

TRANS ENERGY INC
Form 10-Q
August 22, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-23530

TRANS ENERGY, INC.

(Exact name of registrant as specified in its charter)

Nevada

93-0997412

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

210 Second Street, P.O. Box 393, St. Marys, West Virginia 26170

(Address of principal executive offices)

Registrant's telephone no., including area code: (304) 684-7053

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting

(Do not check if smaller

company

reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding as of August 18, 2011

Common Stock, \$0.001 par value

12,874,078

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Item 1. Financial Statements

TRANS ENERGY, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	June 30, 2011 Unaudited	December 31, 2010 Audited
ASSETS		
CURRENT ASSETS		
Cash	\$ 5,611,239	\$ 1,037,941
Accounts receivable, trade	3,691,513	1,195,259
Accounts receivable, related parties	18,500	18,500
Advance Royalties	114,098	99,381
Prepaid Expenses	57,644	825,646
Accounts receivable due from non-operators, net	71,803	82,964
Note receivable		27,295
Derivative assets	76,686	187,590
Total Current Assets	9,641,483	3,474,576
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$687,038 and \$612,047, respectively	1,075,832	1,148,500
OIL AND GAS PROPERTIES, USING SUCCESSFUL EFFORTS ACCOUNTING		
Proved properties	46,786,894	36,579,636
Unproved properties	7,079,072	6,156,188
Pipelines	1,387,440	1,387,440
Accumulated depreciation, depletion and amortization	(10,203,608)	(7,909,714)
Oil and gas properties, net	45,049,798	36,213,550
OTHER ASSETS		
Deferred financing costs, net of amortization of \$237,500	712,500	
Other assets	50,952	50,952
	763,452	50,952
TOTAL ASSETS	\$ 56,530,565	\$ 40,887,578

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TRANS ENERGY, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (continued)

	June 30, 2011 Unaudited	December 31, 2010 Audited
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable, trade	\$ 8,916,651	\$ 3,850,278
Accounts and notes payable, related party	2,150	2,150
Accrued expenses	2,018,055	1,494,493
Revenue payable	2,882,135	
Income tax payable	700,000	450,000
Notes payable current	13,081,587	17,377,479
Total Current Liabilities	27,600,578	23,174,400
LONG-TERM LIABILITIES		
Notes payable, net	10,211	20,818
Asset retirement obligations	235,198	219,478
Total Long-Term Liabilities	245,409	240,296
Total Liabilities	27,845,987	23,414,696
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY		
Preferred stock; 10,000,000 shares authorized at \$0.001 par value; -0- shares issued and outstanding		
Common stock; 500,000,000 shares authorized at \$0.001 par value; 12,874,078 and 12,737,328 shares issued, respectively, and 12,872,078 and 12,735,328 shares outstanding, respectively		
	12,874	12,737
Additional paid-in capital	38,721,967	38,256,340
Treasury stock, at cost, 2,000 shares	(1,950)	(1,950)
Accumulated deficit	(10,048,313)	(20,794,245)
Total Stockholders Equity	28,684,578	17,472,882

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 56,530,565	\$ 40,887,578
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See notes to unaudited consolidated financial statements.

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Table of Contents**TRANS ENERGY, INC. AND SUBSIDIARIES****Consolidated Statements of Operations (Unaudited)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
REVENUES	\$ 3,894,316	\$ 1,502,711	\$ 5,524,415	\$ 2,610,070
COSTS AND EXPENSES				
Production Costs	840,321	560,999	1,266,408	1,197,714
Depreciation, depletion, amortization and accretion	1,850,178	593,945	2,403,920	1,143,720
Selling, general and administrative	1,581,112	626,799	2,642,890	1,258,975
Total costs and expenses	4,271,611	1,781,743	6,313,218	3,600,409
Gain (loss) on sale of assets			12,624,365	(184)
INCOME (LOSS) FROM OPERATIONS	(377,295)	(279,032)	11,835,562	(990,523)
OTHER INCOME (EXPENSES)				
Interest Income	221	4,191	468	9,799
Interest Expense	(442,923)	(817,963)	(850,117)	(1,368,978)
Gain on derivative contracts	12,654	103,105	10,019	153,796
Total other income (expenses)	(430,048)	(710,667)	(839,630)	(1,205,383)
NET INCOME (LOSS) BEFORE INCOME TAXES	(807,343)	(989,699)	10,995,932	(2,195,906)
INCOME TAXES	(20,000)		250,000	
NET INCOME (LOSS)	\$ (787,343)	\$ (989,699)	\$ 10,745,932	\$ (2,195,906)
NET INCOME (LOSS) PER SHARE				
BASIC	\$ (0.06)	\$ (0.08)	\$ 0.84	\$ (0.18)
NET INCOME (LOSS) PER SHARE				
DILUTED	\$ (0.06)	\$ (0.08)	\$ 0.80	\$ (0.18)

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WEIGHTED AVERAGE SHARES	BASIC	12,736,831	12,531,078	12,736,084	12,308,914
WEIGHTED AVERAGE SHARES					
DILUTED		12,736,831	12,531,078	13,410,084	12,308,914

See notes to unaudited consolidated financial statements.

