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September 30, June 30, ---------------------- ---------------------- 2005 2004 2005 2004 --------- --------- --------- --------- (Unaudited) (Unaudited) Total Revenues.................... 100% 100% 100% 100% Total costs and expenses........... 108 164 107 139 Loss from operations............. (8) (64) (7) (39) Other income (expense)............ (3) 67 (3) 3 Net income (loss)................. (11) 3 (10) (36) Revenues for the three months ("third quarter") and nine months ("first nine months") ended September 30, 2005 increased 1116% and 574%, respectively, compared to the 2004 periods, primarily due to the acquisition of Arvilla and inclusion of its revenues for the 2005 periods. Increased consolidated revenues also reflect increased oil and gas prices and volume. Our cost of oil and gas for the third quarter and first nine months of 2005 increased 864% and 434%, respectively, compared to the 2004 periods, also due to price and volume increases. Selling, general and administrative expenses increased from $17,986 in the third quarter of 2004 to $702,445 for the third quarter of 2005, and from $125,645 for the first nine months of 2004 to $1,818,062 for the first nine months of 2005. These increases are attributed to the acquisition of Arvilla and the associated expenses of our expanded operations. Salaries and wages decreased 58% and 44% for the third quarter and first nine months of 2005, respectively, when compared to the 2004 periods primarily due to a reduction in accrued wages. Depreciation, depletion, amortization and accretion expense increased 395% and 405% for the third quarter and first nine months of 2005, respectively, due to the addition of Arvilla Assets. Loss from operations for the third quarter and first nine months of 2005 was $314,220 and $713,280, respectively, compared to a loss of $208,686 and %$570,603 for the like periods of 2004. The improvement for the first nine -18- months of 2005 is related to the acquisition of Arvilla and its increased contribution to revenues, price and volume increases, although the loss for the third quarter increased from the 2004 period due to a decrease in April revenues in Arvilla related to poor weather conditions. We realized total other expenses of $120,682 and $313,967 during the third quarter and first nine months of 2005, respectively, compared to total other income of $217,962 and $46,964 for the 2004 periods. The 2005 results were primarily attributed to the net loss on the sale of assets and increase in interest expense in 2005, and was partially offset the increase in other income in 2005. As a percentage of total revenues, total costs and expenses decreased from 164% in the third quarter of 2004 to 108% for the third quarter of 2005, and also decreased from 139% for the first nine months of 2004 to 107% for the first nine months of 2005. This improvement is also attributed to the acquisition of Arvilla and cost reductions in servicing of the Cobham wells. Our net loss for the third quarter and first nine months of 2005 was $434,902 and $1,029,055 (after a $1,808 adjustment due to hedging activities), respectively, compared to a net income of $9,276 for the third quarter of 2004 and a net loss of $523,639 for the first nine months of 2004. For the remainder of fiscal year 2005, management expects selling, general and administrative expenses to remain at approximately the same rate as the first nine months of 2005 and significantly higher than the prior year, reflecting the Arvilla acquisition. The cost of oil and gas produced is expected to fluctuate with the amount produced and with prices of oil and gas, and management anticipates that revenues are likely to increase during the remainder of 2005. Liquidity and Capital Resources Historically, we have satisfied our working capital needs with operating revenues and from borrowed funds. At September 30, 2005, we had a working capital deficit of $2,508,269 compared to a deficit of $2,980,431 at December 31, 2004. This 16% decrease in working capital deficit is primarily attributed to the acquisition of Arvilla and the reduction of current liabilities and debt. During the first nine months of 2005, operating activities provided net cash of $286,464 compared to net cash provided of $121,388 for the first nine months of 2004. These results are primarily attributed to increases in depreciation and accounts payable. Also during the first nine months of 2005, net cash used by investing activities was $308,038, compared to net cash provided of $202,268 for the first nine months of 2004. This result is primarily attributed to payment for other assets and expenditures for property and equipment. During the first nine months of 2005, we realized net cash from financing activities of $190,922 compared to $310,870 in the first nine months of 2004. These results are attributed to the increase in proceeds from related party notes. We anticipate meeting our working capital needs during the remainder of the current fiscal year with revenues from our newly acquired subsidiaries and from our ongoing operations, particularly from our Powder River Basin interests in Wyoming and New Benson gas wells drilled in West Virginia, which gas goes into our 6-inch pipeline. 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. There can be no assurance such funding will be available to us or, if available, it will be on acceptable or favorable terms. As of

