

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)  
For the fiscal year ended December 31, 2001

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)  
For the transaction period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER 0-9592

RANGE RESOURCES CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State of incorporation)

34-1312571  
(I.R.S. Employer  
Identification No.)

777 MAIN STREET, FORT WORTH, TEXAS  
(Address of principal executive offices)

76102  
(Zip Code)

Registrant's telephone number, including area code:  
(817) 870-2601

Securities registered pursuant to Section 12(b) of the Act:  
None

COMMON STOCK, \$.01 PAR VALUE  
(Title of class)

Securities registered pursuant to Section 12(g) of the Act:  
None

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

The aggregate market value of voting stock of the registrant held by non-affiliates (excluding voting shares held by officers and directors) was \$237,932,024 on March 1, 2002.

Indicate the number of shares outstanding of each of the registrant's classes of stock on March 1, 2002: Common Stock \$.01 par value: 52,841,766.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this report incorporates by reference the Proxy Statement relating to the Registrant's 2002 Annual Meeting of Stockholders, to be filed on or about April 18, 2002.

RANGE RESOURCES CORPORATION  
ANNUAL REPORT ON FORM 10-K  
YEAR ENDED DECEMBER 31, 2001

PART I

ITEM 1. BUSINESS

GENERAL

Range Resources Corporation ("Range") is engaged in development, acquisition and exploration of oil and gas properties, primarily in the Southwestern, Gulf Coast and Appalachian regions of the United States. The Company pursues development drilling and exploitation projects, acquisitions and, to a lesser extent, exploration of its extensive acreage position. All Appalachian assets are held through a 50% interest in a joint venture, Great Lakes Energy Partners L.L.C. ("Great Lakes"). Independent Producer Finance ("IPF"), a wholly owned subsidiary, provides financing to small oil and gas producers through the purchase of overriding royalty interests. Both Great Lakes and IPF are independently financed and all of IPF and Range's proportionate share of Great Lakes' assets and operations are consolidated in the Company's financial statements. At December 31, 2001, the Company had 513 Bcfe of proved reserves, having a pre-tax present value, excluding open hedging contracts, of \$399.2 million based on constant prices of \$20.38 per barrel and \$2.63 per Mmbtu. The fair value of open hedging contracts at December 31, 2001 approximated a net unrealized pre-tax gain of \$52.1 million. The Company's proved reserves are 76% natural gas by volume, 70.2% developed and 84.4% operated. At year-end, the Company's properties had a reserve life index of 9.2 years. In addition, the Company owned 558,862 gross (284,028 net) acres of undeveloped leasehold.

HISTORY

Between 1988 and 1997, the Company actively pursued small acquisitions as well as the further development of its properties. The Company was consistently profitable and steadily increased its production and reserves. Between late 1997 and mid-1998, a series of large acquisitions were consummated which proved extremely disappointing. Production from the acquired properties fell more rapidly than anticipated and further development of the principal fields proved far less attractive than expected. In combination with a steep decline in energy prices which began in late 1997 and the substantial burden imposed by debt and fixed income securities taken on in connection with the purchases, the adverse impact on the Company's operating results, balance sheet and stock price was severe.

In 1998 and 1999, sharp reductions in staff and capital budgets, sales of properties and the formation of Great Lakes allowed the Company to materially reduce debt and stabilize its financial position. However, production and reserves fell as a result of these actions. In the Great Lakes transaction, the single most significant step in the debt reduction effort, Range and FirstEnergy Corp. ("FirstEnergy") contributed their Appalachian oil and gas properties and associated gas pipeline systems to a joint venture, forming one of the largest production companies in the region. To achieve equal ownership despite Range's contribution of a disproportionate share of the proved reserves, the venture assumed \$188.3 million of Range's bank debt and FirstEnergy contributed \$2.0 million of cash.

Faced with high leverage and significant concern from its banks, the Company moved aggressively to hedge its production as the oil and gas markets began to recover in late 1999. These hedges, which covered roughly 80% of the Company's anticipated production through the third quarter of 2000, were designed to assure financial viability while the restructuring was completed. Given the continuing sharp rise in oil and gas prices throughout 2000, these hedges substantially limited the benefits to the Company of the price increases. Because the Company has continued to hedge on a rolling twelve to eighteen month basis since that time, the rise in prices has permitted a substantial increase in the average price at which production is hedged, particularly since September 30, 2000. At year-end 2001, the Company had hedges in place on approximately 47.3 bcf of gas and 700,000 barrels of oil at average prices of \$4.02 per mcf and \$25.97 per barrel. These hedges cover approximately 55%, 30%, 15% and 5% of the Company's anticipated production from proved reserves on an mcfe basis for 2002 through 2005, respectively.

In 2000, with the benefit of rising oil and gas prices, the Company began to gradually increase capital expenditures while keeping spending below internal cash flow to allow the continued pay down of debt. Through these



exchanges of common stock for fixed income securities, debt was again substantially reduced. Despite capital constraints, the Company managed to modestly increase production in the course of the year, primarily by bringing proved non-producing reserves on stream. While production rose during the year, it fell 17% from the prior year level primarily due to the impact of the Great Lakes transaction in late 1999. By mid-year 2000, the progress made in restructuring began to be recognized and the market for the Company's stock started to rebound. However, due to the lower capital expenditures the Company was unable to replace production and proved reserves fell 5.4% during the year.

In 2001, the Company increased its capital spending 84% to roughly \$90.0 million. This generated a modest increase in production. The benefits of sharply higher energy prices and reduced fixed charges allowed for continued profitability and a further reduction of debt. By year-end 2001, leverage had been reduced to a more manageable level and the Company was far better positioned to pursue profitable long-term growth. The Company did not replace production in 2001 and proved reserves declined 12.1% during the year. However, the Company replaced production during the fourth quarter of 2001.

For 2002, the Company has announced a \$100.0 million capital budget. Given the current low product price environment, the Company will monitor its capital expenditures carefully and may elect not to expend the entire budget. Any decline in capital spending would have an adverse affect on production and reserve replacement. Based on the authorized level of capital expenditures, the Company expects to sustain or slightly increase reserves in 2002. The 2002 budget includes \$86 million for drilling and recompletions, \$11 million for land and seismic and \$3 million for pipelines and facilities.

During the fourth quarter of 2001, the Company recognized property impairments of \$38.9 million including \$5.1 million of acreage and \$33.8 million of proved properties. The Company periodically compares the carrying value of its acreage to estimated fair value based on a variety of factors including geological and engineering assessments, other acreage transactions in the area, assessment of value that could be recovered from sale, farmout or exploitation, timing of the associated drilling program, and the unique nature of the property. An impairment evaluation of proved properties includes estimated future cash flows and a risk assessment which includes historical operations and recoverability of reserves. At year-end 2001, the Company's impairment analysis for short reserve life properties included consideration of the current low price environment. Therefore, for such short reserve life properties, the unescalated prices of \$20.38 per bbl of oil and \$2.63 per Mmbtu of gas were utilized in the calculation of impairment. This resulted in a \$33.8 million impairment. The Company's onshore long-life properties were evaluated using a 10-year price strip which averaged \$25.29 per bbl of oil and \$3.45 per Mmbtu of gas. No impairment was required for these properties. (See Management's Discussion and Analysis - Results of Operations.)

## DESCRIPTION OF THE BUSINESS

### Strategy

Between 1988 and 1997, assets grew from \$7 million to \$759 million as stockholders' equity increased from less than \$1 million to \$197 million. In 1998 and 1999, the Company incurred almost \$200 million of losses as a result of disappointing results on a series of large acquisitions. These losses led to a series of impairments, up to and including those recorded in the fourth quarter of 2001. These losses materially reduced stockholders' equity and increased leverage. The significant improvement in oil and gas prices since mid-1999 combined with the benefits of reduced costs allowed the Company to return to profitability in 2000 and 2001. In 2001, production began to increase slightly. The 2002 capital budget of \$100.0 million is expected to increase production 5% or more and expand the reserve base. The Company's hedge position, which covers approximately 50% of anticipated 2002 production from proved reserves, is expected to allow the capital program to be funded with internal cash flow even in this low price environment. However, in such a low price environment, management expects little excess cash flow to be available for reduction in debt. Should prices decline further, it would be unlikely that the Company would be able to fund its entire capital program with internal cash flow. The Company intends to monitor its capital expenditures closely and results of operations; therefore, this current low price environment may negatively affect the amount of capital spending for the year.

At year-end, the Company had almost 1,900 proven development projects in inventory. Given current oil and gas prices, the Company's hedge position and this development inventory, the Company believes it can achieve growth in reserves, production, cash flow and earnings over the next several years while further reducing debt. The Company currently anticipates spending \$100.0 million

on capital expenditures in 2002, although, the current price environment may affect the actual level of

spending. The Company's approximately 558,862 gross (284,028 net) acre undeveloped leasehold position provides significant long-term exploration and development potential.

Development. Development projects include recompletions of existing wells, infill drilling and the installation of secondary recovery projects. Such projects are pursued within core areas where the Company has significant operational and technical experience. At December 31, 2001, the Company had an inventory of 1,604 proven drilling locations and 274 proven recompletions. During 2002, the Company plans to drill 161 proven locations and recomplete 41 wells. In addition, the Company also plans to drill an additional 109 not yet proven projects in 2002. The following table illustrates the activity for development projects during 2001:

Development Projects --- ----- ----- ----- ----- -----	
Recompletion Drilling Opportunities Locations Total ----- ----- ----- -----	
December 31, 2000 318 1,812 2,130 Drilled (40) (167) (207) Added 25 151 176 Deleted & other (29) (192) (221) ----- ----- -----	
December 31, 2001 274 1,604 1,878 =====	

Exploration. Onshore exploration projects cover 268,122 gross (106,810 net) acres. These projects target deeper horizons in existing fields as well as prospective fields in trend areas. Offshore exploration focuses on the shallow waters of the Gulf of Mexico where 3D seismic data covering 3.5 million contiguous acres are held. The Company has offshore leases covering 174,724 gross (49,055 net) acres on which it has to date identified eleven specific projects. The Company's exploration strategy is based on limiting risk by allocating no more than 10% to 15% of the capital budget to such projects. At times, other companies pay all or a disproportionate share of exploration costs to earn an interest in a project. The Company currently anticipates participating in up to thirteen exploratory wells in 2002.

Acquisitions. After a two year period during which the Company withdrew from the acquisition market, it expects to reactivate this effort in 2002. At least initially, the focus will be on modest purchases of incremental interests in existing and adjacent properties. To the extent the acquisition effort is successfully reinitiated and capital constraints are reduced, a more substantial effort will be considered in the latter part of 2002.

#### DEVELOPMENT AND EXPLORATION

In 2001, the Company spent \$80.6 million on oil and gas related capital expenditures, an increase of 59% over that expended in 2000. Of this amount, \$35.8 million was expended in the Southwest, \$22.2 million in Appalachia and \$22.6 million in the Gulf Coast. These expenditures were primarily focused on placing proved non-producing reserves on stream. They funded 51 recompletions, 264 development and 8 exploratory wells, minor lease acquisitions and seismic work. Exploration and development spending brought 26.1 Bcfe of proved non-producing reserves on stream and added a net 34.4 Bcfe of new reserves. In

the absence of price revisions, net reserves added during the year replaced 71% of production.

## Development

Development includes recompletions, infill drilling and to a lesser extent, installation of secondary recovery projects. As described below, the Company currently has 1,878 proven recompletion opportunities and drilling locations in inventory. Drilling prospects are geographically diverse and target a mix of oil and gas, generally at depths of less than 8,000 feet. Approximately 88% of the proved development locations are concentrated in ten fields covering 824,000 gross (446,000 net) acres. The Company believes that such large acreage blocks and concentration of to be drilled wells provides economies of scale, access to competitively priced field services and focused operating and technical expertise. The following table sets forth information pertaining to the proven development inventory at December 31, 2001.

Development Projects --- ----- ----- ----- ----- -----	Recompletion Drilling Opportunities Locations Total ----- ----- ----- ----- -----
Southwest	176 120 296
Gulf Coast	47 16 63
Appalachia	51 1,468
1,519 ----- ----- ----- -----	
Total 274	1,604 1,878
=====	
=====	
=====	

## Exploration

Onshore. The Company currently has 117 onshore exploration projects covering 268,122 gross (106,810 net) acres. Each project has multiple drilling prospects, some with several targeted formations. Given the continuing emphasis on debt reduction, it is expected that only a limited amount of work will be done on these projects in 2002.

Gulf of Mexico. The Company owns exclusive license to a 3D seismic database covering 700 contiguous blocks in the shallow water of the Gulf of Mexico, primarily offshore Louisiana. In February 2001, a joint venture was formed between the Company, Callon Petroleum Co. ("Callon") and Cheyenne Petroleum Company ("Cheyenne") to reprocess the data and utilize it to identify and capture exploration and exploitation opportunities in a 3.5 million acre area. Callon has a 50% interest in the joint venture with the Company and Cheyenne sharing the remainder. The joint venture was awarded two blocks in the March 2001 OCS lease sale. The Company's current offshore leasehold inventory totals only 174,724 gross (49,055 net) acres. To more fully exploit the 3D seismic data base, it will be necessary to lease or farm in significant additional acreage. To date, the joint venture has identified 24 specific prospects and leads on acreage not currently controlled. These projects target Miocene and Pliocene formations at depths of 3,000 to 16,000 feet.

## PRODUCTION

Production revenue is generated through the sale of natural gas, crude oil and natural gas liquids ("NGL") from properties owned directly or through partnerships and joint ventures. The Company receives additional revenue from royalties. Production is sold to a limited number of purchasers of which three accounted for more than 10% of oil and gas revenues. These three purchasers currently accounted for 50% of oil and gas revenues in 2001. However, the Company believes that the loss of any individual customer would not have a material adverse long-term effect on the Company. Proximity to local markets,



availability of competitive fuels and overall supply and demand are factors affecting the prices at which production can be marketed. Factors outside the Company's control, such as international political developments, overall energy supply and demand, weather conditions, economic growth rates and other factors in the United States and world economies have had, and will continue to have, a significant effect on energy prices.

