

RANGE RESOURCES CORP
Form 10-Q
April 24, 2017

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 March 31, 2017

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

Edgar Filing: RANGE RESOURCES CORP - Form 10-Q

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, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

247,590,322 Common Shares were outstanding on April 21, 2017

RANGE RESOURCES CORPORATION

FORM 10-Q

Quarter Ended March 31, 2017

Unless the context otherwise indicates, all references in this report to “Range Resources,” “Range,” “we,” “us,” or “our” are to Range Resources Corporation and its directly and indirectly owned subsidiaries.

TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
ITEM 1. <u>Financial Statements</u>	3
<u>Consolidated Balance Sheets (Unaudited)</u>	3
<u>Consolidated Statements of Operations (Unaudited)</u>	4
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	5
<u>Selected Notes to Consolidated Financial Statements (Unaudited)</u>	6
ITEM 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	28
ITEM 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	40
ITEM 4. <u>Controls and Procedures</u>	42
<u>PART II – OTHER INFORMATION</u>	
ITEM 1. <u>Legal Proceedings</u>	43
ITEM 1A. <u>Risk Factors</u>	43
ITEM 6. <u>Exhibits</u>	43
 <u>SIGNATURES</u>	 44

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

RANGE RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	March 31, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 545	\$ 314
Accounts receivable, less allowance for doubtful accounts of \$5,558 and \$5,559	246,392	241,718
Derivative assets	30,454	13,278
Inventory and other	20,146	26,573
Total current assets	297,537	281,883
Derivative assets	15,791	205
Goodwill	1,654,292	1,654,292
Natural gas and oil properties, successful efforts method	12,551,347	12,386,153
Accumulated depletion and depreciation	(3,191,483)	(3,129,816)
	9,359,864	9,256,337
Other property and equipment	114,402	112,796
Accumulated depreciation and amortization	(97,653)	(95,923)
	16,749	16,873
Other assets	77,512	72,655
Total assets	\$ 11,421,745	\$ 11,282,245
Liabilities		
Current liabilities:		
Accounts payable	\$ 299,839	\$ 229,190
Asset retirement obligations	7,271	7,271
Accrued liabilities	231,568	265,843
Accrued interest	36,689	35,340
Derivative liabilities	55,713	165,009
Total current liabilities	631,080	702,653
Bank debt	841,188	876,428
Senior notes	2,849,088	2,848,591
Senior subordinated notes	48,519	48,498
Deferred tax liabilities	1,055,737	943,343
Derivative liabilities	1,515	24,491
Deferred compensation liabilities	110,455	119,231
Asset retirement obligations and other liabilities	301,687	310,642
Total liabilities	5,839,269	5,873,877

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, 247,563,324 issued at		
March 31, 2017 and 247,174,903 issued at December 31, 2016	2,476	2,471
Common stock held in treasury, 26,547 shares at March 31, 2017 and 30,547		
shares at December 31, 2016	(1,054)	(1,209)
Additional paid-in capital	5,533,211	5,524,423
Retained earnings (deficit)	47,843	(117,317)
Total stockholders' equity	5,582,476	5,408,368
Total liabilities and stockholders' equity	\$11,421,745	\$ 11,282,245

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2017	2016
Revenues and other income:		
Natural gas, NGLs and oil sales	\$559,450	\$209,487
Derivative fair value income	165,557	86,908
Brokered natural gas, marketing and other	51,648	35,018
Total revenues and other income	776,655	331,413
Costs and expenses:		
Direct operating	28,023	24,054
Transportation, gathering, processing and compression	177,648	125,263
Production and ad valorem taxes	9,163	5,887
Brokered natural gas and marketing	53,550	36,558
Exploration	8,504	4,913
Abandonment and impairment of unproved properties	4,420	10,628
General and administrative	47,496	40,657
Termination costs	4,192	162
Deferred compensation plan	(13,169)	16,056
Interest	47,101	37,739
Depletion, depreciation and amortization	149,821	120,561
Impairment of proved properties and other assets	—	43,040
(Gain) loss on the sale of assets	(22,600)	1,643
Total costs and expenses	494,149	467,161
Income (loss) before income taxes	282,506	(135,748)
Income tax expense (benefit):		
Current	—	—
Deferred	112,395	(41,976)
	112,395	(41,976)
Net income (loss)	\$170,111	\$(93,772)
Net income (loss) per common share:		
Basic	\$0.69	\$(0.56)
Diluted	\$0.69	\$(0.56)
Dividends paid per common share	\$0.02	\$0.02
Weighted average common shares outstanding:		
Basic	244,652	166,803
Diluted	244,803	166,803

See accompanying notes.

4

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Three Months Ended	
	March 31, 2017	2016
Operating activities:		
Net income (loss)	\$170,111	\$(93,772)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:		
Deferred income tax expense (benefit)	112,395	(41,976)
Depletion, depreciation and amortization and impairment	149,821	163,601
Abandonment and impairment of unproved properties	4,420	10,628
Derivative fair value income	(165,557)	(86,908)
Cash settlements on derivative financial instruments	(4,181)	109,466
Allowance for bad debt	—	200
Amortization of deferred financing costs, loss on extinguishment of debt and other	1,310	1,707
Deferred and stock-based compensation	962	29,128
(Gain) loss on the sale of assets	(22,600)	1,643
Changes in working capital:		