TRANS ENERGY INC
Form 10QSB
May 15, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the Quarter Ended March 31, 2007

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 small business issuer 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

Check whether the issuer (1) 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 [X] No [ ]

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

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

Class	Outstanding as of March 31, 2007
Common Stock, $.001 par value	9,450,565

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

Table of Contents

Heading

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements...

Consolidated Balance Sheets - March 31, 2007 and
December 31, 2006 (Unaudited)...

Consolidated Statements of Operations - three months ended
March 31, 2007 and 2006 (Unaudited)...

Consolidated Statements of Stockholders' Equity - three months ended
March 31, 2007 (Unaudited)..

Consolidated Statements of Cash Flows - three months ended
March 31, 2007 and 2006 (Unaudited)...

Notes to Consolidated Financial Statements (Unaudited)..........................

Item 2. Management's Discussion and Analysis or Plan of Operation.....................

Item 3. Controls and Procedures..

PART II OTHER INFORMATION

Item 1. Legal Proceedings..

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

Item 3. Defaults Upon Senior Securities...

Item 4. Submission of Matters to a Vote of Securities Holders..........................

Item 5. Other Information...

Item 6. Exhibits..

Signatures...

-2-

PART I

Item 1. Financial Statements

The accompanying consolidated balance sheets of Trans Energy, Inc. at March 31, 2007 and December 31, 2006, related unaudited consolidated statements of operations, stockholders' equity and cash flows for the three months ended March 31, 2007 and 2006, have been prepared by our management in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the consolidated results of operations and consolidated financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the quarter ended March 31, 2007 are not necessarily indicative of the results that can be expected for the fiscal year ending December 31, 2007.

TRANS ENERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31, 2007
ASSETS	
CURRENT ASSETS	
Cash	$ 251,90
Accounts Receivable, net of allowance for doubtful accounts of $25,076 and $25,076, respectively	215,99
Accounts Receivable, related parties	588,00
Prepaid Expenses	1,87
Total Current Assets	1,057,77
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $99,934 and $84,510, respectively	489,61
OIL AND GAS PROPERTIES, USING SUCCESSFUL EFFORTS ACCOUNTING	
Proved Properties	4,156,82
Unproved Properties	162,95
Pipelines	1,392,64
Accumulated depreciation, depletion and amortization	(1,614,71
Net oil and gas properties	4,097,70
OTHER ASSETS	99,19
TOTAL ASSETS	$ 5,744,28

See notes to consolidated financial statements.

TRANS ENERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts Payable, trade	$ 1,152,715
Related Party Payables	229,303
Accrued Expenses	363,368
Judgments Payable	--
Notes Payable - Related Parties	276,984
Notes Payable - Current Portion	1,008,375
Total Current Liabilities	3,030,745
LONG-TERM LIABILITIES	
Notes Payable, net	2,259,999
Asset Retirement Obligation	189,973
Total Long - Term Liabilities	2,449,972
Total Liabilities	5,480,717
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; 9,450,565 shares issued and outstanding	9,451
Additional paid-in capital	33,858,448
Accumulated deficit	(33,604,330)
Total Stockholders' Equity	263,569
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,744,286

See notes to consolidated financial statements.

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

	For the Three Months Ended March 31, 2007	2006
REVENUES	$ 285,520	$ 329,721
COSTS AND EXPENSES		
Production Costs	108,934	137,806
Depreciation, Depletion, and Amortization	68,495	139,750
Exploration Costs	138,750	--
Selling, General and Administrative	494,306	193,598
Total Opeerating Expenses	810,485	471,154
LOSS FROM OPERATIONS	(524,965)	(141,433)
OTHER INCOME (EXPENSE)		
Gain on Extinguishment of Debt	45,783	--
Interest Expense	(98,412)	(31,370)
Total Other Income (Expense)	(52,629)	(31,370)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(577,594)	(172,803)
INCOME TAXES	--	--
LOSS FROM CONTINUING OPERATIONS	(577,594)	(172,803)
INCOME FROM DISCONTINUED OPERATIONS	--	183,776
LOSS FROM DISPOSAL OF DISCONTINUED OPERATIONS	--	(1,866,082)
NET (LOSS)	$ (577,594)	$(1,855,109)
LOSS PER SHARE - BASIC AND DILUTED		
Continuing Operations	$ (0.06)	$ (0.04)
Discontinued Operations	--	(0.36)
Total	$ (0.06)	$ (0.40)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	9,450,565	4,707,515

See notes to consolidated financial statements.