On an mcfe basis, 76% of the Company's production for 2001 was natural gas. Gas is sold to utilities, marketing companies and industrial users. Gas sales are made pursuant to various contractual arrangements including month-to-month, one to three-year contracts at fixed or variable prices and fixed prices for the life of the well. Contracts other than those with fixed prices contain provisions for price adjustment, termination and other terms customary in the industry. From the inception of Great Lakes through June 30, 2001, the joint venture sold 90% of its gas production to FirstEnergy based on closing prices on the New York Mercantile Exchange ("NYMEX") plus a basis differential. For the last six months of 2001, Great Lakes sold 34% of its gas to First Energy, with the remaining 66% being sold to eight other companies. Currently 91% of Great Lakes gas is sold at prices based on the close of the NYMEX contract each month plus a basis differential. The remainder is sold at a fixed price. Oil is sold under contracts that can be terminated on 30 days notice. The price received is

generally equal to a posted price set by major purchasers in the area. Oil purchasers are selected on the basis of price and service. In 2001, gas revenues totaled \$154.9 million or 74% of oil and gas revenues while revenues from oil and natural gas liquids totaled \$54.6 million. Oil and gas revenues in 2001 increased 21% over the prior year due to a slight increase in production and substantially higher prices.

#### TRANSPORTATION, PROCESSING AND MARKETING

Transportation, processing and marketing revenues are comprised of fees for the transportation and processing of gas as well as oil and gas marketing income. Transportation, processing and marketing revenues decreased 35% in 2001 to \$3.4 million primarily as a result of the sale of the Sterling Plant in April 2000 and lower NGL prices.

The Company's gas transportation and processing assets include (i) 50% ownership in approximately 4,600 miles of gas pipelines in Appalachia held through Great Lakes and (ii) a number of smaller gathering systems associated with the Company's producing properties. The Appalachian gathering systems transport a majority of Great Lakes' gas production as well as third party gas to major trunklines and directly to end-users. Third parties who transport gas through the systems are charged a fee based on throughput. In the Southwest and Gulf Coast regions gas production is transported through a combination of Company-owned and third party gathering systems. The Company is typically charged a fee based on throughput to transport its gas through third party systems.

The Company markets its own gas production and attempts to reduce the impact of price fluctuations through hedging. Only 2% of gas production is currently sold pursuant to fixed price contracts at prices ranging from \$1.25 to \$4.73 per mcf (averaging \$3.80 per mcf). The remaining 98% of gas production is sold at market (generally index) related prices.

#### HEDGING ACTIVITIES

The Company regularly enters into hedging agreements to reduce the impact on its operations of fluctuations in oil and gas prices. All such contracts are entered into solely to hedge prices and limit volatility. The Company's current policy is to hedge between 50% and 75% of its production, when futures prices justify, on a rolling twelve to eighteen month basis. Due to the exceptional gas prices in 2001, the Company extended their hedging program into 2005. At December 31, 2001, hedges were in place covering 47.3 Bcf at prices averaging \$4.02 per mcf and 700,000 barrels of oil averaging \$25.97 per barrel. Their fair value, excluding hedge contracts with Enron North America Corp. ("Enron"), represented by the estimated amount that would be realized on termination, approximated a net unrealized pre-tax gain of \$52.1 million (\$41.9 million gain net of \$10.2 million of deferred taxes) at December 31, 2001, which is presented on the balance sheet as a short-term gain of \$37.2 million and a long-term gain of \$14.9 million based on contract expiration. The contracts expire monthly through December 2005 and cover approximately 55%, 30%, 15% and 5% of anticipated 2002 through 2005 production from proved reserves, respectively. Gains or losses on both realized and unrealized hedging transactions are determined as the difference between the contract price and a reference price, generally NYMEX. Transaction gains and losses are determined monthly and are included as increases or decreases in oil and gas revenues in the period the hedged production is sold. Any ineffective portion of such hedges is recognized in earnings as it occurs. Net pre-tax losses relating to these derivatives in 1999, 2000 and 2001 were \$10.6 million, \$43.2 million, and \$6.2 million, respectively. Over the last three years, the Company has recorded cumulative net pre-tax hedging losses of \$60.0 million in income, which, when combined with the \$52.1 million unrealized pre-tax gain at year-end 2001, result in a \$7.9 million cumulative net loss. Effective January 1, 2001, the unrealized gains (losses) on these hedging positions are recorded at an estimate of fair value which the Company bases on a comparison of the contract price and a reference price, generally NYMEX, on the Company's balance sheet as Other comprehensive income (loss) ("OCI"), a component of Stockholders' Equity.

The Company had hedge agreements with Enron for 22,700 Mmbtus per day, at \$3.20 per Mmbtu covering the first three months of 2002. Amounts due from Enron are not included in the open hedges described in the previous paragraph. Based on its accountants guidance, the Company has recorded an allowance for bad debts at year-end 2001 of \$1.4 million, offset by a \$318,000 ineffective gain included in income and \$1.0 million gain included in OCI at year-end 2001 related to these amounts due from Enron. The gain included in OCI at year-end 2001 will be included in income in the first quarter of 2002. The last of the Enron contracts will expire in March 2002. While an allowance for bad debts for the entire estimated fair value of these hedge contracts with Enron has been

recorded, the Company is aware of offers to purchase these contracts at approximately 25% of par.

INDEPENDENT PRODUCER FINANCE ("IPF")

IPF provides capital to small oil and gas producers to finance acquisition and development projects in exchange for term overriding royalty interests. The overrides are dollar-denominated and calculated to provide a contractual rate of return that typically ranges between 15% and 25%. Almost all of the advances are for less than \$5.0 million and most are for \$2.0 million or less. IPF funds itself through a combination of internal cash flow and bank borrowings. At December 31, 2001, IPF's portfolio included 44 transactions having an aggregate book value of \$41.4 million (net of \$17.3 million of valuation allowances). The portfolio balance declined 15% in 2001 primarily due to \$19.0 million of repayments received during the year. The reserves underlying IPF's royalty interests are not included in Range's consolidated reserve disclosure.

IPF provides valuation allowances against advances which may not be recoverable. These allowances reduce reported revenues. IPF recorded valuation allowances of \$603,000 against its revenues in early 2000. Because of higher product prices and the resultant increase in cash receipts, IPF reversed \$1.9 million of previously reserved amounts in the second half of 2000. Due to the continued favorable oil and gas prices, \$1.8 million of increases in receivables were also recorded as additional income in the first nine months of 2001. However, because of lower product prices, IPF increased its reserve allowance by \$2.0 million in the fourth quarter of 2001. IPF expenses include general and administrative costs and interest expense, which totaled \$4.9 million and \$3.6 million, respectively, in 2000 and 2001. At year-end commodity prices, the Company believes that IPF's valuation allowances were adequate.

IPF has two petroleum engineers with an average of 19 years of experience who identify and evaluate projects. The staff is responsible for defining transaction risk, assessing reserve coverage and negotiating terms. Transactions are structured to minimize risk by focusing on asset coverage and taking direct title to the royalty interests. As dollar-denominated royalties, the transactions leave a portion of the commodity price risk with the producer. However, when extreme price declines occur, as they did in 1998 and 1999, IPF is exposed to substantial losses.

IPF provides capital to parties who are generally ignored by traditional financial institutions. These producers are typically denied access to financing because: (i) they are too small to access the public securities markets; (ii) private equity and debt financing is too restrictive and expensive; and (iii) few commercial banks are interested in small energy loans as consolidation in the banking industry has raised the size threshold for lending. IPF's portfolio decreased in 2001 as a limited number of fundings were more than offset by principal repayments. IPF's bank debt is non-recourse to Range.

IPF investments involve the purchase of a term overriding royalty interest pursuant to which it receives a specified share of revenues from specific properties. The producer's obligation is non-recourse unless he fails to operate prudently, there is title failure and in certain other circumstances. Consequently, IPF's success is based on its ability to accurately estimate reserves underlying its royalty, the prices at which the production will be sold, and the operator's ability to recover the reserves on a timely and cost efficient basis. Because the override is considered a property interest, if a producer goes bankrupt, IPF's interest should be beyond the reach of creditors. If a creditor, the producer as debtor-in-possession or a trustee in a bankruptcy proceeding were to argue successfully that the transaction should be characterized as a loan, IPF may have only a creditor's claim for repayment. IPF's ownership in these production payments is a non-operated interest. While IPF is unlikely to be exposed to liabilities associated with direct working interests, such as environmental matters, personal injuries or death and property damage, such events could result in a loss of IPF's economic interest in the properties. The producer's obligation to deliver a specified share of revenues to IPF is subject to the ability of the burdened reserves to produce such revenues. As a result, IPF bears the risk that revenues will not be sufficient to amortize its investment or provide an acceptable return.

IPF was acquired in 1998. The following table summarizes IPF's historical investments:

Year  
Ended  
December  
31, ---  
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1997  
1998  
1999  
2000  
2001 --  
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Total  
advances  
(\$000)  
\$  
40,150  
\$  
45,822  
\$ 4,259  
\$ 6,985  
\$  
11,629  
Number  
of  
advances  
39 75  
30 26  
32  
Average  
advance  
(\$000)  
\$ 1,029  
\$ 611 \$  
142 \$  
269 \$  
363

## INTEREST AND OTHER

The Company earns interest on cash balances and certain receivables. Interest and other income in 2000 was comprised principally of losses on property sales. The Company expects to continue to sell non-strategic properties. In 2001, Interest and other income also includes ineffective hedging gains or losses. The 2001 period included \$2.3 million of the ineffective hedging gains and a \$689,000 gain on asset sales partially offset by a \$1.7 million writedown of marketable securities and a \$1.4 million bad debt expense related to the Enron hedges. Interest and other income in 2001 amounted to \$490,000, representing 0.2% of revenues.

## COMPETITION

The Company encounters substantial competition in acquiring oil and gas leases, marketing its production, securing personnel and conducting drilling and field operations. Competitors in development, exploration, acquisitions and production include the major oil companies as well as numerous independents, individual proprietors and others. Many competitors have financial and other resources substantially exceeding those of the Company. Therefore, competitors may be able to pay more for desirable leases and to evaluate, bid for and purchase a greater number of properties or prospects than the financial or personnel resources of the Company permit. The ability of the Company to replace and expand its reserve base will depend on its ability to identify and acquire suitable producing properties and prospects for future drilling.

Acquisitions have generally been financed through the issuance of debt and equity securities and internally generated cash flow. There is competition for capital to finance oil and gas projects. The ability of the Company to obtain financing on satisfactory terms is uncertain and can be affected by numerous factors beyond its control. The inability of the Company to raise external capital in the future could have a material adverse effect on its business.

The Company currently has three issues of debt outstanding in addition to its bank debt. The 8.75% senior subordinated notes, 6% convertible debentures and 5.75% trust preferred had a combined book value of \$198.4 million at December 31, 2001. Their combined fair market value, based on market quotes, was \$148.5 million. The Company has in the past and expects to continue in the future to exchange equity for these debt instruments. Such exchanges could have a dilutive effect on existing shareholders.

## GOVERNMENTAL REGULATION

The Company's operations are affected in varying degrees by federal, state and local laws and regulations. In particular, oil and gas production and related operations are or have been subject to price controls, taxes and other laws and regulations. Failure to comply with such laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the Company's cost of doing business and affects its profitability. Although the Company believes it is in substantial compliance with all applicable laws and regulations, because such laws and regulations are frequently amended or reinterpreted, the Company is unable to precisely predict the future cost or impact of complying.

## THE RESTRUCTURING

A series of significant acquisitions financed principally with debt and convertible securities were completed between late-1997 and mid-1998. Due to the poor performance of the acquired properties compounded by a decline in oil and gas prices which began in late 1997, the Company was forced to take a number of steps. These included a workforce reduction, a significant decrease in capital expenditures, the sale of assets, the formation of Great Lakes and the exchange of common stock for fixed income securities. Between year-end 1998 and December 31, 2001, these initiatives reduced parent company bank debt from over \$365.0 million to \$95.0 million. Total debt, including trust preferred, has been reduced 46% to \$392.2 million. While the Company believes its financial position has stabilized, management believes debt remains too high. To return to its historical posture of consistent profitability and growth, the Company believes it should further reduce debt. The Company expects to utilize excess cash flow to retire debt and to continue to exchange additional stock for indebtedness. Stockholders could be materially diluted if a substantial amount of fixed income securities are exchanged for stock. Since 1998, 8.2 million shares of common stock have been issued in exchange for debt and 5.4 million shares have been exchanged for \$2.03 preferred stock for a total of 13.6 million shares. The shares were exchanged for \$56.7 million face value of 8.75% senior subordinated notes, 6% convertible debentures, 5.75% trust preferred securities and \$28.7

million of \$2.03 preferred

stock for a total of \$85.4 million. The extent of any future dilution will depend on a number of factors, including the number of shares issued, the price at which stock is issued or any newly issued securities are convertible into common stock and the price at which fixed income securities are reacquired. While such exchanges reduce existing stockholders' proportionate ownership, management believes they enhance financial flexibility and will ultimately increase the value of the Company's stock.

The Company believes it has sufficient liquidity and cash flow to meet its obligations. However, a material decline in oil and gas prices or a reduction in production and/or reserves would reduce its ability to fund capital expenditures, meet financial obligations and reduce leverage. In addition, the Company's high depletion depreciation and amortization ("DD&A") rate may make it difficult to remain profitable if oil and gas prices decline further.

