

# Energy NewsLine

VOLUME 5, ISSUE 3, 1ST QTR, 2007



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### Editorial staff:

Jack L. Hollander, SVP,  
Direct Participation Programs  
Marci F. Bleichmar, VP, Marketing  
Winnie Loncar, Dir., Investor Services  
Bruce Bundy, Reg. Mktg. Dir., Central  
Vicki Burbridge, Reg. Mktg. Dir., West  
Robert Gourlay, Reg. Mktg. Dir., Southeast  
Jimmy O'Mara, Reg. Mktg. Dir., Northeast  
Nancy Hiler, Managing Editor  
Caroline Stenz, Designer

We welcome your comments/questions. Contact Winnie Loncar, Director, Investor Services, 800-251-0171, ext. 184, or by e-mail at [WLoncar@Atlasamerica.com](mailto:WLoncar@Atlasamerica.com).

## Natural Gas Prices Above Historic Levels

Natural gas prices have remained well above historic levels throughout the 21st Century and, a recent report released by the Energy Information Administration (EIA) predicts that they will stay above historic levels through the year 2013.

### Actual Prices

Putting current prices into perspective with the past, natural gas prices peaked in 2005 but remained high through the first six months of 2006, the most recent prices for



which figures are currently available.

Specifically, for the first half of 2006, prices remained at higher than historic averages. The average wellhead price for January through June of 2006 was \$6.48, in excess of the previous five years' overall average of \$4.78 (see chart on page 2). Average prices in recent years were well above historic levels, which did not exceed the \$3.00 mark at any given point prior to May of 2000.

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## Natural Gas Prices Above Historic Levels

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### Projected Prices

In its "Annual Energy Outlook 2006 with Projections to 2030," the EIA says that although wellhead natural gas prices are projected to decline from current levels to an average of \$4.46 (2004 dollars) per thousand cubic feet in 2016, they will rise again to \$5.92 per thousand cubic feet by 2030.

The report goes on to say: "Current high prices for natural gas are expected to accelerate the construction of new liquid natural gas (LNG) terminal capacity, resulting in a significant increase in total U.S. LNG receiving capacity by 2015. High natural gas prices are also expected to increase support for the construction of an Alaska natural gas pipeline that begins operations in 2015, and to stimulate production of unconventional natural gas. On the demand side, high prices reduce the growth of natural gas consumption."

"As a result of the development of new natural gas supplies and slower growth in consumption, wellhead natural gas prices decline through 2016. After 2016, as the cost of developing the remaining U.S. natural gas resource base increases, wellhead natural gas prices increase. World LNG prices also increase after 2016 in the reference case, slowing the growth of U.S. LNG imports."

### Prices by End Use

Additionally, the report says the same price trends apply across the board to all natural gas end-uses (see chart at right). The report states that prices for natural gas delivered to the end-use sectors are projected to "decline through 2016 as wellhead prices decline, then increase along with wellhead prices."

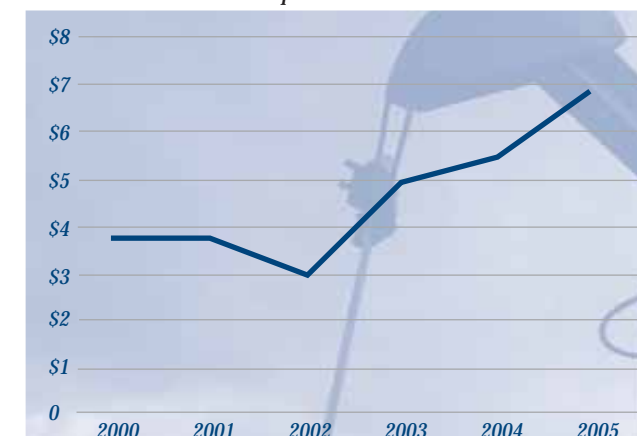
The report continues: "On average, end-use transmission and distribution

margins remain relatively constant, because the cost of adding new facilities largely offsets the reduced depreciation expenses of existing facilities. Transmission and distribution margins in the end-use sectors reflect both the volumes of natural gas delivered and the infrastructure arrangements of the different sectors. The industrial and electricity generation sectors have the lowest end-use prices, because they receive most of their natural gas directly from interstate pipelines, avoiding local distribution charges. In addition, summer-peaking electricity generators reduce transmission costs by using interruptible transportation services during the summer, when there is spare pipeline capacity. As power generators take a larger share of the natural gas market, however, they are expected to rely more on higher cost firm transportation service.

**SOURCE:** Annual Energy Outlook 2006 with Projections to 2030.

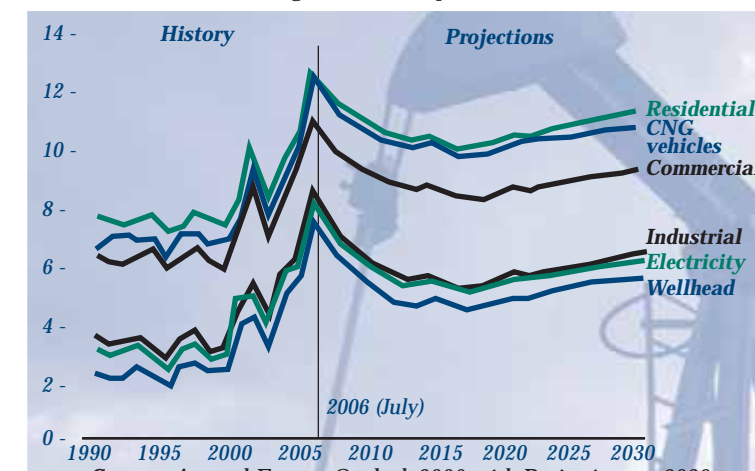
**SPECIAL NOTE:** This article is based on selected excerpts from the "Annual Energy Outlook 2006 with Projections to 2030," issued by the U.S. Energy Information Administration.