TRANS ENERGY, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity
Three months ended March 31, 2007
(Unaudited)

	Common Stock		Additional	Accumul
	Shares	Amount	Paid in Capital	Defi
Balance, December 31,2006	9,450,565	$ 9,451	$ 33,727,680	$(33,02
Value of options granted	--	--	130,768	
Net loss for the three months ended March 31, 2007	--	--	--	(57
Balance, March 31, 2007	9,450,565	$ 9,451	$ 33,858,448	(33,604

See notes to consolidated financial statements.

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

	For th
	2007
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	$ (577,59
Adjustments to reconcile net loss to net cash from operating activities:	
Depreciation, depletion and amortization	68,49
Share-based compensation	130,76
Gain on debt extinguishment	(45,78
Accretion expense	3,35
Changes in operating assets and liabilities:	

Accounts receivable	40,87
Prepaid and other assets	(44,37
Accounts payable	32,65
Related party payables	(8,04
Accrued expenses	(112,45
Net cash provided (used) in operating activities	
Continuing operations	(512,11
Discontinued operations	--
Net cash provided (used) in operating activities	(512,11
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of oil and gas properties	667,00
Expenditures for oil and gas properties	(164,22
Expenditures for property and equipment	(21,20
Net cash provided (used) in investing activities	481,57
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes payable	374,38
Payments on notes payable	(27,89
Loan fees paid	(10
Payments on related party debt	(272,75
Net cash provided (used) by financing activities	73,62
NET INCREASE (DECREASE) IN CASH	43,09
CASH, BEGINNING OF PERIOD	208,81
CASH, END OF PERIOD	$ 251,90
CASH PAID FOR:	
Interest	$ 95,06
Income taxes	$ --

See notes to consolidated financial statements.

TRANS ENERGY, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements have been prepared by Trans Energy, Inc. 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 condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed 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 condensed consolidated financial statements be read in conjunction with Trans Energy's most recent audited financial statements and notes thereto included in its December 31, 2006 Annual Report on Form 10-KSB. Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

NOTE 2 - GOING CONCERN

Trans Energy's unaudited interim condensed 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 March 31, 2007 of $33,604,330 and has a working capital deficit at March 31, 2007 of $1,927,970. Revenues have not been sufficient to cover its operating costs and 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 and business acquisitions would 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. Trans Energy's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 - CONTINGENCIES AND COMMITMENTS

On July 28, 1999, Core Laboratories, Inc. obtained a judgment against Trans Energy for non-payment of an account payable. As of March 31, 2007, Trans Energy has satisfied this obligation in full.

On July 1, 1998, RR Donnelly obtained a judgment against Trans Energy for non-payment of accounts payable. As of March 31, 2007, Trans Energy has satisfied this obligation in full.

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.

Notes to Consolidated Financial Statements
(Unaudited)

NOTE 4 - SIGNIFICANT EVENTS

Effective January 9, 2007, Trans Energy completed the sale to Leatherwood Inc. for net cash proceeds of $667,001 of six oil and/or gas wells located in West Virginia. Trans Energy assigned all of its right, title, operating rights and interest including the absolute right to produce, operate and maintain the wells.

Effective January 10, 2007, Trans Energy acquired from National Gulf Production, Inc. 75% of National Gulf's rights and interest in and to certain oil and gas leases covering the oil and gas in and under certain tracts of land containing approximately 3,120 acres located in Trego County, Kansas for cash of $146,250. In addition, cash of $138,750 was paid in advance for our proportionate 75% share of the seismic acquisition, processing and interpretation cost, which was subsequently expensed. Total cash paid during the quarter for this transaction was $285,000.

