RANGE RESOURCES CORP
Form 424B3
June 07, 2005

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The information in this preliminary prospectus supplement is not complete and may be changed. Neither this prospectus supplement nor the accompanying base prospectus is an offer to sell these securities and we are not soliciting an offer to buy securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated June 6, 2005

Pursuant to Rule 424(b)(3)
Registration No. 333-118417

Prospectus supplement

(To prospectus dated November 10, 2004)

3,500,000 shares

Common stock

We are selling 3,500,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol RRC. On June 2, 2005 the last reported sale price of our common stock on the New York Stock Exchange was $24.60 per share.

	Per share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to Range Resources, before expenses	$	$

We have granted the underwriters an option for a period of 30 days to purchase up to 525,000 additional shares to cover over-allotments, if any.

Investing in our common stock involves certain risks. See Risk Factors beginning on page S-10 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement or accompanying base prospectus. Any representation to the contrary is a criminal offense.

We expect that delivery of the shares will be made in book-entry form through the facilities of The Depository Trust Company on or about June 13, 2005.

JPMorgan **Friedman Billings Ramsey**
Johnson Rice & Company L.L.C.

KeyBanc Capital Markets
Raymond James
Wachovia Securities
Calyon Securities (USA) Inc.
Deutsche Bank Securities

Harris Nesbitt
Petrie Parkman & Co.

June , 2005

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THIS DOCUMENT IS IN TWO PARTS. THE FIRST PART IS THE PROSPECTUS SUPPLEMENT, WHICH DESCRIBES THE SPECIFIC TERMS OF THIS OFFERING. THE SECOND PART IS THE BASE PROSPECTUS, WHICH GIVES MORE GENERAL INFORMATION, SOME OF WHICH MAY NOT APPLY TO THIS OFFERING. GENERALLY, WHEN WE REFER ONLY TO THE PROSPECTUS, WE ARE REFERRING TO BOTH PARTS COMBINED.

IF THE DESCRIPTION OF THIS OFFERING VARIES BETWEEN THIS PROSPECTUS SUPPLEMENT AND THE BASE PROSPECTUS, YOU SHOULD RELY ON THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT.

Where you can find more information

We file annual, quarterly and other reports with, and furnish other information to, the Securities and Exchange Commission. Our SEC filings are available to the public over the Internet at the SEC s website at www.sec.gov. You may also read and copy any document we file at the SEC s public reference room in Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on their public reference room.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus.

Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference in this prospectus the documents listed below which we filed with the SEC and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (excluding those filings made under Item 2.02 or 7.01 of Form 8-K) until the offering of the securities terminates or we have filed with the SEC an amendment to the registration statement relating to this offering that deregisters all securities then remaining unsold:

Annual Report on Form 10-K for the fiscal year ended December 31, 2004;

Quarterly report on Form 10-Q for the quarterly period ended March 31, 2005;

Current Reports on Form 8-K filed on January 3, 2005; filed on January 12, 2005; filed on January 21, 2005; filed on January 27, 2005; filed on February 22, 2005; filed on February 24, 2005; filed on March 2, 2005; filed on March 4, 2005; filed on March 8, 2005; filed on March 15, 2005; filed on March 22, 2005; filed on March 31, 2005; filed on April 14, 2005; filed on April 29, 2005 and filed on May 18, 2005;

The description of our common stock contained in the registration statement on Form 8-A, dated July 16, 1996 (File No. 1-12209).

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You may request a copy of any document incorporated by reference in this prospectus supplement at no cost by writing or calling us at the following address:

Rodney Waller

Range Resources Corporation
777 Main Street, Suite 800
Fort Worth, Texas 76102
(817) 870-2601

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Prospectus supplement summary

This summary highlights information contained elsewhere in this prospectus supplement and the documents incorporated by reference. Because it is a summary, it does not contain all of the information that you should consider before investing in our securities. You should read the entire prospectus supplement, the base prospectus and the documents incorporated by reference carefully, including the section entitled Risk factors and the financial statements and related notes to those financial statements incorporated by reference, before making an investment decision.

