

RANGE RESOURCES CORP
Form 10-Q
October 23, 2018

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 September 30, 2018

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 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

249,505,145 Common Shares were outstanding on October 19, 2018

RANGE RESOURCES CORPORATION

FORM 10-Q

Quarter Ended September 30, 2018

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. For certain industry specific terms used in the Form 10-Q, please see “Glossary of Certain Defined Terms” in our 2017 Annual Report on Form 10-K.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

RANGE RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 357	\$ 448
Accounts receivable, less allowance for doubtful accounts of \$5,862 and \$7,111	397,536	348,833
Derivative assets	103	58,607
Inventory and other	24,488	21,346
Total current assets	422,484	429,234
Derivative assets	1,114	273
Goodwill	1,641,197	1,641,197
Natural gas and oil properties, successful efforts method	13,643,196	13,216,453
Accumulated depletion and depreciation	(3,929,060)	(3,649,716)
	9,714,136	9,566,737
Other property and equipment	112,404	114,361
Accumulated depreciation and amortization	(101,402)	(99,695)
	11,002	14,666
Other assets	76,203	76,734
Total assets	\$ 11,866,136	\$ 11,728,841
Liabilities		
Current liabilities:		
Accounts payable	\$ 225,874	\$ 343,871
Asset retirement obligations	6,327	6,327
Accrued liabilities	386,671	317,531
Accrued interest	37,739	43,511
Derivative liabilities	97,256	44,233
Total current liabilities	753,867	755,473
Bank debt	1,257,199	1,208,467
Senior notes	2,855,048	2,851,754
Senior subordinated notes	48,653	48,585
Deferred tax liabilities	731,723	693,356
Derivative liabilities	11,751	9,789
Deferred compensation liabilities	86,794	101,102
Asset retirement obligations and other liabilities	303,813	286,043

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Total liabilities	6,048,848	5,954,569
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, 249,504,124 issued at		
September 30, 2018 and 248,144,397 issued at December 31, 2017	2,495	2,481
Common stock held in treasury, 10,067 shares at September 30, 2018 and 14,967		
shares at December 31, 2017	(404)	(599)
Additional paid-in capital	5,617,371	5,577,732
Accumulated other comprehensive loss	(1,124)	(1,332)
Retained earnings	198,950	195,990
Total stockholders' equity	5,817,288	5,774,272
Total liabilities and stockholders' equity	\$11,866,136	\$ 11,728,841

The accompanying notes are an integral part of these consolidated financial statements.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues and other income:				
Natural gas, NGLs and oil sales	\$736,431	\$507,541	\$2,094,450	\$1,573,128
Derivative fair value (loss) income	(34,591)	(88,426)	(151,890)	188,326
Brokered natural gas, marketing and other	109,385	63,117	267,448	170,544
Total revenues and other income	811,225	482,232	2,210,008	1,931,998
Costs and expenses:				
Direct operating	30,926	36,888	104,136	96,331
Transportation, gathering, processing and compression	304,562	191,645	819,100	560,883
Production and ad valorem taxes	9,427	11,993	29,493	31,125
Brokered natural gas and marketing	116,080	59,773	274,421	169,180
Exploration	8,299	22,767	23,517	45,769
Abandonment and impairment of unproved properties	6,549	42,568	73,244	52,181
General and administrative	43,722	53,035	159,722	152,853
Termination costs	(336)	(47)	(373)	4,049
Deferred compensation plan	223	(9,203)	(559)	(36,838)
Interest	54,801	49,179	161,048	144,206
Depletion, depreciation and amortization	164,266	159,749	487,558	462,074
Impairment of proved properties	—	63,679	22,614	63,679
Loss (gain) on the sale of assets	30	(102)	(149)	(23,509)
Total costs and expenses	738,549	681,924	2,153,772	1,721,983
Income (loss) before income taxes	72,676	(199,692)	56,236	210,015
Income tax expense (benefit):				
Current	—	—	—	—
Deferred	24,137	(71,992)	38,295	98,054
	24,137	(71,992)	38,295	98,054
Net income (loss)	\$48,539	\$(127,700)	\$17,941	\$111,961
Net income (loss) per common share:				
Basic	\$0.19	\$(0.52)	\$0.07	\$0.45
Diluted	\$0.19	\$(0.52)	\$0.07	\$0.45
Dividends paid per common share	\$0.02	\$0.02	\$0.06	\$0.06
Weighted average common shares outstanding:				
Basic	246,451	245,244	246,016	245,027
Diluted	247,166	245,244	246,879	245,280

The accompanying notes are an integral part of these consolidated financial statements.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net income (loss)	\$48,539	\$(127,700)	\$17,941	\$111,961
Other comprehensive income:				
Postretirement benefits:				
Prior service cost	91	—	276	—
Income tax benefit	(22)	—	(68)	—
Total comprehensive income (loss)	\$48,608	\$(127,700)	\$18,149	\$111,961

The accompanying notes are an integral part of these consolidated financial statements.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Nine Months Ended September 30,	
	2018	2017
Operating activities:		
Net income	\$ 17,941	\$ 111,961
Adjustments to reconcile net income to net cash provided from operating activities:		
Deferred income tax expense	38,295	98,054
Depletion, depreciation and amortization and impairment	510,172	525,753
Exploration dry hole costs	4	9,166
Abandonment and impairment of unproved properties	73,244	52,181
Derivative fair value loss (income)	151,890	(188,326)
Cash settlements on derivative financial instruments	(40,272)	16,062
Allowance for bad debts	(1,250)	1,050
Amortization of deferred financing costs and other	4,163	4,184
Deferred and stock-based compensation	41,252	3,937
Gain on the sale of assets	(149)	