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TRANS ENERGY, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders Equity
For the Six Months Ended June 30, 2011
(Unaudited)

	Common Stock		Additional	Treasury	Accumulated	Total
	Shares	Amount	Paid in Capital	Stock	Deficit	
Balance, Dec. 31, 2010	12,737,328	\$ 12,737	\$ 38,256,340	\$ (1,950)	\$ (20,794,245)	\$ 17,472,882
Issuance of common stock	50,000	50	48,950			49,000
Shares issued for services	86,750	87	237,763			237,850
Stock option compensation expense			178,914			178,914
Net Income					10,745,932	10,745,932
Balance, June 30, 2011	12,874,078	\$ 12,874	\$ 38,721,967	\$ (1,950)	\$ (10,048,313)	\$ 28,684,578

See notes to unaudited consolidated financial statements.

Table of Contents**TRANS ENERGY, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows
(Unaudited)**

	For the Six Months Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 10,745,932	\$ (2,195,906)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation, depletion, amortization and accretion	2,403,920	1,143,720
Amortization of financing cost and debt discount		251,092
Share-based compensation	416,764	94,314
(Gain) loss on sale of assets	(12,624,365)	184
Amortization of financing cost	237,500	
Unrealized loss on derivative contracts	110,904	3,140
Changes in operating assets and liabilities:		
Accounts receivable, trade	(2,496,254)	(21,496)
Accounts receivable, related parties		18,500
Accounts receivable due from non-operator, net	11,161	(1,355,916)
Prepaid expenses and other current assets	753,285	
Accounts payable and accrued expenses	5,091,823	(843,026)
Revenue payable	2,882,135	
Income tax payable	250,000	
Net cash provided (used) by operating activities	7,782,805	(2,905,394)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections on note receivable	27,295	155,586
Proceeds from sale of assets	13,782,281	1,500
Expenditures for oil and gas properties	(12,009,262)	(925,632)
Expenditures for property and equipment	(27,322)	(55,406)
Net cash provided (used) by investing activities	1,772,992	(823,952)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuances of common stock	49,000	
Proceeds from notes payable		52,756
Payments on notes payable	(5,031,499)	(49,575)
Net cash (used) provided by financing activities	(4,982,499)	3,181
NET CHANGE IN CASH	4,573,298	(3,726,165)
CASH, BEGINNING OF PERIOD	1,037,941	4,602,170

CASH, END OF PERIOD	\$ 5,611,239	\$ 876,005
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SUPPLEMENTAL DISCLOSURES FOR CASH FLOW INFORMATION:

Cash paid for interest	\$ 430,117	\$ 1,151,093
Cash paid for income taxes		
Non-cash investing and financing activities:		
Accrued expenditures for oil and gas properties	273,113	4,730,292
Reclass from accrued expenses to notes payable	725,000	
Conversion of related party debt to common stock		578,858
Increase in asset retirement obligation	5,683	
Accrued expenditures for debt refinancing	920,000	

See notes to unaudited consolidated financial statements.

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TRANS ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 BASIS OF FINANCIAL STATEMENT PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim consolidated financial statements have been prepared by Trans Energy, Inc., (Trans Energy or the Company), pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted in accordance with such rules and regulations. The information furnished in the interim consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim consolidated financial statements be read in conjunction with Trans Energy's most recent audited consolidated financial statements and notes thereto included in its December 31, 2010 Annual Report on Form 10-K. Operating results for the six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

Certain reclassifications have been made to amounts in prior periods to conform to the current period presentation. Amounts for the six months ended June 30, 2011 include the effects of an amendment to the March 31, 2011 Form 10-Q.

Nature of Operations and Organization

Trans Energy is an independent energy company engaged in the acquisition, exploration, development, exploitation and production of oil and natural gas. Its operations are presently focused in the State of West Virginia.

Principles of Consolidation

The consolidated financial statements include Trans Energy and its wholly-owned subsidiaries, Prima Oil Company, Inc., Ritchie County Gathering Systems, Inc., Tyler Construction Company, Inc, and Tyler Energy, Inc. All significant inter-company balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's financial statements are based on a number of significant estimates, including oil and gas reserve quantities which are the basis for the calculation of depreciation, depletion and impairment of oil and gas properties, and timing and costs associated with its asset retirement obligations. Reserve estimates are by their nature inherently imprecise.

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Financial instruments that potentially subject the Company to a concentration of credit risk include cash. At times, amounts may exceed federally insured limits and may exceed reported balances due to outstanding checks.

Management does not believe it is exposed to any significant credit risk on cash.

Receivables

Accounts receivable and notes receivable are carried at their expected net realizable value. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivables. If there were a deterioration of a major customer's creditworthiness, or actual defaults were higher than historical experience, our estimates of the recoverability of the amounts due to us could be overstated, which could have a negative impact on operations. No allowance for doubtful accounts is deemed necessary at June 30, 2011 and December 31, 2010 by management and no bad debt expense was incurred during the six months ended June 30, 2011 and 2010.

Asset Retirement Obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. For the Company, these obligations include dismantlement, plugging and abandonment of oil and gas wells and associated pipelines and equipment. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The liability is accreted to its then present value each period, and then capitalized cost is depleted over the estimated useful life of the related asset. The following is a description of the changes to Trans Energy's asset retirement obligations for the six months ended June 30:

	2011	2010
Asset retirement obligations at beginning of period	\$ 219,478	\$ 202,366
Liabilities incurred during the period	5,683	
Accretion expense	10,037	8,556
Asset retirement obligations at end of period	\$ 235,198	\$ 210,922

At June 30, 2011 and December 31, 2010, the Company's current portion of the asset retirement obligation was \$0.