#### ENVIRONMENTAL MATTERS

The Company's operations are subject to stringent federal, state and local laws governing the discharge of materials into the environment or otherwise relating to environmental protection. Numerous governmental departments such as the Environmental Protection Agency ("EPA") issue regulations to implement and enforce such laws, which are often difficult and costly to comply with and which carry substantial civil and criminal penalties for failure to comply. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling, production and transporting through pipelines, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, frontier and other protected areas, require some form of remedial action to prevent pollution from former operations such as plugging abandoned wells, and impose substantial liabilities for pollution resulting from operations. In addition, these laws, rules and regulations may restrict the rate of production. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Changes in environmental laws and regulations occur frequently, and changes that result in more stringent and costly waste handling, disposal or clean-up requirements could adversely affect the Company's operations and financial position, as well as the industry in general. Management believes the Company is in substantial compliance with current applicable environmental laws and regulations. The Company has not experienced any material adverse effect from compliance with environmental requirements, there is no assurance that this will continue. The Company did not have any material capital expenditures in connection with environmental matters in 2001, nor does it anticipate that such expenditures will be material in 2002.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), known as the "Superfund" law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. These persons include the owner or operator of the disposal site or sites where the release occurred and companies that disposed of or arranged for the disposal of the hazardous substances at the site where the release occurred. Under CERCLA, such persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damages allegedly caused by the release of hazardous substances or other pollutants into the environment. Furthermore, although petroleum, including crude oil and natural gas, is exempt from CERCLA, at least two courts have ruled that certain wastes associated with the production of crude oil may be classified as "hazardous substances" under CERCLA and that such wastes may become subject to liability and regulation under CERCLA. State initiatives to further regulate the disposal of oil and gas wastes are pending in certain states and these initiatives could have a significant impact on the Company.

The Federal Water Pollution Control Act ("FWPCA") imposes restrictions and strict controls regarding the discharge of produced waters and other oil and gas wastes into navigable waters. Permits must be obtained to discharge pollutants into state and federal waters. The FWPCA and analogous state laws provide for civil, criminal and administrative penalties for any unauthorized discharges of oil and other hazardous substances in reportable quantities and may impose substantial potential liability for the costs of removal, remediation and damages. State water discharge regulations and the federal National Pollutant Discharge Elimination System general permits applicable to the oil and gas industry generally prohibit the discharge of produced water, sand and some other substances into coastal waters. The cost to comply with zero discharges mandated under federal and state law have not had a material adverse impact on



the Company's financial condition and results of operations. Some oil and gas exploration and production facilities are required to obtain permits for their storm water discharges. Costs may be incurred in connection with treatment of wastewater or developing storm water pollution prevention plans.

The Resources Conservation and Recovery Act ("RCRA"), as amended, generally does not regulate most wastes generated by the exploration and production of oil and gas. RCRA specifically excludes from the definition of hazardous waste "drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy." However, these wastes may be regulated by the EPA or state agencies as solid waste. Moreover, ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes and waste compressor oils, are regulated as hazardous wastes. Although the costs of managing solid hazardous waste may be significant, the Company does not expect to experience more burdensome costs than similarly situated companies.

The U.S. Oil Pollution Act ("OPA") requires owners and operators of facilities that could be the source of an oil spill into "waters of the United States" (a term defined to include rivers, creeks, wetlands and coastal waters) to adopt and implement plans and procedures to prevent any spill of oil into any waters of the United States. OPA also requires affected facility owners and operators to demonstrate that they have at least \$35 million in financial resources to pay for the costs of cleaning up an oil spill and compensating any parties damaged by an oil spill. Substantial civil and criminal fines and penalties can be imposed for violations of OPA and other environmental statutes.

Stricter standards in environmental legislation may be imposed on the oil and gas industry in the future. For instance, legislation has been proposed in Congress from time to time that would reclassify certain oil and gas exploration and production wastes as "hazardous wastes" and make the waste subject to more stringent handling, disposal and clean-up restrictions. If such legislation were enacted, it could have a significant impact on the Company's operating costs, as well as the industry in general. Compliance with environmental requirements generally could have a material adverse effect on the capital expenditures, earnings or competitive position of the Company. Although the Company has not experienced any material adverse effect from compliance with environmental requirements, no assurance may be given that this will continue.

#### RISK FACTORS AND CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain information included in this report, other materials filed or to be filed by the Company with the Securities and Exchange Commission ("SEC"), as well as information included in oral statements or other written statements made or to be made by the Company contain or incorporate by reference certain statements (other than statements of historical fact) that constitute 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. When used herein, the words "budget," "budgeted," "assumes," "should," "goal," "anticipates," "expects," "believes," "seeks," "plans," "estimates," "intends," or "projects" and similar expressions that convey the uncertainty of future events or outcomes are intended to identify forward-looking statements. Where any forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that while we believe these assumptions or bases to be reasonable and to be made in good faith, assumed facts or bases almost always vary from actual results and the difference between assumed facts or bases and the actual results could be material, depending on the circumstances. It is important to note that our actual results could differ materially from those projected by such forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable and such forward-looking statements are based upon the best data available at the date this report is filed with the SEC, we cannot assure you that such expectations will prove correct. Factors that could cause our results to differ materially from the results discussed in such forward-looking statements include, but are not limited to, the following: production variance from expectations, volatility of oil and gas prices, hedging results, the need to develop and replace reserves, the substantial capital expenditures required to fund operations, exploration risks, environmental risks, uncertainties about estimates of reserves, competition, litigation, government regulation, political risks, and our ability to implement our business strategy. All such forward-looking statements in this document are expressly qualified in their entirety by the cautionary statements in this paragraph.

With the previous paragraph in mind, you should consider the following important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by the Company or on its behalf.

Common shareholders will be diluted if additional shares are issued

The Company has filed shelf registration statements which allow it to issue additional common stock and the Company has exchanged common stock for its fixed income securities over the past three years. In 1999, 2000 and 2001, the Company exchanged common stock for 5 3/4% trust convertible preferred securities, 6% convertible debentures, 8.75% senior subordinated notes and \$2.03 convertible preferred stock. The exchanges were made based on the relative market value of the common stock and the convertible securities at the time of the exchange, incorporating negotiated terms ranging from a 10% discount to a 4% premium, in 2001. In 2001, the convertible securities were acquired at discounts to their face value ranging from 4% to 44%. During 2000, \$25.0 million of trust preferred, \$13.8 million of 6% convertible debentures and \$23.2 million of \$2.03 convertible preferred stock was acquired in exchange for common stock. During 2001, \$2.9 million of trust preferred, \$5.7 million of 6% convertible debentures, \$5.4 million of \$2.03 convertible preferred stock and \$3.4 million of 8.75% senior subordinated notes was acquired in exchange for common stock. Since 1998, \$85.4 million face value of convertible securities have been exchanged for 13,568,000 shares of common stock. See Notes 6 and 9 to the financial statements. While the exchanges reduce interest expense, dividends and future repayment obligations, the larger number of common shares outstanding have a dilutive effect on existing shareholders. The Company's ability to repurchase additional convertible securities is limited by the parent credit facility and the 8.75% senior subordinated notes restricted payment baskets. As of December 31, 2001, the Company has only \$3.0 million available under the most restrictive basket. The amount of the restrictive baskets limit the Company's flexibility in repurchasing debt securities at attractive discounts to par, when they become available. Therefore, the Company may seek changes in these covenants.

The Company continues to review alternatives to further strengthen its balance sheet and to retire debt and convertible securities. Several alternatives involve the issuance of a large number of shares of common stock. Therefore, such alternatives could materially dilute current shareholders. The Company expects to continue to exchange common stock or other equity linked securities for its fixed income securities. While the Company anticipates reacquiring fixed income securities at a discount to face value, existing stockholders will be substantially diluted if material portions of the fixed income securities are exchanged. The extent of dilution will depend on various factors, including the number of shares issued, the price at which newly issued securities are convertible into common stock and the price at which fixed income securities are reacquired. While such exchanges reduce existing stockholders' proportionate ownership, management believes they enhance financial flexibility and will ultimately increase the market value of the Company's common stock. The Company's ability to consummate exchanges and the terms of the exchanges is dependent on a number of factors beyond its control, such as the level of various interest rates, the willingness of other parties to engage in transactions, state and federal regulations covering such transactions and capital market conditions.

#### Dividend restrictions

Restrictions on the payment of dividends and other restricted payments as defined are imposed under the Company's bank credit agreements and the 8.75% senior subordinated notes. No common dividends may be paid under the current bank agreement. Partially in response to these restrictions, a new \$2.03 Convertible Exchangeable Preferred Stock Series D was authorized in September 2000. The Series D had terms substantially identical to the previously outstanding Series C except that dividends could be paid in common stock. In November 2000, 91% of the Series C was exchanged for Series D. In December 2000, 62% of the Series D was exchanged for common stock and the Company elected to pay fourth quarter 2000 Series D dividends in common stock. Fourth quarter 2000 dividends paid on the Series C amounted to only \$10,000. During 2001, all remaining shares of Series D and all remaining shares of Series C were repurchased or exchanged for common stock.

The terms of the 8.75% senior subordinated notes limited restricted payments (including dividends) to the greater of \$20.0 million or a formula based on earnings since the issuance of the notes. Given the Company's losses over the past few years, the formula provides no availability. Therefore, the Company must rely on the \$20.0 million basket. At December 31, 2001, only \$3.0 million of the \$20.0 million basket remained available. The covenant limits the Company's flexibility in continuing to reduce debt. The Company may attempt to change this basket restriction.

Oil and gas prices are volatile, which can adversely affect cash flow available for reinvestment

The oil industry is cyclical and prices for oil and gas are volatile. Historically, the industry has experienced severe downturns characterized by oversupply and/or weak demand. Many factors affect oil and gas prices including general economic conditions, consumer preferences, discretionary spending levels, interest rates and the availability of capital to the

industry. In 1998 and early 1999, oil and gas prices fell substantially, which contributed to the substantial losses reported by the Company in those years. By early 2001, oil and gas prices reached levels substantially above their historical norm. Since that time, prices have declined significantly. Decreases in oil and gas prices from current levels could adversely affect the Company's revenues, net income, cash flow and proved reserves. Significant and prolonged price decreases could have a materially adverse effect on the Company's operations and limit its ability to fund capital expenditures. To help limit this risk, the Company has entered into hedging agreements covering approximately 55% and 30% of its anticipated production from proved reserves on an mcfe basis for 2002 and 2003, respectively and lesser amounts of 2004 and 2005 production. However, if prices rise above the level at which the hedges were entered into, they would limit the benefit of the rise in prices.

Hedging activities expose us to certain risks

We enter into hedging arrangements covering a portion of our future production to limit volatility and increase the predictability of cash flow. Hedging instruments are generally fixed price swaps but have at times included or may include collars, puts and options on futures. While hedging limits our exposure to adverse price movements, hedging limits the benefit of price increases and is subject to a number of risks, including the risk the counterparty to the hedge may not perform.

Estimates of oil and gas reserves may change; we may not replace production

The information on proved oil and gas reserves included in this document are simply estimates. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment, assumptions used regarding quantities of oil and gas in place, recovery rates and future prices for oil and gas. Actual prices, production, development expenditures, operating expenses and quantities of recoverable oil and gas reserves will vary from those assumed in our estimates, and such variances may be significant. If the assumptions used to estimate reserves later prove incorrect, the actual quantity of reserves and future net cash flow could be materially different from the estimates used herein. In addition, results of drilling, testing and production along with changes in oil and gas prices may result in substantial upward or downward revisions.

Without success in exploration, development or acquisitions, our reserves, production and revenues from the sale of oil and gas will decline over time. Exploration, the continuing development of our properties and acquisitions all require significant expenditures as well as expertise. If cash flow from operations proves insufficient for any reason, we may be unable to fund exploration, development and acquisitions at levels we deem advisable.

Our oil and gas properties' carrying value have been and may continue to be written down

Accounting rules require that the carrying value of oil and gas properties be periodically reviewed for possible impairment. An "impairment" is recognized when the book value of a proven property is greater than the expected undiscounted future cash flows from that property and on acreage when the assessment of fair value is less than the book value. We may be required to write down the carrying value of a property based on oil and gas prices at the time of the impairment review, as well as a continuing evaluation of development results, production data, economics and other factors. While an impairment charge does not impact cash or cash flow from operating activities, it reduces earnings, increases leverage ratios and reflects the long-term ability to recover a prior investment.

Based primarily on the poor performance of certain properties acquired between late-1997 and mid-1998 and significantly decreased oil and gas prices, we recorded impairments of \$197 million in 1998 and \$27 million in 1999. In 2000, no impairments were required. At year-end 2001, an impairment of \$38.9 million was recorded. (See Management's Discussion and Analysis - Results of Operations.) For a further discussion of our accounting policies with respect to oil and gas properties, see Note 2 to the Consolidated Financial Statements.

We could incur substantial environmental liabilities

Our industry is subject to numerous federal, state and local laws and regulations relating to the environment. We may incur significant costs and liabilities in complying with existing or future environmental laws and regulations. It is possible that increasingly strict environmental laws, regulations and enforcement policies or claims for damages to property, employees, other persons and the environment resulting from current or

discontinued operations, could result in substantial costs and liabilities in the future. For additional information concerning environmental matters, see the "Business-Environmental Matters."

Our activities involve operating hazards and uninsured risks

While we maintain insurance against certain of the risks associated with our operations, including, but not limited to, explosion, pollution and fires, an event against which we are not fully insured could have a significant negative effect on our business. Such occurrences could include title defects on properties, lost equipment in drilling operations when the drilling contractor is not responsible for such loss, costs to redrill wells due to down hole equipment and casing failures, and property damage caused over a period of time not covered by standard industry insurance policies.

We maintain insurance in amounts and areas of coverage normal for a company of our size and industry. These include, but are not limited to, workers' compensation, employers' liability, automotive liability and general liability. In addition, umbrella liability and operator's extra expense policies are maintained. All such insurance is subject to normal deductible levels. We do not insure against all risks associated with our business either because insurance is unavailable or because we elect not to insure due to cost or other considerations.

Individuals or companies who feel the Company or those acting on its behalf damaged them physically or financially, have the right under the law to seek recovery in court. In today's legal climate, the likelihood of suits continues to increase. As verdicts or judgments are so uncertain, the Company may elect to settle claims. Settlements may not be covered by insurance and costs might have to be borne solely by the Company. Even when the Company elects to contest a claim, it may be held liable by the courts. Often, the cost of defending oneself or one's rights cannot be recovered from the other parties even if you prove successful and the costs must be borne solely by the Company. Such costs and settlements could have a material adverse effect on the Company's financial position. See Item 3 "Legal Proceedings" included in this report and Note 8 to Consolidated Financial Statements as to certain proceedings and contingencies.

