

New User? Register | Sign In | Help

Make Y! home, help a school

Mail | My Y! | Yahoo!

Search

Search Web



## Magnum Hunter Subsidiary Announces Marcellus Gas Processing Initiative With MarkWest



Press Release Source: Magnum Hunter Resources On Wednesday October 5, 2011, 9:00 am EDT

HOUSTON, TX--(Marketwire -10/05/11)- Magnum Hunter Resources Corporation (NYSE: [MHR - News](#)) (AMEX: [MHR-PC - News](#)) (AMEX: [MHR-PrD](#)) ("Magnum Hunter" or the "Company") announced today that its wholly-owned subsidiaries, Eureka Hunter Pipeline, LLC ("Eureka Hunter") and Triad Hunter, LLC ("Triad Hunter"), have entered into definitive services agreements (the "Agreements") with MarkWest Liberty Midstream & Resources, L.L.C. ("MarkWest Liberty"), a partnership between MarkWest Energy Partners, L.P. (NYSE: [MWE - News](#)) and The Energy & Minerals Group. The Agreements provide for long-term midstream processing and related services in the liquids-rich Marcellus Shale. This will include natural gas produced in Northwestern West Virginia that is gathered through the Eureka Hunter Pipeline System, including equity production for Triad Hunter and other third party producers.

Pursuant to the Agreements, Eureka Hunter has sold its under-construction 200 MMCFE per day capacity Thomas Russell cryogenic natural gas processing plant to MarkWest Liberty. MarkWest Liberty will now install this new plant, to be named the "Mobley 2" plant, adjacent to MarkWest's 120 MMCFE per day capacity gas processing plant named the "Mobley 1" plant. Mobley 1 is currently anticipated to be in commercial operation in the second quarter of 2012. Mobley 2 is expected to be in service in the third quarter of 2012. The completion of both Mobley plants will increase MarkWest Liberty's total gas processing capacity by 320 MMCFE per day. Natural gas liquids handling services will be provided by MarkWest Liberty, with fractionation services anticipated to be handled at its Houston, Pennsylvania processing and fractionation complex.

Eureka Hunter will extend its 20 inch gas gathering system to the Mobley processing complex on or before May 1, 2012 in order to begin delivering unprocessed natural gas production to both Mobley Plants for processing. Eureka Hunter will be gathering both Triad Hunter's and other third parties' natural gas production for delivery to MarkWest Liberty's Mobley processing complex. Initial delivery volumes from Eureka Hunter to the Mobley complex are currently estimated to be in the 50 - 75 MMBTU per day range. Based on current pricing for NGLs, Eureka Hunter and other third party producers are anticipating a "pricing uplift" of between \$1.00 - \$1.25 per MCFE sold (net of gathering and processing charges). Additionally, natural gas production processed at the Mobley complex will be able to access both the Columbia Gas Transmission and the Equitrans interstate pipeline systems.

The Agreements also include a mutual cooperation agreement between Eureka Hunter and MarkWest Liberty whereby both companies have agreed to jointly develop critical natural gas related services to support Marcellus Shale producers in a significant portion of Northwest West Virginia.

Mr. Don Kirkendall, Senior Vice President of Eureka Hunter Pipeline, LLC, commented, "The comprehensive midstream services agreements that Eureka Hunter and Triad Hunter announced today with MarkWest Liberty are a very positive event for our Company. Due to the very high BTU nature of the natural gas stream produced from the Marcellus Shale in northwestern West Virginia, it has been a priority for Eureka Hunter to not only be able to offer gathering services, but to also offer processing such that the extremely valuable NGLs within this production stream can be captured and then sold on a stand alone basis in order to realize full economic value. These new agreements with MarkWest Liberty will allow Eureka Hunter to become the midstream services provider of choice in Northwestern West Virginia. Adding Mobley processing as another delivery option for producers connected to Eureka Hunter expands the optionality that makes Eureka Hunter so unique in this region. The proceeds to be received by Eureka Hunter from the sale of our Thomas Russell cryogenic processing plant under construction further enhances our liquidity position and allows our expansion activities to accelerate. Eureka Hunter's sister company, Triad Hunter, will benefit from having a pipeline ready to move its rapidly increasing raw Marcellus Shale production to sales and now processing. The ability of Triad Hunter to book additional NGL proven reserves is also now significantly enhanced. We are excited to be working with MarkWest Liberty in this new relationship. As the largest natural gas processor and fractionator in the Appalachian Basin, MarkWest has operated vertically integrated natural gas processing and NGL fractionation, storage and marketing services to producers for more than 20 years."