Income Taxes

At June 30, 2011, the Company had net operating loss carry forwards (NOLS) for future years of approximately \$3,030,000. These NOLS will expire at various dates through 2030. The current tax provision of \$250,000 for the six months ended June 30, 2011 is an estimate of the alternative minimum tax that will not be offset by the NOLS. No tax benefit has been recorded in the consolidated financial statements for the remaining NOLS or AMT credit since the potential tax benefit is offset by a valuation allowance of the same amount. Utilization of the NOLS could be limited if there is a substantial change in ownership of the Company and is contingent on future earnings.

The Company has provided a valuation allowance equal to 100% of the total net deferred asset in recognition of the uncertainty regarding the ultimate amount of the net deferred tax asset that will be realized.

Commitments and Contingencies

The Company operates exclusively in the United States, entirely in West Virginia, in the business of oil and gas acquisition, exploration, development, exploitation and production. The Company operates in an

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environment with many financial risks, including, but not limited to, the ability to acquire additional economically recoverable oil and gas reserves, the inherent risks of the search for, development of and production of oil and gas, the ability to sell oil and gas at prices which will provide attractive rates of return, the volatility and seasonality of oil and gas production and prices, and the highly competitive and, at times, seasonal nature of the industry and worldwide economic conditions. The Company's ability to expand its reserve base and diversify its operations is also dependent upon the Company's ability to obtain the necessary capital through operating cash flow, borrowings or equity offerings. Various federal, state and local governmental agencies are considering, and some have adopted, laws and regulations regarding environmental protection which could adversely affect the proposed business activities of the Company. The Company cannot predict what effect, if any, current and future regulations may have on the results of operations of the Company. See note 7 for gas purchase contract information.

Revenue and Cost Recognition

Trans Energy recognizes gas revenues upon delivery of the gas to the customers' pipeline from Trans Energy's pipelines when recorded as received by the customer's meter. Trans Energy recognizes oil revenues when pumped and metered by the customer. Trans Energy recognized \$5,253,094 and \$2,372,219 in oil and gas revenues for the six months ended June 30, 2011 and 2010, respectively. Trans Energy uses the sales method to account for sales and imbalances of natural gas. Under this method, revenues are recognized based on actual volumes sold to purchasers. The volumes sold may differ from the volumes to which Trans Energy is entitled based on our interest in the properties. These differences create imbalances which are recognized as a liability only when the imbalance exceeds the estimate of remaining reserves. Trans Energy had no imbalances as of June 30, 2011 and December 31, 2010. Costs associated with production are expensed in the period incurred.

Revenue payable represents cash received but not yet distributed to third parties.

Transportation revenue is recognized when earned and we have a contractual right to receive payment. We recognized \$245,043 and \$182,166 of transportation revenue for the six months ended June 30, 2011 and 2010, respectively.

Fair Value of Financial Instruments

The Financial Accounting Standard Board (FASB) established a framework for measuring fair value and expands disclosures about fair value measurements by establishing a fair value hierarchy that prioritizes the inputs and defines valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 inputs and lowest priority to Level 3 inputs. The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

- Level 1 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or the liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs reflecting Trans Energy's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

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Trans Energy believes that the fair value of its financial instruments comprising cash, certificates of deposit, accounts receivable, note receivable, accounts payable, and notes payable approximate their carrying amounts because of their short maturity. The carrying values of long term obligations approximate their fair value based on rates available for similar borrowings. The fair value of Trans Energy's level 2 financial assets consist of derivative contracts, which are based on quoted commodity prices of the underlying commodity using the market approach. As of June 30, 2011 and December 31, 2010, Trans Energy did not have any Level 1 or 3 financial assets or liabilities.

The following tables summarize fair value measurement information for Trans Energy's financial assets:

	Carrying Amount	Total Fair Value	As of June 30, 2011 Fair Value Measurements Using:		
			Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Derivative assets	\$ 76,686	\$ 76,686	\$	\$ 76,686	\$

	Carrying Amount	Total Fair Value	As of June 30, 2011 Fair Value Measurements Using:		
			Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Derivative assets	\$ 187,590	\$ 187,590	\$	\$ 187,590	\$

NOTE 2 GOING CONCERN

Trans Energy's unaudited interim consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Trans Energy has incurred cumulative operating losses through June 30, 2011 of \$(10,048,313). At June 30, 2011, Trans Energy had stockholders' equity of \$28,684,578 and a working capital deficit of \$17,959,095. Revenues during the six months ended June 30, 2011 were not sufficient to cover its operating costs and interest expense to allow it to continue as a going concern. The potential proceeds from the sale of common stock, sale of drilling programs, and other contemplated debt and equity financing, and increases in operating revenues from new development could enable Trans Energy to continue as a going concern. There can be no assurance that Trans Energy can or will be able to complete any debt or equity financing to fund operations in the future. Trans Energy's unaudited interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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Trans Energy held a promissory note agreement with Warren Drilling Co., Inc., an Ohio Corporation. The purpose of the promissory note was to fund certain drilling equipment necessary to equip the rig for horizontal drilling. An initial advance in the amount of \$302,280 was made on December 22, 2008, with a second advance in the amount of \$311,440 made on February 4, 2009. The note bears interest in the amount of 6.5% per annum, payable in monthly installments of \$27,443 for 24 months. As of June 30, 2011, the outstanding balance was \$-0-. The note was secured by equipment of Warren Drilling, Co., for which an executed security agreement was filed with the promissory note. Trans Energy has evaluated their relationship with Warren Drilling and has determined that Trans Energy does not have a controlling financial interest in Warren Drilling which would require consolidation.

