

RANGE RESOURCES CORP
Form 10-Q
July 28, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2014

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: 001-12209

RANGE RESOURCES CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

34-1312571
(IRS Employer
Identification No.)
76102

100 Throckmorton Street, Suite 1200

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Fort Worth, Texas
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code

(817) 870-2601

Former Name, Former Address and Former Fiscal Year, if changed since last report: Not applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

168,697,568 Common Shares were outstanding on July 25, 2014

RANGE RESOURCES CORPORATION

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Quarter Ended June 30, 2014

Unless the context otherwise indicates, all references in this report to “Range,” “we,” “us,” or “our” are to Range Resources Corporation and its wholly-owned subsidiaries and its ownership interests in equity method investees.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

RANGE RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$292	\$ 348
Accounts receivable, less allowance for doubtful accounts of \$2,743 and \$2,494	183,749	179,667
Derivative assets	5,463	4,421
Deferred tax asset	39,411	51,414
Inventory and other	18,664	12,451
Total current assets	247,579	248,301
Derivative assets	4,760	9,233
Equity method investments	—	129,034
Natural gas and oil properties, successful efforts method	9,732,010	9,032,881
Accumulated depletion and depreciation	(2,336,666)	(2,274,444)
	7,395,344	6,758,437
Transportation and field assets	123,471	118,625
Accumulated depreciation and amortization	(84,807)	(85,841)
	38,664	32,784
Other assets	114,211	121,297
Total assets	\$7,800,558	\$ 7,299,086
Liabilities		
Current liabilities:		
Accounts payable	\$291,107	\$ 258,431
Asset retirement obligations	5,037	5,037
Accrued liabilities	158,518	161,520
Accrued interest	41,243	44,375
Derivative liabilities	62,965	26,198
Total current liabilities	558,870	495,561
Bank debt	480,000	500,000
Subordinated notes	2,350,000	2,640,516
Deferred tax liability	894,115	771,980
Derivative liabilities	7,101	25
Deferred compensation liability	240,787	247,537
Asset retirement obligations and other liabilities	249,511	229,015
Total liabilities	4,780,384	4,884,634
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$1 par, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par, 475,000,000 shares authorized, 168,693,792 issued at	1,687	1,634

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June 30, 2014 and 163,441,414 issued at December 31, 2013

Common stock held in treasury, 83,184 shares at June 30, 2014 and 98,520 shares

at December 31, 2013	(3,096)	(3,637)
Additional paid-in capital	2,378,254	1,959,636
Retained earnings	641,379	450,583
Accumulated other comprehensive income	1,950	6,236
Total stockholders' equity	3,020,174	2,414,452
Total liabilities and stockholders' equity	\$7,800,558	\$ 7,299,086

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Revenues and other income:				
Natural gas, NGLs and oil sales	\$477,517	\$437,678	\$1,049,534	\$835,917
Derivative fair value (loss) income	(24,109)	137,760	(170,959)	37,885
Gain on the sale of assets	282,064	83,287	281,711	83,121
Brokered natural gas, marketing and other	30,052	14,631	62,580	35,672
Total revenues and other income	765,524	673,356	1,222,866	992,595
Costs and expenses:				
Direct operating	34,935	32,636	74,730	62,824
Transportation, gathering and compression	76,809	66,048	150,970	128,464
Production and ad valorem taxes	10,844	11,113	22,522	22,496
Brokered natural gas and marketing	34,775	16,662	68,904	38,977
Exploration	13,621	13,068	28,467	29,848
Abandonment and impairment of unproved properties	9,332	19,156	19,327	34,374
General and administrative	56,888	101,987	106,100	186,045
Deferred compensation plan	10,519	(6,878)	8,484	35,482
Interest expense	45,488	45,071	90,889	87,281
Loss on early extinguishment of debt	24,596	12,280	24,596	12,280
Depletion, depreciation and amortization	133,361	119,995	262,043	235,096
Impairment of proved properties and other assets	24,991	741	24,991	741
Total costs and expenses	476,159	431,879	882,023	873,908
Income from operations before income taxes	289,365	241,477	340,843	118,687
Income tax expense (benefit)				
Current	(1)	(25)	5	-
Deferred	117,977	97,519	136,928	50,314
	117,976	97,494	136,933	50,314
Net income	\$171,389	\$143,983	\$203,910	\$68,373
Net income per common share:				
Basic	\$1.04	\$0.88	\$1.24	\$0.42
Diluted	\$1.04	\$0.88	\$1.24	\$0.42
Dividends paid per common share	\$0.04	\$0.04	\$0.08	\$0.08
Weighted average common shares outstanding:				
Basic	161,909	160,565	161,354	160,346
Diluted	162,813	161,414	162,323	161,223

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$171,389	\$143,983	\$203,910	\$68,373
Other comprehensive income (loss):				
Realized loss (gain) on hedge derivative contract settlements reclassified into				
natural gas, NGLs and oil sales from other comprehensive income, net of taxes ⁽¹⁾	—	—	—	(14,840)
De-designated hedges reclassified into natural gas, NGLs and oil sales, net of taxes ⁽²⁾	(3,046)	(18,616)	(4,286)	(26,041)
De-designated hedges reclassified to derivative fair value income, net of taxes ⁽³⁾	—	(547)	—	(1,937)
Change in unrealized deferred hedging (losses) gains, net of taxes ⁽⁴⁾	—	—	—	(4,203)
Total comprehensive income	\$168,343	\$124,820	\$199,624	\$21,352

⁽¹⁾ Amounts are net of income tax benefit of \$9,488 for the six months ended June 30, 2013.

⁽²⁾ Amounts are net of income tax benefit of \$1,866 for the three months ended June 30, 2014 and \$2,790 for the six months ended June 30, 2014. Amounts are net of income tax benefit of \$11,902 for the three months ended June 30, 2013 and \$16,649 for the six months ended June 30, 2013.

⁽³⁾ Amounts relate to transactions not probable of occurring and are presented net of income tax benefit of \$350 for the three months ended June 30, 2013 and \$1,239 for the six months ended June 30, 2013.

⁽⁴⁾ Amounts are net of income tax benefit of \$2,687 for the six months ended June 30, 2013.

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Six Months Ended	
	June 30,	
	2014	2013
Operating activities:		
Net income	\$203,910	\$68,373
Adjustments to reconcile net income to net cash provided from operating activities:		
Loss (gain) from equity method investments, net of distributions		