Effective February 7, 2007, Trans Energy entered into an agreement with P.D. Farr to purchase all rights, title and interests in the 384 acre Ezra Hays Lease in West Virginia including oil and gas wells, associated well equipment, interest in the natural gas sales pipeline, all rights to Dominion Gas sales meter and all pertinent rights-of-way for $138,000. On December 16, 2006, Trans Energy paid the sum of $10,000 as a down payment to be applied against the purchase price, with the unpaid balance of $128,000 due in installments, to be paid in full by July 10, 2007. During the quarter ended March 31, 2007, $15,000 in cash payments had been made and the unpaid balance at March 31, 2007 was $113,000.

NOTE 5 - RELATED PARTIES

Marketing Agreement - Sancho

Natural gas delivered through Trans Energy's pipeline network is sold either to Sancho Oil and Gas Corporation ("Sancho"); a company controlled by the Vice President of Trans Energy, to Dominion Gas, a local utility, on an on-going basis at a variable price per month per Mcf.

Under its contract with Sancho, Trans Energy has the right to sell natural gas subject to the terms and conditions of a 20-year contract, as amended, that Sancho entered into with Dominion Gas in 1988. This agreement is a flexible volume supply agreement whereby Trans Energy receives the full price which Sancho charges the end user less a $0.05 per Mcf marketing fee paid to Sancho.

NOTE 6 -NOTES PAYABLE

On January 10, 2007, Trans Energy repaid a short term related party note, dated September 11, 2006, bearing interest at the rate of 10% per annum, with cash in the amount of $270,000 plus accrued interest, for a total paid of $278,951.

Trans Energy maintains a credit facility that provides for aggregate borrowings of $3,000,000 of which funds are designated for our workover program in Wetzel County, West Virginia, and is secured by those wells. Any borrowings under this facility will bear interest at 7.5%. During the quarter ended March 31, 2007, Trans Energy received additional borrowings in the amount of $360,000, leaving an unused credit facility of $2,187,745.

TRANS ENERGY, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 7 - BUSINESS SEGMENTS

The Company conducts its operations principally as oil and gas sales with Trans Energy and Prima Oil Company, and pipeline transmission with Ritchie County Gathering Systems and Tyler Construction Company.

Certain financial information concerning our operations in different industries is as follows:

	For the Quarter Ended March 31,	Oil and Gas Sales	Pipeline Transmission
Oil and gas revenue	2007	$ 215,366	$ 70,154
	2006	245,747	83,974
Loss from operations applicable to industry segment	2007	325,329	199,636
	2006	117,160	24,273
Interest Expense	2007	91,825	6,587
	2006	31,003	367
Gain on extinguishment of debt	2007	45,783	--
	2006	--	--
Assets (net of intercompany accounts)	2007	5,030,925	713,361
	2006	2,516,498	1,458,499
Depreciation, depletion and amortization	2007	61,735	6,760
	2006	136,490	3,260
Property and equipment acquisitions	2007	181,930	3,500
	2006	18,705	--

Item 2. Management's Discussion and Analysis or Plan of Operation

Recent Developments

Sale of Leatherwood Assets

On January 9, 2007 Trans Energy, Inc. completed the assignment for cash of $667,001 to Leatherwood, Inc., a Pennsylvania corporation, of six oil and/or gas wells located in Mannington District, Marion County, West Virginia. The assigned wells are designated as follows: O.N. Koen No. 1, Moffett No. 2, Simon Moore No. 3, Simon Moore No. 1, Simon Moore No. 2 and W.T. Morris No. 2.

Trans Energy assigned all of its right, title, operating rights and interest in and to the aforementioned wells, including the absolute right to produce, operate and maintain the wells. The assignment is by good and sufficient general warranty assignment, free and clear of all liens and encumbrances and includes the entire working interest, all wells, equipment, personal property, gathering and distribution pipelines and other fixtures and improvements located on the property.