Unless otherwise noted herein, as used in this prospectus supplement, Range Resources, Range, Company, our company, we, our, ours and us refer to Range Resources Corporation and its subsidiaries, except where the context otherwise requires or as otherwise indicated. You will find definitions for oil and natural gas industry terms used throughout the prospectus supplement in Glossary of certain oil and natural gas terms.

Range Resources Corporation

We are an independent oil and natural gas company engaged in the acquisition, development and exploration of oil and natural gas properties in the Southwest, Appalachia and Gulf Coast regions of the United States. We seek to increase our reserves and production through a balanced combination of development drilling, exploration and acquisitions.

We have a geographically diverse asset base focused in three core areas. The Southwest division s properties are located in the Permian Basin, East Texas Basin, Anadarko Basin and Texas Panhandle. The Appalachia division s properties are located in Pennsylvania, Ohio, Virginia and, to a lesser extent, West Virginia and New York. Our Gulf Coast division operates properties onshore in Texas, Louisiana and Mississippi and holds non-operating interests in the shallow waters of the Gulf of Mexico.

Our estimated proved reserves as of December 31, 2004 were 1.18 Tcfe, having a pretax present value of $2.4 billion based on constant benchmark prices of $43.33 per barrel of crude oil and $6.18 per Mmbtu of natural gas. Our estimated proved reserves were 81% natural gas by volume, 64% proved developed and 77% operated by us and, at December 31, 2004, had an estimated reserve life index of 14.9 years (based on fourth-quarter 2004 production). We own 2,428,000 gross (1,890,000 net) acres of leasehold plus over 400,000 royalty acres. We have built a multi-year inventory of drilling projects which currently includes over 6,000 identified drilling locations.

Recent acquisitions

In 1999 we formed Great Lakes Energy Partners L.L.C. (Great Lakes), a joint venture 50% owned by us and 50% by a third party. In June 2004 we acquired the 50% of Great Lakes that we did not previously own, thereby expanding our production in the Appalachian Basin. At closing, we paid $200 million in cash, assumed $70 million of bank debt and retired $28 million of oil and gas commodity hedges for a total purchase price of $298 million. In December 2004 we acquired additional Appalachian oil and gas properties with the purchase from PMOG Holdings, Inc., a private company (Pine Mountain). The purchase price was $222 million.

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Pending acquisition

Range recently entered into an agreement with a private company (the Stock Purchase Agreement) pursuant to which Range will purchase 100% of the issued and outstanding membership interest of Seller and its wholly owned subsidiaries (the Permian Basin acquisition). The Stock Purchase Agreement provides for a purchase price of $116.5 million, which is subject to upward or downward adjustment under certain circumstances, including changes in working capital. We have sufficient available capacity under our bank credit facility to complete the acquisition with or without completion of this offering.

The acquisition will give us ownership of all of Seller s oil and natural gas reserves and operations, leaseholds, and working capital at the closing date of the purchase. The acquisition involves properties located in southeastern New Mexico that are similar in nature to our existing Permian Basin properties. Proved reserves attributable to the acquired properties are estimated to total 77 Bcfe. The reserves are 82% natural gas, 62% proved developed and the proved producing reserves-to-production ratio is approximately 15 years. We will assume operations of the properties and will own approximately 100% of the working interest. The acquired properties are currently producing approximately 7 Mmcfe net per day from 58 wells. Production is derived from multiple formations ranging in depth from 2,500 to 8,500 feet.

We anticipate the acquisition will close by the end of June 2005. However, the closing of the acquisition is subject to the conditions set forth in the section entitled Risk factors Our pending Permian Basin acquisition may not close as anticipated beginning on page S-13 of this prospectus supplement. We cannot assure you that the acquisition will close, and this offering is not conditioned on the closing of the acquisition. We plan to use the proceeds of this offering, along with funds we currently intend to borrow under our bank credit facility, to finance all of our obligations related to the acquisition. See Use of proceeds on page S-20 of this prospectus supplement. We will likely use the proceeds of this offering to pay down our bank credit facility until the closing of the acquisition or following the closing, or, if for any reason the closing of the acquisition does not occur, for general corporate purposes.

