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Tri-Valley's loose "tight gas" story.

A November 9, 2005 Tri-Valley (AMEX: TIV, $10.06) press release announces an agreement with Battelle Memorial Institute ("Battelle") to "conduct advanced research on low permeability oil and gas formations commonly referred to as 'tight' zones." The press release does not mention any TIV project that Battelle will be researching but states that "Tri-Valley has made two very large discoveries with the pay being in tight formations and not able to flow at commercial rates." The press release goes on to state that one of the projects mentioned is "some 45 miles northwest of Bakersfield" and the other is "near the town of Delano." TIV's Ekho project has been mentioned as being "45 miles north of Bakersfield" and its Sunrise-Mayel project has been referred to as being "near the town of Delano." In fact, beginning at least as early 2000 and continuing in 2005, TIV has issued press releases referring to its Ekho, Sunrise, Sonata and Moffat Ranch projects as "tight" formations.

Tight zones can be found to contain proven reserves. However, TIV's 2004 Form 10-K does not list any proven reserves in tight zones. A search of the Internet and Battelle's website does not mention that Battelle has any prior consulting work or involvement in any projects dealing with tight gas or oil formations.

TIV claims that their Mclure Shale which is located within the Sunrise project has tight gas reserves that rival the Texas Barnett Shale, which is one of America's largest proven tight gas reserves that reportedly produced 368.1 billion cubic feet of natural gas in 2004. TIV has stated that "while the country's hottest tight shale play, the Barnett Shale, can carry approximately one trillion cubic feet of gas per seven square miles, Tri-Valley's McClure Shale play posits approximately 2.25 trillion cubic feet in the same amount of area." Again there is no mention of proven reserves only TIV's use of the term “posits” and "approximately." Such terminology is not allowed to be used when listing proven reserves in Securities and Exchange Commission filings.

The National Energy Act of 1978 established tax incentives to encourage the development of "non-conventional alternative fuels" including tight oil and gas formations. The Federal Energy Regulatory Commission ("FERC") determines whether a tight oil or gas formation is in existence when a company claims to have found one. FERC approves a proven tight gas formation after a state agency submits evidence of a tight gas formation and a formal request for a tight oil or gas formation designation. According to the State of California Department of Conservation no designated proven tight gas or oil formations exist or have ever existed in California.

The Office of Pipeline Safety (“OPS”) defines a tight gas formation as "gas that is stuck in a very tight formation underground trapped in unusually impermeable, hard rock, or in a sandstone or limestone formation that is unusually impermeable and non porous." Tight oil is specifically defined as "oil from shale" by the Energy Information Administration ("EIA"). Both tight oil and gas are eligible for "non-conventional" energy designation for tax credits. According to the OPS extracting tight gas when it exists, is possible but current techniques used to extract tight gas are "very costly and economic incentive must exist to incite companies to extract costly gas."

The EIA's Annual Energy Outlook for 2005 defines unconventional gas as “gas from coal bed methane, low permeability sandstone or shale and tight shale” and states that in 2003 tight zone formations accounted for 6.6 trillion

cubic feet of natural gas production in the U.S. lower 48 states (figure excludes Alaska and Hawaii).

Investor's may question TIV's assertion that Battelle could help it in developing fields that TIV claims have tight gas formations with posited approximate reserves. On the Battelle website the company is credited with innovations leading to the first copy machine, compact disc, and the "Sensonic Toothbrush." No where on the website does Battelle claim to have successfully produced, or even assisted in the production of oil and natural gas from tight formations or claim to be an expert in the field of developing tight oil or gas formations.

Despite the fact that Battelle has no record, much less a proven track record, in the highly specialized field of developing proven tight oil and gas formations the November 9, 2005 TIV press release states that TIV "believes analysis by Battelle could show the way to liberate the gas for consumer use." Given TIV's lack of proven reserves investor's might question where the arrangement with Battelle is rooted. It is interesting to note that Harold Noyes (see Asensio.com November 18, 2005 report titled "Tri-Valley's Gas Sure Smells Fishy") the President of Select Resources a wholly-owned Tri-Valley subsidiary is also a former Chief Scientist for Field Hydrology and Chemistry at the Battelle managed Pacific Northwest Laboratory in Richland, Washington. TIV's November 9th press release mentions that its "agreement" is with Battelle in Richland, Washington.