September 30, 2005, we had total assets of $10,606,253 and total stockholders' equity of $383,140, compared to total assets of $4,234,111 and total stockholders' deficit of $1,169,886 at December 31, 2004. -19- In 1998, we issued $4,625,400 face value of 8% Secured Convertible Debentures Due June 30, 1999. A portion of the proceeds were used to acquire the GCRL properties and interest in Wyoming. During 2000, all but one of the remaining outstanding debentures were converted into commons stock. At September 30, 2005, we owed $50,000 for a debenture plus approximately $25,000 in interest. Because we have incurred significant cumulative operating losses through September 30, 2005 and have a working capital deficit at September 30, 2005 of $2,526,769, there exists substantial doubt about our ability to continue as a going concern. Historically, our revenues have not been sufficient to cover operating costs and we may potentially need to rely on proceeds from sale of common stock, debt or equity financing, and increased operating revenues from new developments 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. We have included a footnote to our financial statements for the periods ended September 30, 2005 stating that because of our continued losses, working capital deficit and need for additional funding, there is substantial doubt as to whether we can continue as a going concern. See Note 2 to the consolidated financial statements. Inflation In the opinion of our management, inflation has not had a material 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 financial position. We caution readers that a variety of factors could cause our 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: o the sufficiency of existing capital resources and our ability to raise additional capital to fund cash requirements for future operations; o uncertainties involved in the rate of growth of our business and acceptance of any products or services; o volatility of the stock market, particularly within the technology sector; and o 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. -20- Item 3. Controls and Procedures 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 chief executive officer and principal 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 Securities Exchange Act of 1934. Based upon that evaluation, our chief executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to cause the material information required to be disclosed by us in the reports that we file or submit under the Exchange Act to be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to the date we carried out our evaluation. PART II Item 1. Legal Proceedings Information concerning certain material pending legal proceedings to which we are a party, or to which any of our property is subject, is set forth below: o On September 22, 2000, Tioga Lumber Company obtained a judgment of $43,300 plus interest in the Circuit Court of Pleasants County, West Virginia, against Tyler Construction Company for breach of contract. On February 28, 2002, we reached a negotiated payment schedule with Tioga and made the initial payment. We believe that we have satisfied the balance owed to Tioga of $26,233.58, although the judgment has not yet been released. We are proceeding to secure the release of the judgment. o On July 1, 1998, RR Donnelly (RR) obtained a judgment against us for non-payment of accounts payable. The judgment calls for monthly payments of $3,244 and is bearing interest at 10.00% per annum. At September 30, 2005, we had accrued a balance including interest of $56,792 as a current liability. We are currently in default on this judgment. 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 On July 1, 2005, we issued 141,668 shares to our Chief Executive Officer, Clarence Smith, in exchange for his forgiving a debt of $255,000. On

October 19, 2005, we issued 20,000 shares to John Corp as a signing bonus for becoming a director and officer of Trans Energy. The issuances were made in isolated, private transactions to affiliates and executive officers and were, therefore, exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 4(2) of that Act. Item 3. Defaults Upon Senior Securities In 1998, we issued $4,625,400 face value of 8% secured convertible debentures due September 30, 1999. Interest on the debentures accrued upon the date of issuance until payment in full of the principal sum was been made or duly provided for. Holders of the debentures have the option, at any time, until maturity, to convert the principal amount of their debenture, or any portion of the principal amount which is at least $10,000 into shares of the our common stock at a conversion price for each share equal to the lower of (a) seventy percent (70%) of the market price of the our stock averaged over the five -21- trading days prior to the date of conversion, or (b) the market price on the issuance date of the debentures. Any accrued and unpaid interest shall be payable, at our option, in cash or in shares of our common stock valued at the then effective conversion price. During 2000, all but one of the remaining outstanding debentures were converted into commons stock. At September 30, 2005, we owed $50,000 to one debenture holder plus approximately $25,000 in interest. Item 4. Submission of Matters to a Vote of Security Holders Not applicable. Item 5. Other Information The following reports were filed with the SEC on Form 8-K during the three month period ended September 30, 2005. September 16, 2005 - reporting under Item 2.01 the sale of certain assets previously acquired upon the acquisition of Cobham Gas Industries, Inc. The September 16, 2005 report also reported under Item 5.01 the resignation John G. Corp as a director and Vice President. However, the report inadvertently stated that Mr. Corp resigned as a director, although his resignation was only as an officer and he remains as a director. Item 6. Exhibits Exhibit 31.1 Certification of C.E.O. Pursuant to Section 302 of the Sarbanses-Oxley Act of 2002. Exhibit 31.2 Certification of Principal Accounting Officer Pursuant to Section 302 of the Sarbanses-Oxley Act of 2002. Exhibit 32.1 Certification of C.E.O. 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 Principal Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. -22- 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: November 25, 2005 By /S/ Clarence E. Smith --------------------------------------- Clarence E. Smith Chief Executive Officer and Director Date: November 25, 2005 By /S/ William F. Woodburn --------------------------------------- WILLIAM F. WOODBURN Secretary / Treasurer (Principal Accounting Officer) -23-