**Natural Gas Prices**  
Annual Average Wellhead Prices  
in dollars per thousand cubic feet



Source: EIA's Short-Term Energy Outlook, July 2006

**Natural Gas Prices by End-Use**  
(1990-2030 using 2004 dollars per thousand cubic feet)



Source: Annual Energy Outlook 2006 with Projections to 2030

The above discussion includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although Atlas America believes that its expectations as reflected in those forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Atlas America's expectations include regulatory changes, changes in local or national economic conditions and other risks detailed from time to time in Atlas America's reports filed with the SEC, including quarterly reports on Form 10-Q, reports on Form 8-K and annual reports on Form 10-K, which can be reviewed at the SEC's website at <http://www.sec.gov>. ■

## About Pennsylvania Consolidated Income Tax Election Forms

Non-residents of Pennsylvania will soon be mailed a Consolidated Tax Return Election form by their partnership. All Atlas partnerships file a Consolidated Tax Return on behalf of their Pennsylvania non-resident partners unless a partner electing otherwise returns the Consolidated Tax Return Election form to Atlas.

The Consolidated Tax Return Election form allows Pennsylvania non-resident partners to choose not to participate in their partnership's annual consolidated tax return.

The election form must be returned to Atlas and postmarked on or

before January 15, 2007 or you will be deemed to have elected to be included in your partnership's annual consolidated tax return. This election will continue for each taxable year your partnership exists unless you advise Atlas to the contrary in writing.

You are urged to confer with your tax advisor concerning whether you should elect not to participate in your partnership's annual consolidated tax return. ■

## New Policy on Lost/Uncashed Checks

Atlas Resources, LLC and Viking Resources, LLC, as managing general partners, have adopted a new policy on replacing limited partnership distribution checks. The policy, which goes into effect January 1, 2007, is as follows:

- A distribution check that is lost, stolen, or not cashed for any reason will be replaced at no cost upon written request.
- However, once a check is reissued, if that replacement check needs to be replaced again for any reason, the partnership will do so upon written request and payment of a \$25 fee.

Any questions regarding this policy may be directed to Patty Frischkorn at 1-800-251-0171 ext. 181. ■

As we went to print the following announcement was made:

### Atlas Announces the Commencement of an Initial Public Offering for Atlas Energy Resources, LLC

PHILADELPHIA, PA – (MARKET WIRE) - December 5, 2006 - Atlas America, Inc. (NASDAQ:ATLS) (the "Company") announces that its current wholly-owned subsidiary, Atlas Energy Resources, LLC ("Atlas Energy"), which will own and operate substantially all of the natural gas and oil production assets and the investment partnership management business of the Company, will commence an initial public offering of 6,325,000 of its common units. The offering will be made pursuant to a registration statement on Form S-1 previously filed with the Securities and Exchange Commission. Atlas Energy's common units have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the ticker symbol "ATN".

This offering represents an approximate 17% interest to the public in Atlas Energy. Subsequent to the offering, the remaining approximate 83% interest in Atlas Energy will be owned by the Company. The underwriters will be granted a 30-day option to purchase up to 948,750 additional units.

UBS Investment Bank is acting as the sole book-running manager and A. G. Edwards and Wachovia Securities are joint-lead managers for the offering. In addition, RBC Capital Markets, Friedman Billings Ramsey, KeyBanc Capital Markets, Credit Suisse, Sanders Morris Harris and Stifel Nicolaus are acting as co-managers for the offering.

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## Atlas Announces the Commencement of an Initial Public Offering for Atlas Energy Resources, LLC

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A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell nor the solicitation of an offer to buy any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state or jurisdiction. Offers will be made by means of the prospectus. A copy of the preliminary prospectus relating to this offering and the final prospectus, when available, may be obtained from UBS Investment Bank, c/o Prospectus Department, 299 Park Avenue, New York, New York 10171, telephone 212-821-3000, or from any of the other underwriters.

Atlas Energy Resources, LLC is an energy company focused on the development and production of

natural gas and, to a lesser extent, oil principally in the Appalachian Basin. Atlas Energy sponsors and manages tax advantaged investment partnerships, in which it coinvests, to finance the exploitation and development of its acreage.

Atlas America, Inc., will own an 81% common unit interest and all of the Class A and management incentive interests in Atlas Energy Resources, LLC. Atlas America also owns an 83% interest in Atlas Pipeline Holdings, L.P., a limited partnership which owns a 2% general partner interest, all the incentive distribution rights and 1,641,026 common units of Atlas Pipeline Partners, L.P. For more information, please visit our website at [www.atlasamerica.com](http://www.atlasamerica.com), or contact Investor Relations at [bbegley@atlasamerica.com](mailto:bbegley@atlasamerica.com).

*Statements made in this release include forward-looking statements, which involve substantial risks and uncertainties. Atlas Energy's actual results, performance or achievements could differ materially from those expressed or implied in this release. ■*



311 Rouser Road  
Moon Township, PA 15108

Atlas America, Inc.  
311 Rouser Road  
P.O. Box 611  
Moon Township,  
PA 15108

Tel: 800-251-0171

Tel: 412-262-2830

Fax: 412-262-7430

[www.atlasamerica.com](http://www.atlasamerica.com)

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