NOTE 4 ACCOUNTS RECEIVABLE DUE FROM NON-OPERATORS

Trans Energy is the drilling operator for wells drilled on behalf of the Company and other third parties. As of June 30, 2011, \$71,803 was owed to Trans Energy from non-operators. This amount represents \$2,050,323 that was owed to Trans Energy for drilling costs to be reimbursed by third parties, net of drilling advances of \$1,978,520. As of December 31, 2010, \$82,964 was owed to Trans Energy for drilling costs to be reimbursed by third parties.

NOTE 5 OIL AND GAS PROPERTIES

Total additions for oil and gas properties for the six months ended June 30, 2011 and 2010 were \$12,288,058 and \$5,655,924, respectively. Depreciation, depletion, and amortization expenses on oil and gas properties were \$2,298,898 and \$1,042,129 for the six months ended June 30, 2011 and 2010, respectively.

NOTE 6 SALE OF OIL AND GAS ACREAGE

On March 31, 2011, the Company sold 2,950 net acres to Republic Energy Ventures, LLC (Republic) at \$4,750 per net acre for total pretax proceeds of \$13,767,281 net of expenses. Acreage sold to Republic was distributed pro rata across the Company's acreage. Proceeds from this transaction were used to repay \$5 million to CIT in April, with the remainder being used to partially fund the drilling and completion expenses for certain wells.

NOTE 7 DERIVATIVE AND OTHER HEDGING INSTRUMENTS

Trans Energy entered into derivative commodity price contracts to provide a measure of stability in the cash flows associated with Trans Energy's oil and gas production and to manage exposure to commodity price fluctuations. Trans Energy does not designate its derivative financial instruments as hedging instruments for financial accounting purposes, and as a result, recognizes the change in the respective instruments' fair value in earnings.

On July 13, 2007, as required by the CIT Credit Agreement, Trans Energy purchased a commodity put option on natural gas. In addition, on May 22, 2008, Trans Energy entered into a participating commodity put and call option on oil as a costless collar.

Natural Gas Derivatives

Trans Energy entered into participating commodity put options on natural gas whereby Trans Energy receives a floor price. The natural gas commodity put options are indexed to NYMEX Henry Hub prices. The following table shows the monthly volumes and the floor price.

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Start Month	End Month Dec.	Volume MMBTU/Month	Average Floor \$/MMBTU
Jul. 11	11	5,244	\$7.350

As of June 30, 2011 and December 31, 2010 the natural gas derivative had a total fair value of \$72,078 and \$152,087, respectively. Current portions consisted of \$72,078 and \$152,087, respectively.

Oil Derivatives

Trans Energy entered into participating commodity put and call options on crude oil as a costless collar. The oil costless collar is indexed to NYMEX WTI Oil prices. The following table shows the monthly volumes, the floor and ceiling prices.

Start Month	End Month Dec.	Volume BBL/Month	Floor \$/BBL	Ceiling \$/BBL
Jul. 11	11	449	\$100	\$172

As of June 30, 2011 and December 31, 2010 the oil derivative had a fair value of \$4,608 and \$35,303, respectively. Current portions consisted of \$4,608 and \$35,503, respectively.

For the six months ended June 30, 2011, Trans Energy had total gains on the derivative contracts of \$10,019, of which \$120,923 was a realized gain and \$110,904 was an unrealized loss. During the six months ended June 30, 2010, Trans Energy had a total gain on the derivative contracts of \$153,796, of which \$156,936 was a realized gain and \$3,140 was an unrealized loss.

Gas Purchase Agreements

Trans Energy has various agreements with Dominion Field Services, Inc. for fixed prices for gas transported through its pipeline. The monthly volume ranges from 10,000 to 20,000 decatherm (Dth) per month, and fixed prices vary from \$10.57/Dth to \$10.81/Dth through April 2012. A decatherm is equal to one MMBTU.

NOTE 8 NOTES PAYABLE

On June 22, 2007, Trans Energy finalized a financing agreement with CIT Capital USA Inc. (CIT) Under the terms of the agreement, CIT would lend up to \$18,000,000 to Trans Energy in the form of a senior secured revolving credit facility with the ability to increase the credit facility to \$30,000,000 with increased oil and gas reserves. During the quarter ended September 30, 2008, CIT increased the credit facility to \$30,000,000 due to increased reserves. During the year ended December 31, 2009, Trans Energy borrowed \$2,000,000 from CIT which increased the total outstanding credit balance to \$30,000,000, leaving no available credit facility.

Interest payment due dates are elected at the time of borrowing and range from monthly to six months. Principle payments were due at maturity on June 15, 2010 for all borrowing outstanding on that date.

The Company has been working with its financial advisor and investment banker in an effort to restructure the credit agreement since its maturity date. In July 2010, the Company repaid \$15,000,000 from the sale of certain assets. Then the Company repurchased its net profit interest from CIT with the

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\$1,780,404 purchase price added to the outstanding balance. Amendment fees and interest totaling \$539,835 were added to the principal in 2010, resulting in a balance of \$17,320,239 due to CIT as of December 31, 2010. Between June and December 2010, the Company was charged \$725,000 in forbearance fees by CIT, to be paid in cash or five year warrants. The \$725,000 of forbearance fees are included in accrued expenses at December 31, 2010.