### About Magnum Hunter Resources Corporation

Magnum Hunter Resources Corporation and subsidiaries are a Houston, Texas based independent exploration and production company engaged in the acquisition, development and production of oil and natural gas, primarily in the states of West Virginia, Kentucky, Ohio, Texas,

North Dakota and Saskatchewan, Canada. The Company is presently active in three of the most prolific shale resource plays in North America, namely the Marcellus Shale, Eagle Ford Shale and Williston Basin/Bakken Shale.

For more information, please view our website at <http://www.magnumhunterresources.com/>

### Forward-Looking Statements

The statements and information contained in this press release that are not statements of historical fact, including all estimates and assumptions contained herein, are "forward looking statements" as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward looking statements include, among others, statements, estimates and assumptions relating to our business and growth strategies, our oil and gas reserve estimates, our ability to successfully and economically explore for and develop oil and gas resources, our exploration and development prospects, future inventories, projects and programs, expectations relating to availability and costs of drilling rigs and field services, anticipated trends in our business or industry, our future results of operations, our liquidity and ability to finance our exploration and development activities, market conditions in the oil and gas industry and the impact of environmental and other governmental regulation. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "could", "should", "expect", "intend", "estimate", "anticipate", "believe", "project", "pursue", "plan" or "continue" or the negative thereof or variations thereon or similar terminology. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties. Factors that may cause our actual results, performance, or achievements to be materially different from those anticipated in forward-looking statements include, among other, the following: adverse economic conditions in the United States and globally; difficult and adverse conditions in the domestic and global capital and credit markets; changes in domestic and global demand for oil and natural gas; volatility in the prices we receive for our oil and natural gas; the effects of government regulation, permitting, and other legal requirements; future developments with respect to the quality of our properties, including, among other things, the existence of reserves in economic quantities; uncertainties about the estimates of our oil and natural gas reserves; our ability to increase our production and oil and natural gas income through exploration and development; our ability to successfully apply horizontal drilling techniques and tertiary recovery methods; the number of well locations to be drilled, the cost to drill, and the time frame within which they will be drilled; drilling and operating risks; the availability of equipment, such as drilling rigs and transportation pipelines; changes in our drilling plans and related budgets; and the adequacy of our capital resources and liquidity including, but not limited to, access to additional borrowing capacity. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such statements. Readers are cautioned not to place undue reliance on forward-looking statements, contained herein, which speak only as of the date of this document. Other unknown or unpredictable factors may cause actual results to differ materially from those projected by the forward-looking statements. Unless otherwise required by law, we undertake no obligation to publicly update or revise any forward-looking statements, including estimates, whether as a result of new information, future events, or otherwise. We urge readers to review and consider disclosures we make in our public filings made from time to time with the Securities and Exchange Commission that discuss factors germane to our business, including our Annual Report on Form 10-K, as amended for the year ended December 31, 2010 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements.

---

### Contact:

**Magnum Hunter Contact:**

M. Bradley Davis  
Senior Vice President of Capital Markets  
[bdavis@magnumhunterresources.com](mailto:bdavis@magnumhunterresources.com)

Follow Yahoo! Finance on [Twitter](#); become a fan on [Facebook](#).

