

**MAGNUM HUNTER RESOURCES CORPORATION
ACQUISITION OF NGAS RESOURCES, INC.
REPORTING REQUIRED BY SECTION 6045B**

**INTERNAL REVENUE SERVICE
FORM 8937**

INTRODUCTION

Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”), requires an issuer of a specified security to provide to the Internal Revenue Service (the “IRS”) and each holder of record of the security, or to such holder’s nominee, certain information with respect to organizational actions that affect the tax basis of such security for U.S. federal income tax purposes. To satisfy the filing requirements of Section 6045B of the Code, an issuer must complete IRS Form 8937 with respect to an organizational action and either file such form with the IRS or post such form on the issuer’s primary public web site. An issuer of a specified security is also required in connection with an organizational action to provide IRS Form 8937 to each holder of record of the security, or to each holder’s nominee. An issuer may provide the IRS Form 8937 to the holder of the security, or the holder’s nominee, by posting a completed IRS Form 8937 on the issuer’s public web site.

On April 13, 2011, Magnum Hunter Resources Corporation (“MHR”) acquired NGAS Resources, Inc. (“NGAS”) pursuant to an arrangement agreement in a stock-for-stock transaction. Attached is the IRS Form 8937 required in connection with the NGAS arrangement.

U.S. HOLDERS OF NGAS COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISOR:

The information set forth in IRS Form 8937 does not constitute tax advice to any holder of NGAS stock that received MHR common stock in the arrangement and does not take into account any such holder’s specific situation. Each holder is urged to contact such holder’s own tax advisor regarding such holder’s particular U.S. federal, state, local and foreign tax consequences of the arrangement. MHR also urges each holder to read the discussion under the heading “Certain Material United States Federal Income Tax Consequences of the Arrangement,” included in the Definitive Proxy Circular filed by NGAS with the Securities and Exchange Commission on March 8, 2011.

UNITED STATES INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE:

You should be aware that:

(A) the discussion with respect to U.S. federal tax matters in these documents was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

(B) such discussion was written in connection with the promotion or marketing (within the meaning of IRS Circular 230) of the transactions or matters addressed by such discussion; and

(C) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► Internal Revenue Code Sections 368(a)(1)(c) and 358.

Treasury Regulation Sections:

1.897-5T(b)(3)(iv)(B)

1.367(b) - 2(d)

1.367(b) - 3(c)(2)

1.367(b) - 3(b)

18 Can any resulting loss be recognized? ► See Attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► A holder of NGAS stock will include the impact of the organizational action described under question 14 of Part II of this form for such holder's taxable year that includes April 13, 2011.

See Attachment for other information necessary to implement the adjustments.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ► *Ronald D. Ormand* Date ► 1.13.12

Print your name ► RONALD D. ORMAND Title ► EVP & CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Gary W. Duncan	<u><i>Gary W. Duncan CPA</i></u>	<u>1.12.12</u>		<u>P00296525</u>
	Firm's name ► Duncan & Associates, P.C.	Firm's EIN ►	Phone no.	<u>On File</u>	
	Firm's address ► 6902 Wandering Way Colleyville TX 76034				<u>On File</u>

MAGNUM HUNTER RESOURCES CORPORATION
TIN: 86-0897278
ATTACHMENTS TO FORM 8937

Form 8937 Part II, Box 9:

Magnum Hunter Resources Corporation ("MHR"): Common stock
NGAS Resources, Inc. ("NGAS"): Common stock

Form 8937 Part II, Box 10:

NGAS: 62912T103
MHR: 55973B102

Form 8937 Part II, Box 12:

NGAS: NGAS
MHR: MHR

Form 8937 Part II, Box 14:

On April 13, 2011, MHR acquired all of the outstanding stock of NGAS pursuant to an arrangement in a stock-for-stock transaction. In the arrangement, a NGAS shareholder received for each share of NGAS common stock owned 0.0846 of a share of MHR common stock. No fractional shares were issued, and instead, the total number of shares of MHR common stock that each NGAS shareholder received in the arrangement was the nearest whole number of shares of MHR common stock with fractions equal to exactly 0.5 being rounded up.

Form 8937 Part II, Box 15:

MHR is reporting the arrangement as a reorganization within the meaning of Section 368 of the Code that is integrated with post-arrangement restructuring. As a result, a U.S. Holder (as defined below) of NGAS stock that is not a United States shareholder (as defined below) will recognize gain (but not loss) equal to the fair market value of the MHR common stock received by such holder in the arrangement over such holder's tax basis in the NGAS shares surrendered in the merger. Treasury Regulation Section 1.367(b)-3(c)(2). Such holder's aggregate tax basis in the shares of MHR common stock received pursuant to the arrangement will equal the aggregate tax basis in the shares of NGAS surrendered in the arrangement plus the amount of gain recognized. Section 358; *see also* Treasury Regulation Section 1.367(b)-3(b)(3)(ii) Example 1.

If a U.S. Holder owned stock in NGAS with a fair market value less than \$50,000 on the date of the arrangement, gain recognition is not required (the "*de minimis* exception"). Assuming that the *de minimis* exception is applicable to a U.S. Holder of NGAS stock in the arrangement, such holder's aggregate tax basis in the MHR common stock received in the arrangement will equal the holder's aggregate tax basis in the NGAS shares surrendered.

Using the mean of the high and low selling prices on April, 13, 2011, the fair market value of each MHR share of common stock received in the arrangement would be \$7.87.

A U.S. Holder of NGAS stock that is a "United States shareholder" (as that term is defined in Section 951, determined without regard to whether NGAS was a controlled foreign corporation) will be required to include in income as a deemed dividend an amount equal to NGAS' net positive "all earnings and profits amount" (as that term is defined in Treasury Regulation Section 1.367-2(d)). MHR believes that NGAS had no net positive "all earnings and profits amount" as of the applicable date, and accordingly, a U.S. Holder that is a U.S. shareholder should not be required to include any deemed dividend as a result of the arrangement. Such a U.S. Holder's tax basis in the MHR common stock received in the arrangement should be equal to such holder's tax basis in the shares of NGAS surrendered in the arrangement. Section 358; Treasury Regulation Section 1.367(b)-3(b).

The term "U.S. Holder" means a beneficial owner of NGAS common stock who is, for U.S. federal income tax purposes (a) an individual who is a citizen or resident of the U.S., (2) a corporation created in, or organized under the laws of, the U.S. or any state or political subdivision thereof, (3) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (4) a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that otherwise elected to be treated as a U.S. person under applicable Treasury Regulations.

The information provided in this Form 8937 should also apply to a Non-U.S. Holder (as hereinafter defined) of NGAS common stock that received MHR common stock in the arrangement, and have particular relevance to such Non-U.S. Holder if (i) gain from the arrangement was effectively connected with a trade or business of such Non-U.S. Holder in the U.S. (and, if required by an applicable treaty, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the U.S.); (ii) such Non-U.S. Holder was an individual who was present in the U.S. for 183 days or more in the applicable period and certain other conditions are met; (iii) such Non-U.S. Holder owned, directly or indirectly or pursuant to attribution rules, at any time in the five-year period ending on the date of the disposition of the MHR common stock more than five percent (5%) of the MHR common stock; or (iv) such Non-U.S. Holder was a U.S. expatriate and certain other conditions are met. For purposes of this discussion, you are a "Non-U.S. Holder" if you are not a U.S. Holder.

Form 8937 Part II, Box 16:

Refer to the determination of tax basis in Part II, Box 15 above. Using the mean of the high and low selling prices on April 13, 2011, the fair market value of each MHR share of common stock received in the arrangement would be \$7.87.