We are subject to financing and interest rate exposure risks

Our business and operating results can be harmed by factors such as the availability and cost of capital, increases in interest rates, changes in the tax rates, market perceptions of the oil and gas industry or the Company, or a reduction in credit rating. These changes could cause our cost of doing business to increase, limit our ability to pursue opportunities and place us at a competitive disadvantage. At December 31, 2001, the Company had a portion of its borrowings subject to interest rate swap agreements. See Note 7 to the financial statements.

We face considerable competition

We face competition in every aspect of our business, including, but not limited to, acquiring reserves, leases, obtaining goods, services, and employees needed to operate and manage the Company, and marketing oil and gas. Competitors include multinational oil companies, independent production companies and individual producers and operators. Many of our competitors have greater financial and other resources than we do.

The oil industry is subject to extensive regulation

The oil industry is subject to various types of regulations in the United States by local, state and federal agencies. Legislation affecting the industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Numerous departments and agencies, both state and federal, are authorized by statute to issue rules and regulations binding on the industry and participants in it. Compliance with such rules and regulations is often difficult and costly and may carry substantial penalties for non-compliance. As the regulatory burden on the industry increases, the cost of complying affects profitability. Generally these burdens do not appear to affect the Company to any greater or lesser extent than other companies in the industry with similar types and quantities of properties in the same areas of the country.

Our high fixed charge burden could impact our liquidity, profitability and cash flow

The Company pays significant interest charges associated with its bank debt, 8.75% senior subordinated notes, 6% convertible debentures and 5.75% trust preferred. The Company's bank debt is at floating interest rates and the other debt securities are at fixed interest rates. At December 31, 2001, the face value of the Company's fixed rate obligations totaled \$198.4 million and the

annual associated interest payments, based on rates in effect at that date totaled \$13.9 million a year.



In addition, these obligations have certain requirements that the Company must meet to avoid the acceleration of the maturity of these instruments. See Note 6 to the Consolidated Financial Statements for their stated maturities. The acceleration of the maturity of one or more of such obligations could have a material adverse effect on the Company.

The Company's significant debt burden could have other important consequences such as, but not limited to, requiring the sale of assets at unfavorable prices, the impact of an increase in interest rates which would increase financing costs and limit capital available for developing and acquiring new properties, limit the ability to raise capital in the equity and/or debt markets, preclude financing options available to less leveraged companies, and make the Company more vulnerable to losses during periods of low oil and gas prices.

#### Risks associated with IPF

IPF purchases term overriding royalty interests through which it receives an agreed upon share of revenues from certain properties. The producer's obligation to deliver revenues to us is non-recourse. Consequently, IPF can only recover its investment and a return through revenues from those properties. These revenues are subject to our ability to accurately estimate reserves and production rates and the operator's ability to produce and recover these reserves. In summary, IPF bears the risk that future revenues it receives will be insufficient to amortize the price paid for its overrides or to provide an acceptable return. IPF's production, on a net equivalent barrel basis, is more than 80% oil. Any further decline in oil prices, may cause additional increases in the IPF valuation allowance.

#### Acquisitions are subject to numerous risks

It generally is not feasible to review in detail every individual property acquired. Ordinarily, a review is focused on higher-valued properties. However, even a detailed review of all properties and records may not reveal existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. We do not always inspect every well we acquire, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is performed. In late 1997 and 1998, a series of acquisitions were consummated which proved extremely unsuccessful. Ongoing results showed the potential of the properties was far less than our engineering and geological review, as well as a review by one of our independent petroleum engineering firms, had suggested.

Our Chairman has an interest in another oil and gas company that could compete with us

Our Chairman also serves as the Chairman and Chief Executive Officer of Patina Oil & Gas Corporation, a publicly traded oil and gas company in which he is a significant investor. He is also an officer, director and/or significant investor in several other public and private companies engaged in various aspects of the energy industry. We currently have no business relationship with any of these companies, none of them owns our securities nor do we hold any of theirs. Historically, no material conflict has arisen with regard to these companies. However, conflicts of interests may arise. Board policies are in place that require Mr. Edelman, along with all other officers and directors, to give us notification of any potential conflicts that arise. However, we cannot assure you that we will not compete with one or more of these companies, particularly for acquisitions, or encounter other conflicts of interest in the future.

#### Success depends on key members of our management

The Company's success is highly dependent on its senior management personnel, of which only one is currently subject to an employment contract. The loss of one or more of these individuals could have a material adverse effect on the Company.

#### EMPLOYEES

As of January 1, 2002, the Company had 141 full time employees, 54 of whom were field personnel. None are covered by a collective bargaining agreement. Management believes its relationship with employees is good.

ITEM 2. PROPERTIES

On December 31, 2001, the Company held working interests in 9,719 gross (4,743 net) productive wells and royalty interests in an additional 215 wells. Including its 50% share of Great Lakes' reserves, its properties contained, net to its interest, estimated proved reserves of 389 Bcf of gas and 21 million barrels of oil and NGL or a total of 513 Bcfe.

PROVED RESERVES

The following table sets forth estimated proved reserves over the past five years.

December 31, ----- ----- ----- ----- ----- -----	1997 1999 2001 ----- ----- ----- -----	1998 2000 ----- ----- ----- -----
Natural gas (Mmcf)		
Developed	369,786	436,062
	299,436	305,796
	276,162	
Undeveloped	204,632	197,255
	144,345	121,871
	112,765 --	
	-----	-----
	-----	-----
-- Total	574,418	633,317
	443,781	427,667
	388,927 --	
	-----	-----
	-----	-----
-- Oil and NGL (Mbbbls)		
Developed	14,971	19,649
	17,884	17,215
	14,066	
Undeveloped	14,803	7,480
	10,933	8,787
	6,613 ----	
	-----	-----
	-----	-----
Total	29,774	27,129

28,817  
 26,002  
 20,679 ---  
 -----  
 -----  
 -----  
 -----  
 -----  
 - Total  
 (Mmcfe) (a)  
 753,062  
 796,091  
 616,685  
 583,679  
 513,001  
 =====  
 =====  
 =====  
 =====  
 ===== %  
 Developed  
 61.0%  
 70.0%  
 66.0%  
 69.7%  
 70.3%

(a) Oil and NGL are converted to mcfe at a rate of 6 (m)cf per barrel.

At year-end 2001, the Company engaged the following independent petroleum consultants to evaluate its reserves: H.J. Gruy and Associates, Inc. (Southwest), DeGolyer and MacNaughton (Southwest and Gulf Coast), and Wright and Company, Inc. (Appalachia). These engineers were employed primarily based on their geographic expertise as well as their history in engineering certain properties. At December 31, 2001, these consultants collectively evaluated approximately 82% of the proved reserves set forth above. The remainder were evaluated by the internal engineering staff. All estimates of oil and gas reserves are subject to significant uncertainty.

The following table sets forth the estimated future net revenues, excluding open hedging contracts, from proved reserves, the Present Value of those revenues and the realized prices over the past five years (in millions).

December  
 31, ---  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 1997  
 1998  
 1999  
 2000  
 2001 --  
 -----  
 -----  
 -----  
 -----  
 -----  
 Future  
 net  
 revenues  
 \$ 1,276  
 \$ 1,020  
 \$ 1,013  
 \$ 3,764  
 \$ 750  
 Present  
 Value  
 Pre-tax  
 632 555  
 556  
 1,964  
 399  
 After  
 tax 511

517 503  
1,506  
311 Oil  
price  
(per \$  
16.00 \$  
10.26 \$  
23.49 \$  
24.46 \$  
17.59  
barrel)  
Gas  
price  
(per  
mcf) \$  
2.29 \$  
2.34 \$  
2.34 \$  
9.57 \$  
2.70

Future net revenues represent future revenues from the sale of proved reserves net of production and development costs (including production and ad valorem taxes and operating expenses). Such calculations, prepared in accordance with SFAS No. 69, "Disclosures about Oil and Gas Producing Activities," are based on costs and prices in effect at December 31, 2001. Average product prices (average of the last three days NYMEX) at December 31, 2001 were \$17.59 per barrel of oil, \$12.38 per barrel for natural gas liquids, and \$2.70 per mcf of gas using benchmark NYMEX prices of \$20.38 per barrel and \$2.63 per Mmbtu. There can be no assurance that the proved reserves will be produced within the periods indicated or that



## SOUTHWEST REGION

The Southwest region has production and field operations located in the Permian Basin of West Texas and the East Texas Basin (the Permian division) as well as in the Texas Panhandle and the Anadarko Basin of western Oklahoma (the Midcontinent division.) This region represents 41% of total reserve value and 40% of its total reserve volume. Proved reserves totaled 206 Bcfe, of which 60% was gas. The Southwest's daily production volume of 64.6 Mmcfe per day represents approximately 42% of total daily production.

At December 2001, the Southwest region properties had a development inventory of 176 proven recompletions and 120 proven drilling locations. Acreage owned by the Southwest region at December 31, 2001 included 269,242 gross (191,813 net) developed acres and 128,372 gross (107,821 net) undeveloped acres. During 2001, 42 development wells (27.4 net) were drilled, of which 38 (24.2 net) were productive. One exploratory well (one net) was drilled which was productive.

Permian. The Permian division's total proved reserves at December 31, 2001 contained 147 Bcfe, down 16% compared to year-end 2000. This change was due 90% to lower commodity prices year-over-year and 10% to poor well performance. These reserves represented 29% by volume and 28% by value of total proved reserves and were 53% oil and NGL. In the fourth quarter of 2001, net production averaged 3,612 barrels of oil and NGLs and 23.9 Mmcfe of gas per day, or 45.6 Mmcfe per day in total. On an annual basis, production increased 1% to 47.6 Mmcfe per day. Producing wells total 1,347 (1,046 net), of which the Company operates approximately 90%. At December 31, 2001, the Permian division had a development inventory of 148 proven recompletions and 108 proven drilling locations. Acreage owned by the Permian division at December 31, 2001 included 68,922 gross (64,673 net) developed acres and 113,561 gross (96,890 net) undeveloped acres. In 2001, \$24.9 million of capital funded the drilling of 21 development wells (14.4 net), 18 (12.2 net) were productive and one exploratory well (one net) which was productive. During the year, the division achieved an 86% drilling success rate.

In East Texas, the Permian division participated in the drilling of two gross (0.4 net) horizontal wells in the James Lime formation, a fractured carbonate. Both wells were successfully completed for combined initial rates of 13 (3.5 net) Mmcfe per day. Also in East Texas, the Company drilled its first Bossier sand test (the Linder #1). The well was unsuccessful in the Bossier formation at depths ranging from 11,500 to 12,500 feet. However, the Linder #1 was successfully

recompleted uphole in the Travis Peak formation yielding rates of 3.0 (2.5 net) Mmcfe per day. To date, Range has accumulated an acreage position in East Texas totaling 34,600 (11,000 net) acres in the horizontal James Lime play and 31,600 (21,400 net) acres in the Bossier sand play. Further Bossier drilling has been deferred, pending the results of a thorough technical review; however the Company plans to continue drilling in the Travis Peak formation. At year-end 2001, acreage in East Texas was impaired by \$825,000 to reflect the lack of success in the Bossier sand. (See Management's Discussion and Analysis - Results of Operations.)

In West Texas, the Permian division had disappointing drilling results in 2001 at the Powell Ranch in Glasscock County, Texas. Between 1997, when Range acquired the property, and year-end 2000, Range drilled 11 seismically identified locations with six successes for a 55% success rate. Of the five wells drilled at Powell Ranch in 2001, three were dry and two were productive. Current total net production from the field is 9.5 Mmcfe per day.

In other West Texas drilling, 5 gross (5 net) wells successfully drilled in 2001 in the Sterling Field of West Texas. Three of these wells expanded the productive limits of this field on its eastern edge. Current total net production from this field approximates 11.0 Mmcfe per day.

Midcontinent. In the Midcontinent division, total proved reserves at December 31, 2001 were 58.8 Bcfe, about the same as a year earlier. In 2001, production climbed 14% to an average of 17.0 Mmcfe per day. December 2001 production reached 19.9 Mmcfe per day as the result of successful drilling, recompletion and workover activities. During 2001, \$17.8 million of capital was spent to drill 21 (13.0 net) development wells and to recomplete 10 (6.9 net) wells. Twenty (12.0 net) of the development wells proved successful, resulting in a 92% success rate.

In the Texas Panhandle, 6 (5.9 net) wells were drilled. As of December 2001, four of the wells were producing 4.5 Mmcfe per day net to Range, one of the wells was being completed and one was abandoned as a dry hole. The most significant completion in the Texas Panhandle was the Pioneer #1, which targeted the Upper Morrow sands, and is producing 4 (3.2 net) Mmcfe per day. The offsetting Pioneer #2 is currently being completed in the Upper and Lower Morrow sands. The Saturn #1, which was the only dry hole in the area, was abandoned due to lack of reservoir quality sand in the Upper Morrow.

In four trends in the Anadarko Basin, including the Sooner, Watonga Chickasha, Granite Wash and Northwest Shelf, 15 (7.8 net) wells were drilled in 2001. The only dry hole in the area was the Dalton #1, which was abandoned due to a pipe failure but later successfully redrilled. Notable in this area was the Gemini #1, which was completed in the Granite Wash and is producing in excess of 1.5 Mmcfe (1.1 net) per day. The division plans to drill at least two offsets to the Gemini #1 in 2002. In addition, a significant workover was performed on the Greene #1, which increased production to 1.8 Mmcfe per day (1.4 net). An offset to the Greene #1 is currently being drilled. The 340 (199 net) producing wells in the Midcontinent are 92% operated.

