interviewed several Fortuna employees and landowners for the program that first aired in November of 2005.

## Fortuna in our community



*Fortuna donated a total of \$15,000 to three local Salvation Army units in December to help needy families in Chemung, Steuben and Tioga counties in New York.*



*A donation to the Caton, N.Y., Volunteer Fire Department helped purchase accident rescue equipment.*



*Fortuna volunteers, shown here at the Steuben SRA3 #1 well near Monterey, split wood and donated it to Pro-Action for distribution to needy families.*

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