We believe that Range will derive the following benefits from the acquisition:

Complementary acquisition in a core area and near existing properties where we have a proven track record and possess significant technical and operating expertise;

High quality, and high margin, long life properties in a multiple pay area at modest depths (2,500-8,500 feet);

Attractive economics at an acquisition price of $1.51/ Mcfe and $1.77/ Mcfe (fully developed);

Strong reserve and production growth potential with 58 proven recompletions and drilling locations identified, additional unproven opportunities with production targeted to double by the end of 2006; and

Accretive to future cash flow and earnings per share.

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Business strategy

Our strategy is to build stockholder value through consistent growth in reserves and production on a cost-efficient basis. In implementing our strategy, we employ the following principal elements:

Concentrate in Core Operating Areas. We currently operate in three regions; the Southwest (which includes the Permian Basin, East Texas Basin, Texas Panhandle and Anadarko Basin), Appalachia and Gulf Coast. Concentrating our drilling efforts in core areas allows us to develop the regional expertise needed to interpret specific geological trends and develop economies of scale. Operating in these different core areas allows us to blend the production characteristics of each area to balance our portfolio. We believe our geographic focus supports our overall goal to maintain a long-lived reserve base and achieve consistently favorable financial results.

Maintain Multi-Year Drilling Inventory. We use our technical expertise to build and maintain a multi-year drilling inventory. This drilling inventory serves as the catalyst to grow our reserves and production consistently from year to year. Currently, we have over 6,000 identified drilling locations in inventory. In 2004, we drilled 476 gross (397 net) wells. In 2005, our capital program targets the drilling of 806 gross (595 net) wells.

Make Complementary Acquisitions. We target complementary acquisitions in existing core areas. One of our initiatives includes identifying acquisition candidates where our existing scientific knowledge is transferable and drilling results are repeatable. Excluding the pending acquisition, over the past three years, we have completed $670.0 million of complementary acquisitions. These acquisitions have been located in the Appalachia and Southwest regions.

Manage Our Risk Exposure. Because certain of our exploration projects can involve high dry hole costs, we often bring in industry partners in order to reduce financial exposure. We generally plan to limit our exploratory expenditures to no more than 20% of the total capital budget per year. We also equip our geologists and geophysicists with state-of-the-art seismic technology, by which we hope to multiply the number of higher potential prospects we drill without substantially adding to dry hole risk.

Maintain Flexibility. Given the volatility of commodity prices and the risks involved in drilling, we remain flexible and may adjust our capital budget throughout the year. We may defer capital projects in order to seize an attractive acquisition opportunity. If certain areas generate higher than anticipated returns, we may accelerate drilling in those areas and decrease capital expenditures elsewhere. We also believe in maintaining a strong balance sheet and using commodity hedging. This allows us to take advantage of opportunities in cyclical price environments as well as providing more consistent financial results.

Updated information relating to our debt, hedging position, production and operations

During the first quarter of 2005, we reduced our debt by $10.9 million to $609.6 million at March 31, 2005. The debt was reduced as a result of applying excess cash flow to pay down our bank credit facility. On March 31, 2005, availability under our bank credit facility was approximately $312.1 million. On April 15, 2005 the bank credit facility borrowing base was

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increased from $575 million to $600 million, increasing availability thereunder to $337.1 million. A summary of our debt as of March 31, 2005 is provided in the table below.