#### GULF COAST REGION

The Gulf Coast region represents 24% of total reserve value and 19% of total reserve volumes of the Company. Proved reserves totaled 95.7 Bcfe, down 13% from 110 Bcfe at year-end 2000. In 2001, the region only partially replaced the reserves lost through property dispositions of 2.6 Bcfe and the production of 20 Bcfe. Gulf Coast reserves are 88% natural gas. Properties are located in the shallow waters of the Gulf of Mexico and onshore in Texas, Louisiana and Mississippi. The region's wells are characterized by high initial rates and relatively short reserve lives. Production by the region represented 36% of the Company's total average daily production. Major onshore fields include Alta Mesa in Brooks County, Texas, which produces from depths of 6,000 to 7,000 in the Frio and Vicksburg formations, and Oakvale, in Jefferson Davis County, Mississippi, which produces at depths ranging from 15,000 to 16,500 feet in the Sligo and Hosston formations. Offshore properties include interests in 50 platforms in water depths ranging from 20 to 210 feet, none of which are operated. The Gulf Coast's development inventory includes 47 recompletions and 16 drilling locations on 155,020 gross (43,277 net) developed acres and 93,388 gross (22,245 net) undeveloped acres. At year-end 2001, the Company impaired acreage by \$4.3 million and proved properties by \$33.8 million in the Gulf Coast region. (See Management's Discussion and Analysis - Results of Operations.)

In 2001, the region spent \$23.1 million to drill 13 (4.2 net) wells, recomplete 10 (4.1 net) others and to upgrade facilities. In addition, the division participated in the abandonment of one platform and reduced its overall plugging and abandonment exposure through assignment of its Chandeleur 37

facility and a property trade at West Delta 30. In the fourth



quarter of 2001, net production averaged 782 barrels of oil and 48.6 Mmcf of gas per day or 53.3 Mmcfe per day in total. On an annual basis, production declined 4% to 55.5 Mmcfe per day due to the natural decline of mature properties. In total, the onshore properties include 56 wells (40 net), of which 77% are operated. These operated onshore properties represent 8.5% of the Company's pre-tax present value of the Gulf Coast properties at December 31, 2001. During 2001, 13 development wells (4.2 net) were drilled, of which 11 (2.7 net) were productive. Two exploratory wells (0.3 net) were drilled, of which both were productive.

A total of \$5.1 million was spent at the Matagorda Island 519 offshore gas field, which is operated by BP Amoco. The Company has a 17% working interest in the field's seven wells, which produce from as deep as 16,800 feet in the lower Miocene sands. While the field is non-operated, the Company assigns technical and operational staff to study and monitor it given its significance. The field contributed 6% (3.3 Bcfe) of the Company's production in 2001. In 2000, the 519 L-3 well was drilled and turned to sales in December. In 2001, the 519 L-4 well was drilled and turned to sales in September. The initial flow rates from both wells were disappointing. To address this problem, an additional interval was opened to production in the L-3 well in September of 2001, increasing the well's rate from 5.0 to 35.0 Mmcfe per day, for a net increase to Range of 3.8 Mmcfe per day. A similar operation is currently in progress in the L-4 well. No additional drilling activity is forecast for Matagorda Island 519 in 2002. The operator has historically significantly overspent its authorized expenditures for capital projects and has consistently encountered numerous delays in completion of those projects. Largely as a result, the Company impaired Matagorda Island 519 by \$8.1 million at year-end 2001. (See Management's Discussion - Results of Operations.) Other offshore activity included drilling one well each at West Cameron 206, West Cameron 192, East Cameron 33 and Mobile 864. The four wells are currently producing at a combined rate of 28.1 (5.3 net) Mmcfe per day.

Onshore, Range was active in the Hartburg play in Orange County, Texas and Calcasieu Parish, Louisiana, where five wells were drilled and one is in progress. These wells targeted Frio sands at depths of approximately 9,000 feet. The Stephenson #1, #2 and #3 as well as the Stark #2 are all online producing at a combined rate of 20.2 (2.0 net) Mmcfe per day. The one disappointment was the Lawton #1, which was abandoned after the target sands proved wet. Currently the Stephenson #4 is completing. In the Oakvale field in Mississippi, Range completed the Polk 36-3 #1 and drilled and completed the 31-7 #1 in 2001. Both wells have been fracture stimulated and are online at a combined rate of 5.5 (3.4 net) Mmcfe per day.

APPALACHIAN REGION

Through its 50% interest in Great Lakes Energy Partners L.L.C., the Company's Appalachian region represents 212 Bcfe of proved reserves, or 41% by volume and 35% by value of total proved reserves. The Appalachian Region has an interest in 8,128 gross (3,567 net) wells and 4,600 miles of gas gathering lines. Great Lakes sells its gas on a negotiated basis. Effective July 1, 2001, Great Lakes began selling its gas to several different companies, including First Energy. At December 31, 2001, Great Lakes had a development inventory of 51 proven recompletions and 1,468 proven drilling locations.

Development  
 Projects ---  
 -----  
 -----  
 -----  
 Recompletion  
 Drilling  
 Opportunities  
 Locations  
 Total -----  
 -----  
 -----  
 - December  
 31, 2000 74  
 1,635 1,709  
 Drilled (8)  
 (142) (150)  
 Added 13 148  
 161 Deleted  
 (28) (173)  
 (201) -----  
 -----  
 -----

- December  
31, 2001 51  
1,468 1,519

=====  
=====  
=====

Acreage owned by the Appalachian region at December 31, 2001 included 730,142 gross (343,019 net) developed acres and 334,102 gross (153,962 net) undeveloped acres. During 2001, 209 development wells (86.8 net) were drilled, of which 207 (86.0 net) were productive. Five exploratory wells (1.5 net) were drilled, of which three (0.6 net) were productive. At December 31, 2001, Great Lakes operated 99% of the wells. The reserves are 86% gas and produce principally from the upper-Devonian, Medina, Clinton, Knox and Oriskany formations at depths ranging from 2,500 to 7,000 feet. In the fourth quarter of 2001, net daily production averaged 28,915 Mmcf of gas and 869 barrels of oil per day or a total of 34,128 mcf per day. The region's properties, with 1,468 (663 net) proven projects at year-end, are located in the Appalachian and, to a minor degree, the Michigan

Basins of the northeastern United States. After initial flush production, these properties are characterized by gradual decline rates, on average, producing from 10-35 years.

In 2001, \$22 million in capital expenditures funded the drilling of 193.0 (84.8 net) shallow development wells, 16 (5.7 net) medium depth wells, and five (2.5 net) deep exploitation wells. In addition, capital was expended on 11 (4.2 net) recompletions as well as the purchase of 1,021 miles of 2-D and 3-D seismic data and 48,750 acres of leasehold. Out of 209 development wells drilled, 207 were successful. Three of the five exploration wells were also successful, indicating an overall 98% success rate. Production during the year averaged 32.6 Mmcfe/day net, a 4% increase. Year-end proved reserves decreased approximately 12% to 211.6 Bcfe primarily as a result of lower pricing.

During 2001 exploration prospects at Great Lakes consisted of activity in the Knox Unconformity, Huntersville-Oriskany, and Trenton Black River plays. The largest effort (14 gross/12.1 net) was directed to the Knox play in Ohio. Great Lakes significantly increased its use of 3D seismic for the Knox Unconformity play in Ohio shooting or acquiring over 30 square miles of data in three separate project areas. Each of these 3D shoots yielded new discovery wells with additional drilling opportunities. Great Lakes shot a moderate amount of 2D seismic and drilled 3 gross (2 net) wells in the Huntersville/Oriskany play in Pennsylvania. While all three wells were completed, initial production rates are below expectations. In the Trenton Black River play, Great Lakes acquired leases on over 125,000 gross acres in four major prospect areas, and has plans for seismic and drilling in 2002. While Great Lakes successfully established land positions in this play, our initial drilling results were unsuccessful on all three gross (0.6 net) wells drilled in 2001.

Five major geologic plays comprise Great Lakes' exploration and development portfolio. The two major development plays, consisting primarily of shallow low-risk, lower impact wells include the Clinton Medina and Upper Devonian Sandstone plays. Production from these shallower blanket-type, tight-sand formations is characteristically long-lived with estimated ultimate production anywhere from 150-750 Mmcf per well. The three exploration plays, consisting of medium to deep wells with higher-risk and higher potential impact, include the Knox Unconformity play, the Huntersville/Oriskany Sandstone play and the Trenton Black River play. Wells drilled in the Knox Unconformity are characterized by a relatively short well life of 10 years or less and have reserves in the 250 Mmcf to 1 Bcf range. Production from the deeper and more structurally complex formations such as the Oriskany is in the 500 Mmcf to 3 Bcf range with a 15-25 year well life or greater. Recent discoveries in the fault-related Trenton Black River play indicate per well recoveries in the 500 Mmcf to 5 Bcf range, particularly in the deeper structures of the play.

Management of Great Lakes is directed by a committee comprised of three representatives from each of the Company and FirstEnergy. Disagreements that cannot be resolved by the committee may be resolved through arbitration.

PRODUCTION

The following table sets forth total company production information for the preceding five years (in thousands, except average sales price and operating cost data).

Year Ended  
December  
31, -----  
-----  
-----  
-----  
-----

1997 1998  
1999 2000  
2001 -----  
-----  
-----  
-----

Production  
Gas (Mmcf)

38,409  
45,193  
50,808  
41,039  
42,278

Crude oil  
(Mbbbl)

1,371  
2,175  
2,247  
2,035  
1,916

Natural  
gas  
liquids  
(Mbbbl) 423

480 412  
363 326

Total  
(Mmcfe)(a)

49,173  
61,123  
66,762  
55,427  
55,730

Revenues  
Gas

\$101,217  
\$105,509  
\$108,115  
\$118,977  
\$154,928

Crude oil

24,967  
26,119  
33,075  
47,414  
48,963

Natural  
gas  
liquids

3,833  
3,965  
4,302  
6,691

5,646 -----  
-----  
-----  
-----

Total  
130,017  
135,593  
145,492

173,082  
209,537  
Direct  
operating  
expenses(b)  
31,481  
39,001  
43,074  
38,525  
44,504 ---  
-----  
-----  
-----  
-----

- Gross  
margin \$  
98,536 \$  
96,592  
\$102,418  
\$134,557  
\$165,033  
=====  
=====  
=====  
=====

Average  
sales  
price(c)  
Gas (mcf)  
\$ 2.64 \$  
2.33 \$  
2.13 \$  
2.90 \$

3.66 Crude  
oil (bbl)  
18.21  
12.01  
14.72  
23.30  
25.55

Natural  
gas  
liquids  
(bbl) 9.06  
8.26 10.44  
18.43  
17.33

Mcfe(a)(d)  
2.64 2.22  
2.18 3.12  
3.76

Operating  
cost  
(mcfe)  
Direct  
costs \$  
0.57 \$  
0.57 \$  
0.58 \$  
0.59 \$  
0.68

Severance  
and  
production  
taxes 0.07  
0.07 0.07  
0.11 0.12  
-----  
-----  
-----  
-----

---- Total  
\$ 0.64 \$  
0.64 \$  
0.65 \$  
0.70 \$  
0.80  
=====  
=====  
=====

=====  
=====

- (a) Oil and NGL are converted to mcfe at a rate of 6 mcf per barrel.
- (b) Includes severance and production taxes.
- (c) Average sales prices are net of hedging, which increased average oil prices in 2001 by \$2.21 and decreased average gas prices by \$0.25, respectively. In 2000, average sales prices are net of hedging, which reduced average oil and gas prices in 2000 by \$4.85 and \$0.81, respectively.
- (d) Average mcfe prices excluding hedging were \$2.34, \$3.90, and \$3.87, in 1999, 2000 and 2001, respectively.

PRODUCING WELLS

The following table sets forth information relating to productive wells at December 31, 2001. The Company owns royalty interests in an additional 215 wells. Wells are classified as oil or gas according to their predominant production stream.

Wells	
Average	
-----	
-----	
-----	
Working	
Gross	
Net	
Interest	
-----	
- - - - -	
-----	
-----	
Crude	
oil	
1,430	
965	67%
Natural	
gas	
8,289	
3,778	
46%	---
-----	
-----	
Total	
9,719	
4,743	
49%	

=====  
=====

ACREAGE

The following table sets forth total acreage held by the Company at December 31, 2001.

Acres	
Average ---	
-----	
-----	
-- Working	
Gross Net	
Interest --	
-----	
-----	
- - - - -	
---	
Developed	
1,154,304	
578,109 50%	
Undeveloped	
558,862	
284,028 51%	
-----	
- - - - -	
---	
Total	
1,713,166	
862,137 50%	
=====	
=====	

The following table sets forth, for the preceding three years, the book value of acreage where the Company has not yet identified proved reserves (in thousands):

1999 2000	
2001 -----	
-----	
-----	
-----	
Southwest	
region \$	
50,121 \$	
38,815 \$	
20,906	
Gulf Coast	
region	
8,870	
9,103	
3,081	
Appalachian	
region	
2,821	
1,605	
1,743 -----	
-----	
-----	
-----	
Total \$	
61,812 \$	
49,523 \$	
25,730	
=====	
=====	
=====	

DRILLING RESULTS

The following table summarizes drilling activities for the past three years.

1999 2000	
2001 -----	
-----	
-----	

```

-----
-----
- Gross
Net Gross
Net Gross
Net -----
-----
-----
-----
---
Development
wells
Productive
43.0 20.6
173.0 82.5
256.0
112.9 Dry
3.0 1.7
6.0 4.4
8.0 5.5
Exploratory
wells
Productive
1.0 0.5
9.0 2.9
6.0 1.9
Dry 3.0
0.8 7.0
1.7 2.0
0.9 Total
wells
Productive
44.0 21.1
182.0 85.4
262.0
114.8 Dry
6.0 2.5
13.0 6.1
10.0 6.4 -
-----
-----
-----
-----
-----
Total 50.0
23.6 195.0
91.5 272.0
121.2
=====
=====
=====
=====
=====
=====

```

REAL PROPERTY

The Company leases approximately 59,000 square feet of office space in Texas and Oklahoma under standard office lease arrangements that expire at various dates through March 2006. All facilities are believed adequate to meet the Company's current needs and existing space could be expanded or additional space could be leased if required.