On March 31, 2011, the Company and CIT entered into the Sixth Amendment to the Credit Agreement. The Sixth Amendment and other related agreements extend the maturity date of the Credit Agreement to March 31, 2012. The Sixth Amendment confirms that the principal amount due under the Credit Agreement prior to the application of a portion of the proceeds from the acreage sale to Republic under the March 31, 2011 Purchase and Sale Agreement (the

PSA) was \$17,320,239 plus accrued interest of \$139,748, plus forbearance fees of \$725,000 to be added to the principal balance. Thus, the total amount owed under the Credit Agreement, as per the Sixth Amendment, was \$18,184,978. After the payment of accrued interest and a principal payment of \$5,000,000 on April 2, 2011, the Company owed \$13,045,239 as of June 30, 2011, with interest at 10%.

As part of the Sixth Amendment, the Company also granted to CIT a 1.5% overriding royalty interest in each of the Stout #2H, Groves #1H and Lucey #1H wells, as well as a 1.5% overriding royalty interest in the next six horizontal wells drilled in the Marcellus Shale, which have commercial production for a period of at least 30 consecutive days and in which the Company, or any of its subsidiaries, has an interest. Each 1.5% overriding royalty interest is to be proportionately reduced to the extent the Company or its subsidiary owns less than the full working interest in the leases, or to the extent such oil and gas leases cover less than the full mineral interest.

As of June 30, 2011 and December 31, 2010, the Company owed \$46,559 and \$78,058, respectively, for other loans, primarily for vehicles.

The Company issued a Convertible Promissory Note to Republic dated February 21, 2011 in the amount of \$2,914,442. As of June 30, 2011, the Company netted the entire \$2,914,442 promissory note against joint interest billings due to the Company from Republic.

NOTE 9 STOCKHOLDERS EQUITY

On April 8, 2009, Trans Energy granted 375,000 common stock options to four key employees under the long term incentive bonus program. These options are being amortized to share-based compensation expense quarterly over the vesting period, for which \$70,534 of the share-based compensation expense was recorded during the three month period ended March 31, 2010. As of March 31, 2010, these options have been fully expensed. 50,000 of these options were exercised in June 2011.

On May 14, 2009, Trans Energy granted 50,000 shares of common stock to one key employee under the long term incentive bonus program. The 50,000 shares are not performance based and vest quarterly over one year, subject to ongoing employment. These shares were valued at \$57,500 using the fair market value of the common stock at the date of grant and will be amortized to compensation expense quarterly over one year. During the three months ended March 31, 2010, Trans Energy recorded \$14,375 of share-based compensation related to these shares. As of March 31, 2010, this award has been fully expensed. In addition, Trans Energy also granted 50,000 common stock options to this employee under the long term incentive bonus program. The options are being amortized to share-based compensation expense quarterly over the vesting period, for which \$9,405 of share-based compensation expense was recorded during the six month period ended June 30, 2010. As of June 30, 2010, these options have been fully expensed.

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In December 2010, Trans Energy granted 136,500 shares of stock to nine employees under the long-term incentive bonus program. The 136,500 shares are not performance based and vest semi-annually over three years, subject to ongoing employment. These shares were valued at \$409,500 using fair market value of the common stock at the date of grant and will be amortized to compensation expense semiannually over three years. During the second quarter of 2011, we recorded \$16,125 of share-based compensation expense related to these shares. \$34,125 of expenses were recorded in the first quarter of 2011.

In December 2010, Trans Energy also granted 368,000 common stock options to nine employees and one outside board member. These options vest semi-annually over three years and have a five year term. These stock options were granted at an exercise price of \$3.00 per common share, which was equal to the fair market value of the common stock at the date of grant and were valued using the Black Scholes valuation model. The options are being amortized to share-based compensation expense semi-annually over the vesting period. During the second quarter of 2011, we recorded \$38,569 of share-based compensation expense related to these options. \$63,317 of expenses were recorded in the first quarter of 2011. 36,000 of the options were cancelled in June of 2011.

In May 2011, Trans Energy granted 420,000 shares of stock to eight employees and three outside board members under the long-term incentive bonus program. The 420,000 shares are not performance based and vest semi-annually over a three year period, subject to ongoing employment. These shares were valued at \$1,125,600 using fair market value of the common stock at the date of grant and will be amortized to compensation expense semi-annually over three years. During the second quarter of 2011, we recorded \$187,600 of share-based compensation expense related to these shares.

In May 2011, Trans Energy also granted 378,000 common stock options to eight employees and four outside board members. These options vest semi-annually over five years and have a five year term. These stock options were granted at an exercise price of \$2.68 per common share, which was equal to the fair market value of the common stock at the date of grant and were valued using the Black Scholes valuation model. The options are being amortized to share-based compensation expense semi-annually over the vesting period. During the second quarter of 2011, we recorded \$65,197 of share-based compensation expense related to these options.

In August 2006, Trans Energy granted 800,000 common stock options to two employees with an expiration date of August 16, 2011. Trans Energy extended those options in June 2011 to August 16, 2012. Trans Energy recorded \$11,831 of additional stock-based compensation related to the one year extension.