(in thousands)	As of March 31, 2005
Long-term debt	
Bank credit facility	$ 262,900
6 3/8% senior subordinated notes due 2015	150,000
7 3/8% senior subordinated notes due 2013	196,727
Total	$ 609,627

Based on our May 31, 2005 debt balance and assuming the completion of the offering and the Permian Basin acquisition, we estimate our adjusted debt balance would be as follows:

(in thousands)	As adjusted as of May 31, 2005
As adjusted long-term debt	
Bank credit facility	$ 305,244
6 3/8% senior subordinated notes due 2015	150,000
7 3/8% senior subordinated notes due 2013	196,775
Total	$ 652,019

We enter into hedging agreements to reduce the impact of oil and natural gas price volatility on our operations. At March 31, 2005, swaps were in place covering 13.5 Bcf of natural gas at prices averaging $4.22 per Mmbtu, 0.5 million barrels of oil at prices averaging $29.42 per barrel and 0.2 million barrels of NGLs at prices averaging $19.20 per barrel. We also have collars covering 37.9 Bcf of natural gas at weighted average floor and cap prices of $5.14 to $8.34 per mcf and 3.0 million barrels of oil at prices of $29.84 to $43.63 per barrel. Their fair value at March 31, 2005 (the estimated amount that would be realized on termination based on contract price and a reference price, generally NYMEX) was a net unrealized pre-tax loss of $146.5 million.

Based on drilling results through March 31, 2005 combined with the acquisitions we have already completed in 2005, we are on track to meet or exceed our production and reserve growth targets for 2005. As previously disclosed, our original first quarter production target was 225 Mmcfe per day. Our first quarter production averaged 228.8 Mmcfe per day, an increase of 29% compared to 177.4 Mmcfe per day in the first quarter of 2004.

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Dividends to stockholders

In the fourth quarter of 2003, we declared a common stock dividend of one cent per share and paid this dividend in the first quarter of 2004. In the fourth quarter of 2004, we increased the quarterly dividend from one cent to two cents per share.

In the first quarter of 2005, we declared and paid a dividend of two cents per share and in the second quarter of 2005 we declared a dividend of two cents per share on our common stock, payable on June 30, 2005 to stockholders of record at the close of business on June 10, 2005. The common stock sold in this offering will not receive this dividend.

Our dividend policy is subject to the discretion of our board of directors and may change in the future.

We were founded in 1976 and incorporated in Delaware in 1980. Our principal executive offices are located at 777 Main Street, Suite 800, Fort Worth, Texas 76102, and our telephone number at this location is (817) 870-2601. Our website is located at *http://www.rangeresources.com.* The information contained or incorporated in our website is not part of this prospectus supplement or the accompanying base prospectus.

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The offering

Common stock offered by Range: 3,500,000 shares (4,025,000 shares if the underwriters over-allotment option is exercised in full).

Common stock projected to be outstanding after this offering: 85,149,939 shares (85,674,939 if the underwriters over-allotment option is exercised in full). Common stock projected to be outstanding does not include options to purchase 5,227,599 shares of common stock outstanding under our stock option plans as of March 31, 2005.

Use of proceeds

We plan to use the net proceeds of this offering to partially finance the pending Permian Basin acquisition. We will likely use the proceeds of this offering to temporarily pay down our bank credit facility until the closing of the Permian Basin acquisition. However, this offering is not conditioned on the closing of the Permian Basin acquisition. Therefore, if for any reason the closing of the Permian Basin acquisition does not occur, the net proceeds may be used for general corporate purposes. For more details on our planned use of proceeds, see Use of proceeds on page S-20 of this prospectus supplement.

Risk factors

An investment in our shares of common stock involves risks. You should carefully consider the information contained in this prospectus supplement, the accompanying base prospectus and the documents we have incorporated by reference. In particular, you should carefully consider the factors discussed as risk factors set forth in the section of this prospectus supplement entitled Risk Factors beginning on page S-10.

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Summary condensed consolidated financial data

You should read the summary condensed consolidated financial data set forth below in conjunction with our annual report on Form 10-K for the year ended December 31, 2004 and the quarterly report on Form 10-Q for the quarter ended March 31, 2005. None of the data provided below reflects the effect of the Permian Basin acquisition.