In March 2000, a tornado struck the Company's headquarters in Fort Worth. The Company temporarily relocated to 801 Cherry Street in Fort Worth. In January 2001, the Company entered into a five-year lease for approximately 26,000 square feet of office space located at 777 Main Street in Fort Worth, and moved in April 2001. The annual lease payments on this office space will average \$500,000 for the term of the lease.

The Company owns various vehicles and other equipment that is used in its field operations. Such equipment is believed to be in good repair and, while such equipment is important to its operations, it can be readily replaced as necessary.



### ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal actions and claims arising in the ordinary course of business. During 2001, the Company incurred approximately \$480,000 of litigation costs for such matters. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on its financial position or results of operations.

In February 2000, a royalty owner filed a suit asking for a class action certification against Great Lakes Energy Partners, LLC in the New York Supreme Court, alleging that gas was sold to affiliates and gas marketers at low prices, that inappropriate post production expenses reduced proceeds to the royalty owners, and that the royalty owners' share of gas was improperly accounted for. The action sought a proper accounting, an amount equal to the difference in prices paid and the highest obtainable prices, punitive damages and attorneys' fees. The case has been remanded to the state court in New York. While the outcome is still uncertain, Great Lakes believes it will be resolved without material adverse effect on its financial position or result of operations.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of 2001.

## PART II

### ITEM 5. MARKET FOR THE COMMON STOCK AND RELATED MATTERS

The Company's common stock is listed on New York Stock Exchange ("NYSE") under the symbol "RRC." Prior to August 1998, the stock was listed under the symbol "LOM." During 2001, trading volume averaged 339,141 shares per day. On March 1, 2002, the closing price of the common stock was \$4.78. The following table sets forth the high and low sales prices as reported on the NYSE composite tape over the past two years.

Average Daily High Low Volume	----- ----- ----- ----- ----- -----
2000	
First quarter	
\$ 3.44	
\$ 1.88	
230,470	
Second quarter	
3.31	
1.44	
382,015	
Third quarter	
5.31	
2.88	
366,314	
Fourth quarter	
7.00	
4.00	
339,306	
2001	
First quarter	
7.13	
5.15	
374,390	
Second	

quarter  
6.68  
4.90  
392,240  
Third  
quarter  
6.20  
4.25  
353,008  
Fourth  
quarter  
4.76  
3.96  
240,491

From January 1, 2002 to March 1, 2002 the common stock has traded at prices between \$4.03 and \$5.09 per share. The Company's 5.75% trust preferred, 6% convertible debentures and 8.75% senior subordinated notes are not listed on an exchange but trade over the counter. The fair value of these securities, quoted from certain market makers, was \$148.5 million or 75% of the par value of \$198.4 million.

At various times during 2001, the Company issued common stock in exchange for fixed income securities. The shares of common stock issued in such exchanges were exempt from registration under Section 3(a)(9) of the Securities Act of 1933. During the fourth quarter of 2001, a total of \$3.4 million face value amount of 8.75% Subordinated Notes was exchanged for 753,601 shares of common stock and a total of \$0.5 million face value of Trust Preferred was exchanged for 60,503 shares of common stock.

HOLDERS OF RECORD

At March 1, 2002 there were approximately 2,368 holders of record of the common stock.

DIVIDENDS

Common stock dividends were initiated in 1995 and paid quarterly through the third quarter of 1999. In the first quarter of 1999, the dividend was reduced and in the fourth quarter of 1999 it was eliminated in connection with continuing losses.

In September 2000, the Company authorized a \$2.03 Convertible Exchangeable Preferred Stock Series D, having terms substantially identical to the outstanding Series C Preferred, with the exception that dividends could be paid in common stock. In November 2000, 523,140 shares of Series C were exchanged for Series D on a one-for-one basis. In December 2000, 323,140 shares of Series D were exchanged for common stock. The Company elected to pay fourth quarter 2000 Series D dividends in common stock. During 2001, all remaining shares of Series D and all remaining shares of Series C were exchanged for common stock or repurchased for cash. The elimination of the \$2.03 Convertible Exchangeable Preferred Stock reduced the Company's annual dividend requirement by \$2.3 million.

The payment of dividends is subject to declaration by the Board of Directors and depends on earnings, capital expenditures and various other factors. The bank credit facility and the 8.75% senior subordinated notes contain restrictions on the ability to pay dividends. The bank credit facility currently prohibits common stock dividends. Under the terms of the 8.75% senior subordinated notes, the Company may pay restrictive payments, including dividends, equal to the greater of: i) \$20.0 million or ii) a formula which includes earnings and losses since the issuance of the notes. Given the Company's losses since 1997, the Company cannot make payments under the formula and must rely on the \$20.0 million basket. At December 31, 2001, \$3.0 million remained available under the basket. The Company may seek to amend this basket covenant.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected financial information covering the last five years.

As of or for  
 the Year  
 Ended  
 December 31,  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----

----- 1997  
 1998 1999  
 2000 2001 --  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----  
 -----

----- (In  
 thousands,  
 except per  
 share data)  
 OPERATIONS  
 Revenues \$  
 145,417 \$  
 148,929 \$  
 201,364 \$  
 187,719 \$  
 219,987 Net  
 income  
 (loss)  
 (23,332)  
 (175,150)  
 (7,793)  
 37,961 8,996  
 Earnings

(loss) per  
share before  
extraordinary  
items -  
basic (1.31)  
(6.82)  
(0.34) 0.57  
0.11

Earnings  
(loss) per  
share before  
extraordinary  
items -  
diluted  
(1.31)  
(6.82)  
(0.34) 0.57  
0.11

Earnings  
(loss) per  
share -  
basic (1.31)  
(6.82)  
(0.27) 0.99  
0.19

Earnings  
(loss) per  
share -  
diluted  
(1.31)  
(6.82)  
(0.27) 0.99  
0.19

Dividends  
per common  
share 0.10  
0.12 0.03 --

-- BALANCE  
SHEET

Working  
capital \$  
(2,051) \$  
(9,484) \$  
22,225 \$  
16,227 \$  
34,604 Oil  
and gas  
properties,  
net 623,807  
662,099  
592,363  
571,842  
545,095

Total assets  
758,833  
921,612  
752,368  
689,165  
691,565

Senior debt  
186,712  
367,062  
140,000  
89,900

95,000 Non-  
recourse  
debt --  
60,100  
142,520  
113,009  
98,801

Subordinated  
debt 180,000  
180,000  
176,360  
162,550  
108,690

Trust  
Preferred  
120,000  
120,000

117,669  
92,640  
89,740  
Stockholders'  
equity(a)  
196,950  
133,222  
127,171  
185,207  
245,687

(a) Stockholders equity includes other comprehensive income/(loss) of \$370, \$292, \$(7), \$(907) and \$38,041 in 1997, 1998, 1999, 2000 and 2001, respectively.

The following table sets forth summary unaudited financial information on a quarterly basis for the past two years (in thousands, except per share data).

2000	-----		
	March	June 30	Sept. 30
	-----		
	Dec. 31	-----	-----
	-----		
--- Revenues	\$ 42,839	\$ 41,336	\$ 44,819
58,725 Net income	4,281	8,735	7,756
Earnings per share - basic and diluted	0.12	0.23	0.19
0.42 Total assets	727,214	700,439	687,500
Senior debt	689,165	142,000	112,000
89,900 Non-recourse debt	130,619	124,516	120,012
Subordinated debt	176,060	174,810	165,660
Trust Preferred	162,550	111,490	100,240
Stockholders' equity	92,640	134,164	147,900
	162,371	185,207	

2001	-----		
	March	June 30	Sept. 30
	-----		
	Dec. 31	-----	-----
	-----		
--- Revenues	\$ 64,202	\$	\$

59,667	\$
51,671	\$
44,447	Net
income(a)	
18,512	
14,739	6,689
(30,944)	
Earnings per	
share -	
basic and	
diluted	0.38
0.29	0.13
(0.60)	Total
assets	
676,476	
712,167	
739,645	
691,565	
Senior debt	
76,800	
88,800	
95,000	
95,000	Non-
recourse	
debt	98,006
99,902	
102,501	
98,801	
Subordinated	
debt	160,940
133,340	
121,840	
108,690	
Trust	
Preferred	
92,640	
90,290	
90,290	
89,740	
Stockholders'	
equity	
175,345	
243,781	
266,852	
245,687	

(a) Includes extraordinary gains on retirement of securities of \$432 in the first quarter. These gains, net of income taxes, were \$895 and \$319 in the second and third quarters, respectively. In the fourth quarter of 2001, the gain on retirement of securities was \$2,305 which included \$886 reversal of previously recorded deferred income taxes. The \$38,945 impairment recorded at year-end 2001 brought the Company's earnings below the amount required for the Company to record income taxes, at a statutory rate, on income.

The total of the earnings per share for each quarter does not equal the earnings per share for the full year, either because the calculations are based on the weighted average shares outstanding during each of the individual periods or rounding. During the fourth quarter of 2001, the Company recorded \$38.9 million of impairments. (See Management's Discussion and Analysis - Results of Operations.)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CAPITALIZED TERMS HEREIN ARE DEFINED IN THE FOOTNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTAINED HEREIN.)

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operation are based upon consolidated financial statements, which have been prepared in accordance with accounting principles generally adopted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company analyzes its estimates, including those related to oil and gas revenues, bad debts, oil and gas properties, marketable securities, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or

conditions. The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. The Company recognizes revenues from the sale of products and services in the period delivered. Revenues at IPF are recognized as received. We provide an allowance for doubtful accounts for specific receivables we judge unlikely to be collected. At IPF, all receivables are evaluated quarterly and provisions for uncollectible amounts are established. Oil and gas properties are accounted for under the successful efforts method of accounting and are periodically evaluated for possible impairment. The Company records a write down of marketable securities when the decline in market value is considered to be other than temporary. Impairments are recorded when



management believes that a property's net book value is not recoverable based on current estimates of expected future cash flows. The Company's deferred tax assets exceed deferred tax liabilities at year-end 2001, before considering the effects of Other comprehensive income ("OCI"). In determining deferred tax liabilities, accounting rules require OCI to be considered, even though such income (loss) has not yet been earned. The inclusion of OCI causes the deferred tax liabilities to exceed the deferred tax assets by \$9.7 million, therefore, such amount is recorded as deferred tax liability at year-end 2001 and is included on the balance sheet of the Company. No statutory taxes are included on the income statement as the Company has not yet earned income sufficient to cause the deferred tax liabilities to exceed the deferred tax assets. The Company needs to earn approximately \$20.0 million of pre-tax income from the unrealized hedges included in OCI at year-end before statutory taxes will be recorded on the income statement. Due to the complexity of the accounting rules regarding statutory taxes, the timing of when the Company will record statutory taxes, which will be deferred, is uncertain.

#### FACTORS AFFECTING FINANCIAL CONDITION AND LIQUIDITY

##### LIQUIDITY AND CAPITAL RESOURCES

During 2001, the Company spent \$90.1 million on development, exploration and acquisitions. Debt including Trust Preferred and \$2.03 Preferred were reduced by a total of \$65.9 million. At December 31, 2001, the Company had \$3.3 million in cash, total assets of \$691.6 million and a debt (including Trust Preferred) to capitalization (including debt, deferred taxes and stockholders equity) ratio of 61%. Available borrowing capacity on the Company's bank lines at December 31, 2001 was \$25.0 million on the Parent Facility, \$25.0 million on the Great Lakes Facility and \$11.2 million on the IPF Facility. Long-term debt (including Trust Preferred) at December 31, 2001 totaled \$392.2 million and included \$95.0 million of borrowings under the Parent Facility, \$75.0 million under the non-recourse Great Lakes Facility, \$23.8 million under the non-recourse IPF Facility, \$79.1 million of 8.75% Senior Subordinated Notes, \$29.6 million of 6% Convertible Subordinated Debentures and \$89.7 million of Trust Preferred.

During 2001, 1.8 million shares of common stock were exchanged for \$2.9 million of Trust Preferred, \$3.4 million of 8.75% Senior Subordinated Notes and \$5.7 million of 6% Debentures. In addition, \$2.3 million of 6% Debentures, \$42.5 million of 8.75% Senior Subordinated Notes and \$50,000 of 5.75% Trust Preferred were repurchased. A \$4.0 million extraordinary gain net of costs was recorded as the securities were retired at a discount. In addition, 767,000 shares of common stock were exchanged for \$5.4 million of the \$2.03 Preferred and the remaining were repurchased for \$74,000. Since 1998, there have been 13.6 million shares of common stock exchanged for \$85.4 million face value of debt and convertible preferred stock.

The Company believes its capital resources are adequate to meet its requirements for at least the next twelve months. However, future cash flows are subject to a number of variables including the level of production and prices as well as various economic conditions that have historically affected the oil and gas business. There can be no assurance that internal cash flow and other capital sources will provide sufficient funds to maintain planned capital expenditures.

The following summarizes the Company's contractual obligations at December 31, 2001 and the effect such obligations are expected to have on its liquidity and cash flow in future periods (in thousands):

Less than	
1-3 After	
1 Year	
Years 3	
Years	
Total ----	
-----	
-----	
-----	
-----	
Long term	
debt \$ --	
\$ 193,801*	
\$ 198,430	
\$ 392,231	
Non-	
cancelable	
operating	

lease	
obligations	
820	1,560
126	2,506
-----	
-----	
-----	
-----	
Total	
contractual	
cash	
obligations	
\$ 820	\$
195,361	\$
198,556	\$
394,737	
=====	
=====	
=====	
=====	

\* Due at termination dates in each of the Company's credit facilities, which the Company expects to renew, but there is no assurance that can be accomplished.