As a result of the above stock and option transactions, Trans Energy recorded total share-based compensation of \$416,764 and \$94,314 for the six months ended June 30, 2011 and 2010, respectively.

NOTE 10 EARNINGS PER SHARE

Basic income (loss) per share of common stock for the periods ended June 30, 2011 and 2010 is determined by dividing net income (loss) by the weighted average number of shares of common stock during the period.

The following table reconciles the weighted average shares outstanding used for basic and diluted earnings per share for the periods ending June 30, 2011 and 2010. The stock options were anti-dilutive in 2010 and therefore had no effect on diluted earnings per share.

The Company paid no cash distributions to its stockholders during the six months ended June 30, 2011 and 2010.

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	For the Six Months Ended June 30,	
	2011	2010
Weighted average number of common shares outstanding Used in the basic earnings per common share calculations	12,736,080	12,308,914
Dilutive effect of stock options	674,004	0
Weighted average number of common shares outstanding adjusted for effective of dilutive options and warrants	13,410,084	12,308,914

The stock options were anti-dilutive for the three months ended June 30, 2011.

NOTE 11 BUSINESS SEGMENTS

Trans Energy's principal operations consist of exploration and production with Trans Energy and Prima Oil Company, and pipeline transmission with Ritchie County Gathering Systems and Tyler Construction Company.

Certain financial information concerning Trans Energy's operations in different segments is as follows:

	For the Three Months Ended June 30,	Exploration and Production	Pipeline Transmission	Corporate	Total
Revenue	2011	\$ 3,798,469	\$ 85,487	\$ 10,360	\$ 3,894,316
	2010	1,393,663	80,855	28,193	1,502,711
Income (loss) from operations	2011	1,110,484	82,916	(1,570,695)	(377,295)
	2010	386,710	(63,897)	(601,845)	(279,032)
Interest expense	2011	442,923			442,923
	2010	817,963			817,963
Depreciation, depletion, amortization and accretion	2011	1,847,662	2,516		1,850,178
	2010	591,238	2,707		593,945
Property and equipment acquisitions, including oil and gas properties	2011	5,125,815			5,125,815
	2010	3,652,329			3,652,329

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	For the Six Months Ended June 30,	Exploration and Production	Pipeline Transmission	Corporate	Total
Revenue	2011	\$ 5,253,094	\$ 245,043	\$ 26,278	\$ 5,524,415
	2010	2,372,219	182,166	55,685	2,610,070
Income (loss) from operations	2011	14,212,162	239,956	(2,616,556)	11,835,562
	2010	357,423	(141,232)	(1,206,714)	(990,523)
Interest expense	2011	850,117			850,117
	2010	1,368,978			1,368,978
Depreciation, depletion, amortization and accretion	2011	2,398,888	5,032		2,403,920
	2010	1,138,304	5,416		1,143,720
Property and equipment acquisitions, including oil and gas properties	2011	12,315,380			12,315,380
	2010	5,711,330			5,711,330
Total assets, net of intercompany accounts:					
June 30, 2011		\$ 56,124,790	\$ 405,775	\$	\$ 56,530,565
December 31, 2010		\$ 40,530,099	\$ 357,479	\$	\$ 40,887,578

Property and equipment acquisitions include accrued amounts and reclassifications.

**Item 2. Management's Discussion and Analysis
of Financial Condition and Results of
Operations**

The following discussion will assist in the understanding of our financial position and results of operations. The information below should be read in conjunction with the consolidated financial statements, the related notes to consolidated financial statements and our 2010 Form 10-K. Our discussion contains both historical and forward-looking information. We assess the risks and uncertainties about our business, long-term strategy and financial condition before we make any forward-looking statements but we cannot guarantee that our assessment is accurate or that our goals and projections can or will be met. Statements concerning results of future exploration, development and acquisition expenditures as well as revenue, expense and reserve levels are forward-looking statements. We make assumptions about commodity prices, drilling results, production costs, administrative expenses and interest costs that we believe are reasonable based on currently available information. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control.

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Our primary focus will continue to be the development of the Marcellus Shale through directional drilling. We believe that our acreage position will allow us to grow organically through drilling in the near term. This position continues to present attractive opportunities to expand our reserve base through field extensions.

We expect to maintain and utilize our technical and operations teams' knowledge to enhance our growth prospects and reserve potential. We expect to employ the latest drilling, completion and fracturing technology in all of our wells to enhance recoverability and accelerate cash flows associated with these wells.

We continually review opportunities to acquire producing properties, leasehold acreage and drilling prospects that are in core operating areas.

Results of Operations**Three months ended June 30, 2011 compared to June 30, 2010**

The following table sets forth the percentage relationship to total revenues of principal items contained in our unaudited consolidated statements of operations for the three months ended June 30, 2011 and 2010. It should be noted that percentages discussed throughout this analysis are stated on an approximate basis.

	Three months ended June 30,	
	2011	2010
Total revenues	100%	100%
Total costs and expenses	(110%)	(119%)
Gain (loss) on sale of assets	(0%)	0%
Loss from operations	(10%)	(19%)
Other expenses	(11%)	(47%)
Income taxes	1%	-0-
Net loss	(20%)	(66%)

Total revenues of \$3,894,316 for the three months ended June 30, 2011 increased \$2,391,605 or 159% compared to \$1,502,711 for the three months ended June 30, 2010, primarily due to the Marcellus Shale directional drilling program in Marshall County, West Virginia. We expect 2011 production to continue to exceed 2010 production. Production costs increased \$279,322 or 50% for the three months ended June 30, 2011 as compared to the same period for 2010, primarily due to an increase in transportation fees and natural gas liquid processing fees, associated with the increased production in 2011.