Leatherwood becomes responsible for the plugging and abandoning of the acquired wells, as necessary, and for any reclamation of the lands after plugging and abandoning operations are completed. All plugging and abandoning operations will be done in accordance with the applicable rules and regulations of the State of West Virginia or other jurisdictional authorities.

Upon effectiveness of the assignment of the lease, all production, revenue, costs, expenses and other liabilities attributable to the assigned wells will belong to Leatherwood. For a period of one year following the effective date, Trans Energy will have the right, at its sole cost and expense, to permit and drill one or more oil and gas wells located on tow of the assigned properties.

Purchase of Acreage in Kansas

On January 10, 2007, Trans Energy acquired from National Gulf Production, Inc. of Giddings, Texas, 75% of National Gulf's rights and interest in and to certain oil and gas leases covering the oil and gas in and under certain tracts of land containing approximately 3,120 acres located in Trego county, Kansas. National Gulf originally acquired the leases pursuant to a farmout agreement with Wevco Production, Inc. In connection with the agreement, Trans Energy and National Gulf will acquire certain 3-D seismic data on the subject leases.

In consideration for the leases Trans Energy paid its proportionate 75% of the farmout fee for cash of $146,250. In addition, cash of $138,750 was paid in advance for our proportionate 75% share of the seismic acquisition, processing and interpretation cost, which was subsequently expensed. Total cash paid during the quarter for this transaction was $285,000.

The lease has a reservation by Wevco of an overriding royalty interest of 3.5% and the right, but not the obligation, to participate up to 25% at cost, in the wells drilled by National Gulf and Trans Energy. There will also be an overriding royalty interest of 1% to the Project Geophysicist and National Gulf will retain an overriding royalty interest of 2%, resulting in an 81% working interest. National Gulf will also earn a 6.15% carried working interest.

Upon completion of each well capable of commercial production, Trans Energy will be entitled to receive an assignment of its proportionate share of the 20 acre producing unit, or other unit size as may be directed or allowed by the State. This assignment will be made without warranty of title, express or implied.

From the date of the agreement Trans Energy and National Gulf will have one year to drill the first well and will also have an option for six months after completion of any well to drill another well, until all drillable 20 acre units in the leases are drilled. In the event Trans Energy and National Gulf do not drill the first well within one year, or do not drill subsequent wells within the prescribed six month periods, then this agreement terminates with respect to all undrilled areas, unless such failure to perform is due to an act of God, labor disputes, riots, or any other cause beyond the control of the parties. In such an event, the required time to perform would be extended for the period of the interruption.

Trans Energy and National Gulf will enter into a mutually acceptable participation and operating agreement, whereby National Gulf will be the Operator and will drill and operate the wells that are drilled on the leases.

Results of Operations

The following table sets forth the percentage relationship to total revenues of principal items contained in our consolidated statements of operations for the three month period ended March 31, 2007 and 2006. It should be noted that percentages discussed throughout this analysis are stated on an approximate basis.

	Three Months Ended March 31, 2007 (Unaudited)	Three Months Ended March 31, 2006 (Unaudited)
Total revenues..................................	100%	100%
Total costs and expenses........................	286	146
Loss from operations	(186)	(46)
Other income (expense)..........................	(18)	(8)
Discontinued operations.........................	-0-	(520)
Net loss..	(204)	(574)

Total revenues from continuing operations for the three months ("first quarter") ended March 31, 2007 decreased 15% compared to the first quarter of 2006, primarily due to decreased production and lower oil and gas prices, as well as the sale of the Wyoming wells. We have focused our efforts during the first quarter of 2007 on a workover program on our wells located in Wetzel County, West Virginia. We expect production to increase from this workover program during the second quarter of 2007.

Similarly, depreciation, depletion and amortization and accretion expense decreased 30% due to the lower production levels from our existing wells, as well as the increase in proved reserves at December 31, 2006.

Our loss from operations for the first quarter of 2007 was $577,594 compared to a loss of $172,803 for the first quarter of 2006. The increase is related to higher general and administrative expenses due to the hiring of additional employees and the seismic acquisition in Kansas, as well as an increase in expenses related to the workover program.