The condensed consolidated statement of operations and statement of cash flows data for the years ended December 31, 2002, December 31, 2003 and December 31, 2004 have been derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying base prospectus. The condensed consolidated balance sheet data as of March 31, 2005, the condensed consolidated statement of operations and statement of cash flows data for the three months ended March 31, 2004 and March 31, 2005 are derived from our unaudited consolidated financial statements incorporated by reference in this prospectus which, in the opinion of our management, include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation. Our operating results for the three months ended March 31, 2005 are not necessarily indicative of the results that may be expected for future periods.

	Year ended December 31,			Three months ended March 31,	
	2002	2003	2004	2004	2005
(in thousands, except per share data)				(unaudited)	(unaudited)
Statement of operations data:					
Revenues:					
Oil and gas sales	$190,954	$226,402	$315,703	$65,368	$107,415
Transportation and processing	3,495	3,509	2,202	467	528
Gain on retirement of securities	3,098	18,526	(39)		
Other	(5,958)	(2,670)	2,841	(2,302)	17
Total revenues	191,589	245,767	320,707	63,533	107,960
Expenses:					
Direct operating	31,869	36,423	46,308	9,995	14,808
Production and ad valorem taxes	8,574	12,894	20,504	4,250	5,755
Exploration	11,525	13,946	21,219	3,567	3,271
General and administrative	17,240	24,377	39,810	8,821	10,670
Interest expense and dividends on trust convertible preferred securities	23,153	22,165	23,119	4,145	8,584
Depletion, depreciation and amortization	76,820	86,549	102,971	22,248	29,762
Total expenses	169,181	196,354	253,931	53,026	72,850
Income before income tax and accounting change	22,408	49,413	66,776	10,507	35,110
Income tax (benefit)	(3,358)	18,489	24,545	3,887	13,107
Income before cumulative effect of change in accounting principle	25,766	30,924	42,231	6,620	22,003
Cumulative effect of change in accounting principle(1)		4,491			
Net income	25,766	35,415	42,231	6,620	22,003

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(in thousands, except per share data)	Year ended December 31, 2002	2003	2004	Three months ended March 31, 2004 (unaudited)	2005 (unaudited)
Preferred dividends(2)		(803)	(5,163)	(738)	
Net income available to common stockholders	$ 25,766	$ 34,612	$ 37,068	$ 5,882	$ 22,003
Comprehensive income (loss)	$ (40,908)	$ 13,714	$ 41,782	$ (8,499)	$ (25,188)
Basic earnings per share:					
Before cumulative effect of change in accounting principle	$ 0.49	$ 0.56	$ 0.59	$ 0.11	$ 0.28
After cumulative effect of change in accounting principle	$ 0.49	$ 0.64	$ 0.59	$ 0.11	$ 0.28
Weighted average shares outstanding	53,070	54,272	62,362	54,974	79,912
Diluted earnings per share:					
Before cumulative effect of change in accounting principle	$ 0.47	$ 0.53	$ 0.57	$ 0.10	$ 0.26
After cumulative effect of change in accounting principle	$ 0.47	$ 0.61	$ 0.57	$ 0.10	$ 0.26
Weighted average shares outstanding	54,418	57,850	65,332	57,738	83,067

(1) In 2003, we adopted Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations.

(2) The preferred stock was retired in 2004/2005.

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Summary production data:

The following table sets forth summary data with respect to our production and sales of oil and natural gas for the periods indicated.

	Year ended December 31,			Three months ended March 31,	
	2002	2003	2004	2004	2005
Average daily production:					
Crude oil (bbls)	5,131	5,543	6,865	6,009	7,901
NGLs (bbls)	1,114	1,098	2,700	2,539	2,766
Natural gas (mcf)	112,592	119,206	138,585	126,115	164,825
Total (mcfe)	150,061	159,049	195,972	177,422	228,827
Average sales prices (excluding hedging):					
Crude oil (per bbl)	$ 23.34	$ 28.42	$ 39.25	$ 32.15	$ 47.09
NGLs (per bbl)	12.93	18.75	23.73	21.29	25.62
Natural gas (per mcf)	3.02	5.10	5.79	5.21	5.97
Total (per mcfe)	3.16	4.94	5.80	5.10	6.24
Average sales price (including hedging):					