Total long-term debt (including Trust Preferred) at December 31, 2001, was \$392.2 million. Long-term debt of \$193.8 million was at floating interest rates. Included in long-term debt was \$198.4 million of debt securities which have fixed interest charges. The table below describes the Company's required annual fixed interest payments on these debt instruments (in thousands):

Interest	Annual	Interest	Maturity	Security	Amount	Rate	Interest	Payable	Dates
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
8.75% Sr.									
Sub. Notes									
\$ 79,115									
8.75%									
\$ 6,900									
January,									
July 2007									
6%									
Debentures									
29,575									
6.00%									
1,800									
February,									
August									
2007 5.75%									
Trust									
Preferred									
89,740									
5.75%									
5,200									
Feb., May,									
Aug., Nov.									
2027 -----									
-----									
- \$198,430									
\$13,900									
=====									
=====									

#### Cash Flow

The Company's principal sources of cash are operating cash flow and bank borrowings. The Company's cash flow is highly dependent on oil and gas prices. The Company has entered into hedging agreements covering approximately 55%, 30%, 15%, and 5% of its anticipated production from proved reserves on an mcfe basis for 2002, 2003, 2004 and 2005, respectively. Decreases in prices and lower production at certain properties reduced cash flow sharply in 1998 and early 1999 and resulted in the reduction of the Company's borrowing base. Simultaneously, the Company sharply reduced its development and exploration spending. While the \$90.1 million of capital expenditures for 2001 were funded entirely with internal cash flow, the amount expended was not sufficient to replace production. The 2002 capital budget of \$100.0 million is expected to increase production 5% or more and expand the reserve base by more than replacing production. The Company's hedge position is expected to allow the capital program to be funded with internal cash flow even in this low price environment. However, in such a low price environment, management expects little reduction in long-term debt as excess internal cash flow will be limited. With any further decrease in product prices, it would be unlikely that the Company would be able to fund the \$100.0 million capital program entirely from internal cash flow. The Company intends to closely monitor its capital expenditure program and results of operations in 2002; therefore, this current low price environment may negatively affect the amount of capital spending for the year.

Net cash provided by operations in 1999, 2000 and 2001 was \$50.2 million, \$74.1 million and \$130.3 million, respectively. Cash flow from

operations increased as higher prices and lower interest expense more than offset increasing direct operating and general and administrative expenses.

Net cash used in (provided by) investing in 1999, 2000 and 2001 was \$(98.2) million, \$5.3 million and \$78.9 million, respectively. In 1999, a \$98.7 million source of cash from the formation of Great Lakes, \$17.5 million in asset sales and \$13.2 million of IPF receipts, more than offset additions to oil and gas properties and IPF investments. In 2000, \$46.8 million of additions to oil and gas properties, offset by \$25.9 million proceeds from sales of assets and \$24.8 million of IPF repayments were included. The 2001 period included \$87.7 million of additions to oil and gas properties and \$11.6 million of IPF investments, partially offset by \$19.0 million of IPF receipts and \$3.8 million of asset sales.

Net cash used in financing in 1999, 2000 and 2001 was \$146.4 million, \$79.3 million and \$50.6 million, respectively. Sources of financing have been primarily bank borrowings and capital raised through equity and debt offerings. During 2001, recourse debt increased by \$5.1 million and total debt (including Trust Preferred) decreased by \$65.9 million. The reduction in debt was the result of applying excess cash flow, proceeds from asset sales and from exchanges of common stock. During 2000, recourse debt decreased by \$63.9 million and total debt (including Trust Preferred) decreased by \$118.5 million. The reduction in debt was the result of applying excess cash flow and proceeds from the sale of assets to debt repayment and exchanges of common stock for fixed income securities. The amount of Trust Preferred outstanding decreased \$2.3 million in 1999, \$25.0 million in 2000 and \$2.9 million in 2001 due primarily to exchanges of such securities into common stock.

#### Capital Requirements

During 2001, \$90.1 million of capital was expended, primarily on development projects. This represented approximately 69% of internal cash flow. The Company manages its capital budget with the goal of funding it with internal cash flow. The 2002 capital budget of \$100.0 million is expected to increase production 5% or more and expand the reserve base by more than replacing production. The Company's hedge position which covers approximately 55% of anticipated 2002

production from proved reserves, is expected to allow the capital program to be funded with internal cash flow even in this low price environment. However, in such a low price environment, management expects little reduction in long-term debt as excess internal cash flow will be limited. With any further decrease in product prices, it would be unlikely that the Company would be able to fund the \$100.0 million capital program entirely from internal cash flow. The Company intends to closely monitor the capital expenditure program and results of operations; therefore, this current low price environment may negatively affect the amount of capital spending for the year. Development and exploration activities are highly discretionary, and, for the foreseeable future, management expects such activities to be maintained at levels equal to or below internal cash flow. See "Business--Development and Exploration Activities."

## Banking

The Company maintains three separate revolving credit facilities: a \$225.0 million facility at the parent company; a \$100.0 million facility at IPF and a \$275.0 million facility at Great Lakes. Each facility is secured by substantially all of the assets of the borrower. The IPF and Great Lakes facilities are non-recourse to Range. As Great Lakes is 50% owned, half of the borrowings on its facility are consolidated in Range's financial statements.

Availability under the facilities are subject to borrowing bases set by banks semi-annually and in certain other circumstances. The borrowing bases are dependent on a number of factors, primarily the lenders' assessment of future cash flows. Redeterminations require approval of 75% of the lenders, increases require unanimous approval.

At March 1, 2002, there was availability under each of the Company's facilities. At the parent, a \$120.0 million borrowing base was in effect of which \$16.5 million was available. At IPF, a \$35.0 million borrowing base was in effect of which 11.7 million was available. At Great Lakes, half of which is consolidated at Range, a \$200.0 million borrowing base was in effect, of which 54.0 million was available.

## Hedging

### Oil and Gas Prices

The Company regularly enters into hedging agreements to reduce the impact of fluctuations in oil and gas prices on its operations. The Company's current policy, when futures prices justify, is to hedge between 50% and 75% of projected production from existing proved reserves on a rolling twelve to eighteen month basis. At December 31, 2001, hedges were in place covering 47.3 Bcf of gas at prices averaging \$4.02 per mcf and 700,000 barrels of oil averaging \$25.97 per barrel. Their fair value, excluding hedge contracts with Enron North America Corp. ("Enron") represented by the estimated amount that would be realized on termination, based on contract versus NYMEX prices, approximate a net unrealized pre-tax gain of \$52.1 million (\$41.9 million gain net of \$10.2 million of deferred taxes) at December 31, 2001, respectively. The contracts expire monthly through December 2005 and cover approximately 55% of anticipated 2002 production from proved reserves and 30% of 2003 production from proved reserves and lesser amounts of 2004 and 2005 production. Gains or losses on open and closed hedging transactions are determined as the difference between the contract price and a reference price, generally closing prices on the NYMEX. Transaction gains and losses are determined monthly and are included as increases or decreases on oil and gas revenues in the period the hedged production is sold. Any ineffective portion of such hedges is recognized in earnings as it occurs. Net pre-tax losses relating to these derivatives in 1999, 2000 and 2001 were \$10.6 million, \$43.2 million and \$6.2 million, respectively. Over the last three years, the Company has recorded cumulative net pre-tax hedging losses of \$60.0 million in income, which, when combined with the \$52.1 million unrealized pre-tax gain at year-end 2001, result in a cumulative net loss of \$7.9 million. Effective January 1, 2001, the unrealized gains (losses) on these hedging positions are recorded at an estimate of fair value which the company bases on a comparison of the contract price and a reference price, generally NYMEX, on the Company's balance as OCI, a component of Stockholders' Equity.

The Company had hedge agreements with Enron for 22,700 Mmbtu's per day, at \$3.20 per Mmbtu for the first three months of 2002. Amounts due from Enron are not included in the open hedges described in the previous paragraph. Based on its accountants guidance, the Company has recorded an allowance for bad debts at year-end 2001 of \$1.4 million, offset by a \$318,000 ineffective gain included in 2001 income and \$1.0 million gain included in OCI at year-end 2001 related to these amounts due from Enron. The gain included in OCI at year-end 2001 will be included in income in the first quarter of 2002. The last of the Enron contracts will expire as of March 2002. While an allowance for bad debts for the entire

estimated fair value of these hedge contracts with Enron has been recorded, the Company is aware of some market offers for purchasing these contracts at percentages much less than par.

## Interest Rates

At December 31, 2001, Range had \$392.2 million of debt (including Trust Preferred) outstanding. Of this amount, \$198.4 million bears interest at fixed rates averaging 7.0%. Senior debt and non-recourse debt totaling \$193.8 million bears interest at floating rates, which averaged 4.0% at year-end 2001, excluding interest rate swaps. At December 31, 2001, Great Lakes had \$100.0 million of interest rate swap agreements, of which 50% is consolidated at Range. Two agreements totaling \$45.0 million at rates of 7.1% each expire in May 2004. Two agreements of \$10.0 million each at 6.2% in December 2002 and five agreements totaling \$35.0 million at rates of 4.8%, 4.7%, 4.6%, 4.5%, and 4.5% expire in June 2003. The agreements expiring in May 2004 may be terminated at the counter party's option in May 2002. The 30-day LIBOR rate on December 31, 2001 was 1.9%. A 1% increase in short-term interest rates on the floating-rate debt outstanding at December 31, 2001 would cost the Company approximately \$1.4 million in additional annual interest, net of swaps.

## Capital Restructuring Program

As described in Note 1 to the Consolidated Financial Statements, the Company took a number of steps beginning in 1998 to strengthen its financial position. These steps included the sale of assets and the exchange of common stock for fixed income securities. These initiatives have helped reduce Parent company bank debt to \$95.0 million and total debt (including Trust Preferred) to \$392.2 million at December 31, 2001. While the Company believes its financial position has stabilized, management believes debt remains too high. To return to its historical posture of consistent profitability and growth, the Company believes it should further reduce debt. The Company currently believes it has sufficient liquidity and cash flow to meet its obligations for the next twelve months; however, a drop in oil and gas prices or a reduction in production or reserves would reduce the Company's ability to fund capital expenditures and meet its financial obligations.

## INFLATION AND CHANGES IN PRICES

The Company's revenues, the value of its assets, its ability to obtain bank loans or additional capital on attractive terms have been and will continue to be affected by changes in oil and gas prices. Oil and gas prices are subject to significant fluctuations that are beyond the Company's ability to control or predict. During 2001, the Company received an average of \$25.55 per barrel of oil and \$3.66 per Mcf of gas after hedging. Although certain of the Company's costs and expenses are affected by the general inflation, inflation does not normally have a significant effect on the Company. However, industry specific inflationary pressures built up over an 18 month period in 2000 and 2001 due to favorable conditions in the industry. While product prices have recently declined, the cost of services in the oil and gas industry have not declined by the same percentage. Any increases in product prices could cause inflationary pressures specific to the industry to also increase.

RESULTS OF OPERATIONS

The following table identifies certain items included in the Company's results of operations and is presented to assist in comparison of the last three years. The table should be read in conjunction with the following discussions of results of operations.

Year Ended  
December 31, -----  
-----  
-----  
1999 2000 2001 ---  
-----

----- (in thousands)

Increase/(Decrease) in Revenues:

Writedown of marketable securities \$ -- \$ -- \$ (1,715) Enron bad debt expense - - - (1,352) (Loss) gain from asset sales (530) (1,116) 689 Effect of SFAS 133 -- -- 2,351 Hedging gains (losses) (10,631) (43,187) (6,194) Adjustment of IPF valuation allowance -- 1,299 (122) Gain on sale - Great Lakes 38,310 -- -- -----

----- \$ 27,149

\$ (43,004) \$

(6,343) =====

=====

=====

Increase/(Decrease) in Expenses:

Provision for impairment \$ 27,118 \$ -- \$ 38,945 -----

--- \$ 27,118 \$ --

\$ 38,945

=====

=====

=====

Extraordinary Items: Gain on retirement of securities \$ 2,430

\$ 17,763 \$ 3,951

=====

=====

=====

Comparison of 2001 to 2000

Net income for the twelve months totaled \$9.0 million compared to \$38.0 million for the comparable period in 2000. The twelve-month period of 2000 included a \$17.8 million gain on retirement of securities versus \$4.0 million in 2001. The fourth quarter of 2001 included an impairment charge of \$38.9 million. Production increased to 152.7 Mmcfe per day, a 1% increase from the prior year period. Revenues benefited from a 21% increase in average prices per mcfe to \$3.76. The average prices received for oil increased 10% to \$25.55 per barrel and for gas increased 26% to \$3.66 per mcfe. Production expenses increased \$6.0 million to \$44.5 million as a result of higher production and property taxes, increased workover costs and slightly higher labor and services and supplies. Therefore, operating cost per mcfe produced averaged \$0.80 in 2001 versus \$0.70



in 2000.

Transportation and processing revenues decreased 35% to \$3.4 million due to the impact of the sale of a gas processing plant in June 2000 and lower NGL prices. IPF's \$6.5 million of revenues is a decline of 35% from the same period of 2000. In 2000, a favorable adjustment of \$1.3 million was recorded to IPF reserves. IPF records income from payments on accounts with no reserve accrued against them. For accounts with reserves accrued, IPF reduces the carrying value of the account for payments received and does not record any income from those collections. Due to declining prices in 2001, less income was recorded from payments received. In 2001, a favorable adjustment to IPF reserves of \$1.8 million, due to favorable prices at the time, was more than offset by a year-end increase in reserve for doubtful accounts of \$2.0 million. During 2001, IPF expenses included \$1.8 million of administrative costs and \$1.8 million of interest. During 2000, IPF expenses included \$1.5 million of administrative costs and \$3.4 million on interest costs.

Exploration expense increased 84% to \$5.9 million primarily due to additional seismic activity and increased personnel expenses. General and administrative expenses increased 32% due to additional personnel costs (\$1.4 million), higher legal and occupancy costs (\$1.2 million) and additional costs (\$600,000) incurred by having duplicate functions at Great Lakes and Range. The average number of general and administrative personnel increased 15% from 2000 to 2001. The Company does not expect further increases of this magnitude.

Interest and other income increased from a loss of \$702,000 in 2000 to a gain of \$490,000 in 2001. The 2001 period included \$2.3 million of ineffective hedging gains and a \$689,000 gain on asset sales, partially offset by a \$1.7 million writedown of marketable securities and a \$1.4 million bad debt expense related to the Enron hedges. The 2000 period included \$1.1 million loss on asset sales. Interest expense decreased 23% to \$30.7 million primarily as a result of lower average outstanding balances and falling interest rates. Average outstandings on the Parent Facility were \$124.7 million and \$90.5 million for 2000 and 2001, respectively and the average interest rates were 8.8% and 6.4%, respectively.