Our net loss for the first quarter of 2007 was $577,594 compared to a loss of $1,855,109 for the first quarter of 2006. We recorded a loss from discontinued operations in 2006 of $1,682,306 due to the disposal of Arvilla.

For the remainder of fiscal year 2007, management expects selling, general and administrative expenses to remain at approximately the same rate as the first quarter of 2007. 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 2007. We do not expect to recognize a gain from the sale of properties during the remainder of 2007.

Liquidity and Capital Resources

Historically, we have satisfied our working capital needs with operating revenues and from borrowed funds. At March 31, 2007, we had a working capital deficit of $1,972,970 compared to a deficit of $2,610,953 at December 31, 2006. This 24% decrease in working capital deficit is primarily attributed to the sale of wells in Marion County from which we realized cash of $667,001.

During the first three months of 2007, operating activities used net cash of $512,110 compared to net cash provided of $37,102 for the same period of 2006. This increased negative cash flow is primarily attributable to decreased revenues and our decision to pay off the outstanding judgments, as well as increased expenses related to the workover program and the seismic acquisition in Kansas.

Net cash provided by investing activities for the first three months of 2007 was $481,571. $185,430 of cash was used for the purchase of oil and gas properties and equipment and cash of $667,001 was received from the sale of wells compared to net cash used of $18,705 to purchase equipment in 2006.

During the first three months of 2007, we were provided net cash in financing activities of $73,629 compared to net cash used of $12,983 in the same period of 2006. In 2007, we borrowed $374,380 and repaid $300,651 in notes payable.

We anticipate meeting our working capital needs during the remainder of the current fiscal year with revenues from our ongoing operations, particularly from our wells in Wetzel, Marion and Doddridge Counties, West Virginia and new third party natural 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. In addition, we have an available credit facility of $2,187,745 which we plan to use to complete our workover program on our wells in Wetzel County, West Virginia.

As of March 31, 2007, we had total assets of $5,744,286 and total stockholders' equity of $263,569 compared to total assets of $6,251,409 and total stockholders' equity of $710,396 at December 31, 2006. The decrease in total assets was primarily due to the sale of wells in Marion County. The decrease in stockholders' equity was due to the operating losses during the quarter.

Because we have incurred significant cumulative operating losses through March 31, 2007 and have a working capital deficit at March 31, 2007 of $1,972,970, there exists substantial doubt about our ability to continue as a going concern. Historically, our revenues have not been sufficient to cover operating costs. However, we may potentially need to rely on proceeds from the 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 included a footnote to our financial statements for the period ended December 31, 2006 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.

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 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:

- 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;

- 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 3. 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 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 Exchange Act. Based upon that evaluation, management concluded that our disclosure controls and procedures are 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 principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There was no change in our internal controls over financial reporting identified in connection with the requisite evaluation that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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:

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.

On July 28, 1999, Core Laboratories, Inc. obtained a judgment against the company for non-payment of an account payable. At March 31, 2007, the Company has satisfied this obligation in full.

On July 1, 1998, RR Donnelly obtained a judgment against the Company for non-payment of accounts payable. At March 31, 2007, the Company has satisfied this obligation in full.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of our securities holders during the first quarter ended March 31, 2007.

Item 5. Other Information

The following reports were filed with the SEC on Form 8-K during the tree month period ended March 31, 2007.

January 9, 2007 - reporting under Item 2.01 the completion of disposition of certain wells in Marion County, West Virginia.

Item 6. Exhibits

Exhibit 31.1	Certification of C.E.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Accounting Officer Pursuant to Section 302 of the Sarbanes-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.

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: May 15, 2007 By /S/ JAMES K. ABCOUWER

JAMES K. ABCOUWER
Chief Executive Officer and Director

Date: May 15, 2007

By /S/ LISA A. CORBITT

LISA A. CORBITT
Controller, Principal Financial Officer
(Principal Accounting Officer)