Depreciation, depletion, amortization and accretion expense increased \$1,256,233 or 212% for the three months ended June 30, 2011 as compared to the same period for 2010, primarily due to the depletion associated with our Marcellus drilling.

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Selling, general and administrative expense increased \$954,313 or 152% for the three months ended June 30, 2011 as compared to the same period for 2010, due to increased legal and consulting fees for debt restructuring and stock based compensation.

Interest expense decreased \$375,040 or 46% for the three months ended June 30, 2011 as compared to the same period for 2010, due to a decrease in the amount of outstanding debt in 2011.

The gain on derivative contracts was \$12,654 for the three months ended June 30, 2011 compared to a gain of \$103,105 for the comparable period in 2010. The decrease in gain was primarily due to an increase in oil prices during the period ending June 30, 2011 relative to the comparable period a year earlier.

Net loss for the three months ended June 30, 2011 was \$787,343 compared to a net loss of \$989,699 for the same period of 2010. This reduction in net loss is primarily due to increased revenue from Marcellus wells and lower interest expense which was offset by higher operating costs and expenses.

Six months ended June 30, 2011 compared to June 30, 2010

The following table sets forth the percentage relationship to total revenues of principal items contained in our unaudited consolidated statements of operations for the six months ended June 30, 2011 and 2010. It should be noted that percentages discussed throughout this analysis are stated on an approximate basis.

	Six months ended June 30,	
	2011	2010
Total revenues	100%	100%
Total costs and expenses	(114%)	(138%)
Gain (loss) on sale of assets	229%	0%
Income (loss) from operations	215%	(38%)
Other expenses	(15%)	(46%)
Income taxes	(5%)	-0-
Net loss	195%	(84%)

Total revenues of \$5,524,415 for the six months ended June 30, 2011 increased \$2,914,345 or 112% compared to \$2,610,070 for the six months ended June 30, 2010 due to the drilling of wells in the Marcellus Shale. We focused our efforts during the first six months of 2011 on our Marcellus Shale directional drilling program in Marshall County, West Virginia. We expect production to increase from the drilling program throughout 2011.

Production costs increased \$68,694 or 6% for the six months ended June 30, 2011 as compared to the same period for 2010 due to increased transportation fees which was offset by a decrease of lease rental payments.

Depreciation, depletion, amortization and accretion expense increased \$1,260,200 or 110% for the six months ended June 30, 2011 as compared to the same period for 2010, primarily due to the depreciation associated with our Marcellus drilling.

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Selling, general and administrative expense increased \$1,383,915 or 110% for the six months ended June 30, 2011 as compared to the same period for 2010 primarily due to increased legal, consulting expenses, and stock based compensation.

The Company reported a gain on sale of \$12,624,365 for the six months ended June 30, 2011. The gain is primarily the result of the Company selling to Republic Ventures, LLC approximately 2,950 Net Mineral Acres for \$14,012,500 before expenses or approximately \$4,750 per acre. The sale proceeds were received on April 1, 2011. Expenses of the sale totaled \$245,219.

Interest expense decreased \$518,861 or 38% for the six months ended June 30, 2011 as compared to the same period for 2010 due to a decrease of the amount of debt outstanding during 2011 as compared to 2010.

The gain on derivative contracts was \$10,019 for the six months ended June 30, 2011 compared to a gain of \$153,796 for the comparable period in 2010. This decrease in gain was primarily due to an increase in oil prices during the period ending June 30, 2011 relative to the comparable period a year earlier.

Income taxes were \$250,000 for the six months ended June 30, 2011 compared to \$0 for the six months ended June 30, 2010. The income tax is the amount of alternative minimum tax the Company expects to pay in 2011.

Accumulated net operating loss carry forward will be used to offset other tax obligations.

Net income for the six months ended June 30, 2011 was \$10,745,932 compared to a net loss of \$2,195,906 for the same period of 2010. This change from a net loss to a net profit is primarily attributed to the sale of certain acreage and increased revenues.

Liquidity and Capital Resources

Historically, we have satisfied our working capital needs with operating revenues and from borrowed funds. At June 30, 2011, we had a working capital deficit of \$17,959,095 compared to a deficit of \$19,699,824 at December 31, 2010. This decrease in working capital deficit is primarily due to the increase of cash, accounts receivable, and a decrease of notes payable, which were partially reduced by an increase in accounts payable.

During the first six months of 2011, net cash provided by operating activities was \$7,782,805 compared to net cash used of \$2,905,394 for the same period of 2010. This increase in cash flow from operating activities is primarily due to an increase in accounts payable, accrued expenses and revenue payable, net an increase in trade accounts receivable.

We expect our cash flow provided by operations for 2011, compared to the comparable period in 2010, to improve because of higher projected production from the drilling program and acquisitions, in addition to steady general and administrative expenses.

On June 17, 2011 the Company entered into a Farmout Agreement whereby the Company agreed to assign an undivided ninety percent (90%) interest of its rights in six (6) drilling locations. As part of such Farmout Agreement, the Company will be carried for its drilling and completion costs in the six drilling locations. The farmout is only for the hydrocarbons produced from these six wells. The Company will own a carried 5% working interest in the hydrocarbons from these six wells after taking into account the effects of the Farmout Agreement and the previous sale of 50% of the underlying acreage to Republic. This will provide the capital that the Company needs to fund its 2011 drilling program.

Excluding the effects of significant unforeseen expenses or other income, our cash flow from operations fluctuates primarily because of variations in oil and gas production and prices (subject to commodity price contracts), or changes in working capital accounts and actual well performance. In addition, our oil

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and gas production may be curtailed due to factors beyond our control, such as downstream activities on major pipelines causing us to shut-in production for various lengths of time.

During the first six months of 2011, net cash provided by investing activities was \$1,772,992 compared to net cash used of \$823,952 in the same period of 2010. The net cash provided by investing activities for 2011 was the result of selling acreage during 2011, which was offset by capital additions.

During the first six months of 2011, net cash used by financing activities was \$4,982,499 compared to cash provided by financing activities of \$3,181 for 2010. The decrease in the cash provided by financing activities was the result of paying down debt to CIT by \$5,000,000 during the second quarter of 2011.

We anticipate meeting our working capital needs with revenues from our ongoing operations, particularly from our wells in Marshall County, West Virginia and new transportation of gas for third parties on our 6-inch pipeline located in West Virginia. We are currently in the process of finding a buyer for our shallow well production, and intend to retain our rights to drill Marcellus or other deep wells on the acreage underlying such shallow production. In the event revenues are not sufficient to meet our working capital needs, we will explore the possibility of additional funding from either the sale of debt or equity securities, sale of assets, or through an increase in the available credit facility. There can be no assurance such funding will be available to us or, if available, it will be on acceptable or favorable terms.

Because of our continued losses, limited working capital, and need for additional funding, there is substantial doubt about our ability to continue as a going concern. Historically, our revenues have not been sufficient to cover operating costs. We will need to rely on increased operating revenues from new development, proceeds from the sale of assets, or debt or equity financings to allow us to continue as a going concern. There can be no assurance that we can or will be able to complete any debt or equity financing.

Critical accounting policies

We consider accounting policies related to our estimates of proved reserves, accounting for derivatives, share-based payments, accounting for oil and natural gas properties, asset retirement obligations and accounting for income taxes as critical accounting policies. The policies include significant estimates made by management using information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used. These policies are summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2010.

Inflation

In the opinion of our management, inflation has not had a material overall effect on our operations.

Forward-looking and Cautionary Statements

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may relate to such matters as anticipated financial performance, future revenues or earnings, business prospects, projected ventures, new products and services, anticipated market performance and similar matters. When used in this report, the words may, will, expect, anticipate, continue, estimate, project, intend, and similar expressions are intended to identify forward-looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, operating results, and our future plans of operations, business strategy, operating results, and financial position. We caution readers that a variety of factors could cause our

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actual results to differ materially from the anticipated results or other matters expressed in forward-looking statements. These risks and uncertainties, many of which are beyond our control, include:

the ability to continue as a going concern;

the sufficiency of existing capital resources and our ability to raise additional capital to fund cash requirements for future operations;

uncertainties involved in the rate of growth of our business and acceptance of any products or services;

success of our drilling activities;

production volumes;

realized natural gas and oil prices;

volatility of the stock market, particularly within the energy sector; and

general economic conditions.

Although we believe the expectations reflected in these forward-looking statements are reasonable, such expectations cannot guarantee future results, levels of activity, performance or achievements.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute assurance of achieving the desired objectives. Also, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, management concluded that our disclosure controls and procedures were effective to cause the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods prescribed by SEC, and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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During the period ended, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

Certain material pending legal proceedings to which we are a party or to which any of our property is subject, is set forth below.

On May 11, 2011, we filed an action in the U.S. District Court for the Northern District of West Virginia against EQT Corporation, a Pennsylvania corporation (*Trans Energy, Inc., et al. v. EQT Corporation*). The action relates to our attempt to quiet title to certain oil and gas properties referred to as the Blackshere Lease, consisting of approximately 3,800 acres located in Wetzel County, West Virginia. We are presently operating approximately 22 shallow oil and/or gas wells on the Blackshere Lease. The defendant, EQT Corporation, has filed with the Court an answer and counterclaim wherein it claims it holds title to the natural gas within and underlying the Blackshere Lease. We believe that we will ultimately prevail in the action, but it is too early in the proceedings to accurately assess the final outcome. Currently the Company has no plans to drill on this acreage in the near term due primarily to the fact that the existing production is believed to hold the acreage.

We may be engaged in various other lawsuits and claims, either as plaintiff or defendant, in the normal course of business. In the opinion of management, based upon advice of counsel, the ultimate outcome of these lawsuits will not have a material impact on our financial position or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

The Company is currently not in compliance with the current ratio covenant in its Credit Agreement with CIT. At the time of filing, discussions have been initiated with CIT to obtain a waiver of the resulting default. While the outcome of such negotiations cannot be known at this time, the Company believes that it will obtain a satisfactory resolution to the issue.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

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Item 6. Exhibits

- Exhibit 31.1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- Exhibit 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- Exhibit 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- Exhibit 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRANS ENERGY, INC.

Date: August 22, 2011

By /s/ John G. Corp
JOHN G. CORP
Principal Executive Officer

Date: August 22, 2011

By /s/ John S. Tumis
JOHN S. TUMIS
Chief Financial Officer