Depletion, depreciation and amortization ("DD&A") increased 8% to \$77.8 million as a result of the mix of production between depletion pools. The per mcfe DD&A rate in 2001 was \$1.40, a \$0.10 increase from the \$1.30 rate in 2000. The DD&A rate is determined based on ending reserves (valued at prices management believes appropriate) and the net book value associated with them and to a lesser extent, depreciation on other assets owned at year-end. The DD&A rate in the fourth quarter of 2001 was \$1.47 per mcfe as the Company's changed its policy and shortened the depreciable lives of other assets owned. The Company currently estimates that the consolidated DD&A rate for 2002 will approximate \$1.29 per mcfe, a decrease of \$0.11 from 2001.

The Company recorded a provision for impairment on acreage and proved properties for the year ended 2001. In evaluating possible impairment, the Company generally evaluates acreage on a separate basis from proved properties. Due to its unique nature, West Delta 30 was evaluated by considering its proved reserves and prospective value in combination.

Acreage. Acreage is assessed periodically to determine whether there has been a decline in value. If a decline is indicated, an impairment is recognized. The Company compares the carrying value of its properties to the assessment of value that could be recovered from sale, farm-out or exploitation. The Company considers other additional information it believes is relevant in evaluating the properties' fair value, such as geological assessment of the area, other acreage purchases in the area, timing of the associated drilling program or the properties' uniqueness. The following acreage was impaired for the reasons indicated (in thousands):

Reason for Impairment Acreage Pool	Impairment Amount - - ----- ----- ----- ----- ----- ----- ----- -----
Matagorda Island 519 Probability of drilling reduced based on current assessment of risk and cost \$1,704 East/West Cameron Condemned portion of leasehold through drilling or geologic assessment	708 Offshore

Other  
Probability  
of  
drilling  
reduced  
based on  
current  
assessment  
of risk  
and cost  
1,216 East  
Texas  
Condemned  
portion of  
leasehold  
through  
drilling  
825 West  
Delta 30  
Probability  
of  
drilling  
reduced  
based on  
current  
assessment  
of risk  
and cost  
688 -----  
---- Total  
\$5,141  
=====

Proved Properties. The impairment evaluation on all proved properties utilized proved reserves and for West Delta 30 only, also included possible and probable reserves. Probable reserves are reserves not reasonably certain or proved, yet "more likely to be recovered than not." Possible reserves are reasonably possible but "less likely to be recovered than not." Estimated future cash flows include revenues from anticipated oil and natural gas production, severance taxes, direct operating expenses and capital costs. In assessing the risk associated with proved properties, the Company considers historical operations and the risk associated with recoverability of proved reserves. The risk assessment for West Delta 30 also included the recoverability of probable and possible reserves. Properties in the Gulf Coast region have relatively short reserve lives as production usually declines rapidly. In evaluating the future cash flows on these properties for impairment, the Company used unescalated NYMEX based prices for oil of \$20.38 per bbl and \$2.63 per Mmbtu for gas. Such prices are consistent with those used in Note 20 to the financial statements, "Unaudited Supplemental Reserve Information." The following properties were impaired based upon an analysis of future cash flows (in thousands):

Reason for Impairment	Property Pool	Impairment Amount - ---
Decline in gas price/cost overruns and delays \$	Matagorda Island 519	6,418
Decline in gas price	Mobile Bay 864	1,088
Decline in gas price/Company increased its assessment of risk associated with non-producing reserves	East/West Cameron	9,657
Decline in gas price/Company increased its assessment of risk associated with non-producing reserves	Offshore Other	6,796
Decline in gas price	Gulf Coast Onshore	6,796
Decline in gas price	West Delta 30	5,903

Decline in  
oil  
price/delay  
in  
developing  
gas reserves  
3,942 -----  
-- Total \$  
33,804  
=====

West Delta 30 currently produces primarily oil and has been adversely affected by the decline in oil prices. Proved undeveloped and probable and possible reserves are primarily gas and will not be developed until the operator (a major oil company) completes interpretation of its proprietary seismic. The Company anticipates significant delays in any drilling schedule. The Company's onshore long life properties were evaluated using a 10-year price strip which averaged \$25.29 per bbl of oil and \$3.45 per Mmbtu of gas. No impairment was required for these properties.

#### Comparison of 2000 to 1999

Net income in 2000 totaled \$38.0 million, compared to a net loss of \$7.8 million in 1999. Net income excluding the impact of hedging losses and unusual items would have been \$62.1 million in 2000 versus a net loss of \$10.3 million in 1999. Production fell to 151,442 mcfe per day, a 17% decrease from 1999. A 4% decrease would have been reported if the effect of the Great Lakes transaction were eliminated. Revenues benefited from a 43% increase in average prices per mcfe to \$3.12, partially offset by the production decrease. The average prices received for oil increased 58% to \$23.30 per barrel and for gas increased 36% to \$2.90 per Mcf. Production expenses fell 11% to \$38.5 million largely as a result of the Great Lakes transaction and asset sales. Operating costs per mcfe produced averaged \$0.65 in 1999 versus \$0.70 in 2000 due to higher production taxes and workovers.

Transportation, processing and marketing revenues decreased 32% to \$5.3 million as benefits of higher NGL prices were more than offset by the impact of the Sterling gas plant sale in April 2000. IPF's \$10.0 million of revenues consisted of the return portion of its royalties and a \$1.3 million net reversal of valuation allowances previously provided. IPF's income rose 27% over that reported in 1999. During 2000, IPF expenses included \$1.5 million of administrative costs and \$3.4 million of interest.

Exploration expense increased 32% to \$3.2 million, primarily due to higher dry hole costs.

General and administrative expenses increased 29% to \$10.3 million. The increase was primarily due to lower recoupments from third parties for operations which fell due to the Great Lakes transaction and the expense of establishing duplicate financial and administrative departments in Fort Worth.

Interest and other income decreased \$1.1 million primarily due to \$1.1 million of losses on sales of assets. Interest expense (excluding IPF) decreased 15% to \$40.0 million primarily as a result of the lower outstandings, partially offset by higher interest rates. The average outstanding balance on the bank credit facility fell to \$125 million from \$308 million in the prior year and the weighted average interest rate rose from 7.1% to 8.8%.

Depletion, depreciation and amortization ("DD&A") decreased 6% as a result of the mix of production by depletion pool and lower production. The Company-wide DD&A rate rose to \$1.30 per mcfe in 2000 compared to \$1.04 in 1999 due to lower reserves at year-end 2000 and the net book value of costs associated with them. Acreage is assessed periodically to determine whether there has been an impairment. If an impairment is indicated, a loss is recognized. The Company compares the carrying value of its acreage to estimated fair value based on a variety of factors including an assessment of value that could be recovered from sale, farm-out, or exploitation, a geological and engineering assessment of the area, other acreage transactions in the vicinity, timing of the associated drilling program and the property's uniqueness. In the fourth quarter of 2000, the Company raised its DD&A rate to \$1.38 per mcfe to reflect a decline in proved reserves and the increased book value of properties subject to amortization. Reserves were revised downward in 2000 due to the removal of drilling and recompletion locations that, based on perceived risk, will probably not be drilled. See Note 20 to the financial statements. The DD&A rate for 2001 was \$1.40 per mcfe. The Company's high DD&A rate will make it more difficult to remain profitable if commodity prices fall sharply.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about Range's potential exposure to market risks. The term "market risk" refers to the risk of loss arising from adverse changes in oil and gas prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how Range views and manages its ongoing market risk exposures. All of Range's market risk sensitive instruments were entered into for purposes other than trading.

**Commodity Price Risk.** Range's major market risk is exposure to oil and gas pricing. Realized pricing is primarily driven by worldwide prices for oil and spot market prices for North American gas production. Oil and gas prices have been volatile and unpredictable for many years.

The Company periodically enters hedging arrangements with respect to oil and gas production of proved reserves. Pursuant to these swaps, Range receives a fixed price for its production and pays market prices to the contract counterparty. This hedging is intended to reduce the impact of oil and gas price fluctuations. Realized gains and losses are generally recognized in oil and gas revenues when the associated production occurs. Starting in 2001, gains or losses on open contracts are recorded either in current period income or Other comprehensive income ("OCI"). The gains and losses realized as a result of hedging are substantially offset in the cash market when the commodity is delivered. Range does not hold or issue derivative instruments for trading purposes.

As of December 31, 2001, Range had oil and gas hedges in place covering 47.3 Bcf of gas and 700,000 barrels of oil. Their fair value, excluding hedge contracts with Enron, represented by the estimated amount that would be realized upon termination, based on contract versus NYMEX prices, approximated a net unrealized pre-tax gain of \$52.1 million (\$41.9 million net of \$10.2 million of deferred taxes) at December 31, 2001. These contracts expire monthly through December 2005 and cover approximately 55% of anticipated 2002 production from proved reserves and 30% of 2003 production from proved reserves and lesser amounts of 2004 and 2005 production. Gains or losses on open and closed hedging transactions are determined as the difference between the contract price and a reference price, generally closing prices on the NYMEX. Transaction gains and losses are determined monthly and are included as increases or decreases to oil and gas revenues in the period the hedged production is sold. Any ineffective portion of such hedges is recognized in earnings as it occurs. Net pre-tax losses relating to these derivatives in 1999, 2000 and 2001 were \$10.6 million, \$43.2 million and \$6.2 million, respectively. Effective January 1, 2001, the unrealized gains (losses) on these hedging positions were recorded at an estimate of the fair value based on a comparison of the contract price and a reference price, generally NYMEX, on the Company's balance sheet as OCI, a component of Stockholders' Equity.

The Company had hedge agreements with Enron for 22,700 Mmbtu's per day, at \$3.20 per Mmbtu for the first three months of 2002. Amounts due from Enron are not included in the open hedges described in the previous paragraph. Based on its accountants guidance, the Company has recorded an allowance for bad debts at year-end 2001 of \$1.4 million, offset by a \$318,000 ineffective gain included in 2001 income and \$1.0 million gain included in OCI at year-end 2001 related to these amounts due from Enron. The gain included in OCI at year-end 2001 will be included in income in the first quarter of 2002. The last of the Enron contracts will expire as of March 2002. While an allowance for bad debts for the entire estimated fair value of these hedge contracts with Enron has been recorded, the Company is aware of some market offers for purchasing these contracts at percentages much less than par.

In 2001, a 10% reduction in oil and gas prices, excluding amounts fixed through hedging transactions, would have reduced revenue by \$4.4 million. If oil and gas future prices at December 31, 2001 had declined by 10%, the unrealized hedging gain at that date would have increased by \$15.2 million.

At December 31, 2001, Range had \$392.2 million of debt (including Trust Preferred) outstanding. Of this amount, \$198.4 million bears interest at fixed rates averaging 7.0%. Senior debt and non-recourse debt totaling \$193.8 million bears interest at floating rates, excluding interest rate swaps, which averaged 4.0% at that date. At December 31, 2001, Great Lakes had interest rate swap agreements totaling \$100.0 million, 50% of which is consolidated with Range. Two agreements totaling \$45.0 million at rates of 7.1% each expire in May 2004. Two agreements of \$10.0 million each at 6.2% expire in December 2002 and five agreements totaling \$35.0 million at rates of 4.8%, 4.7%, 4.6%, 4.5% and 4.5%

expire in June 2003. The agreements expiring in May 2004 may be terminated at the counterparty's option in May 2002. On December 31, 2001, the 30-day LIBOR rate was 1.9%. A 1% increase in short-term interest rates on the floating-rate debt outstanding (net of



amounts fixed through hedging transactions) at December 31, 2001 would cost the Company approximately \$1.4 million in additional annual interest.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Index to Financial Statements on page 40 for a list of financial statements and notes thereto and supplementary schedules. Schedules I, III, IV, V, VI, VII, VIII, IX, X, XI, XII and XIII have been omitted as not required or not applicable, or because the information required to be presented is included in the financial statements and related notes.

#### MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements have been prepared by management in conformity with generally accepted accounting principles. Management is responsible for the fairness and reliability of the financial statements and other financial data included in this report. In the preparation of the financial statements, it is necessary to make informed estimates and judgments based on currently available information on the effects of certain events and transactions.

The Company maintains accounting and other controls which management believes provide reasonable assurance that financial records are reliable, assets are safeguarded and transactions are properly recorded. However, limitations exist in any system of internal control based upon the recognition that the cost of the system should not exceed benefits derived.

The Company's independent auditors, Arthur Andersen LLP, are engaged to audit the financial statements and to express an opinion thereon. Their audit is conducted in accordance with generally accepted auditing standards to enable them to report whether the financial statements present fairly, in all material respects, the financial position and results of operations in accordance with generally accepted accounting principles.

#### ITEM 9. CHANGE IN ACCOUNTANTS AND DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The officers and directors are listed below with a description of their experience and certain other information. Each director was elected for a one-year term at the Company's 2001 annual stockholders' meeting of stockholders. Officers are appointed by the Board of Directors.

OFFICE HELD AGE SINCE POSITION - ----- -----
Thomas J. Edelman 51 1988 Chairman and Chairman of the Board John H. Pinkerton 47 1990 President and Director Robert E. Aikman 70 1990 Director Anthony V. Dub 52 1995 Director V. Richard Eales 65 2001 Director Allen Finkelson 55 1994 Director Alexander P. Lynch 49 2000 Director James E. McCormick 74 2000 Director Terry W. Carter 49 2001 Executive Vice President - Exploration and Production Eddie M. LeBlanc III 53 2000 Senior Vice President and Chief Financial Officer Herbert A. Newhouse 57 1998

Senior  
Vice  
President  
- Gulf  
Coast Chad  
L.  
Stephens  
46 1990  
Senior  
Vice  
President  
-  
Southwest  
Rodney L.  
Waller 52  
1999  
Senior  
Vice  
President  
and  
Corporate  
Secretary

Thomas J. Edelman, Chairman and Chairman of the Board of Directors, joined the Company in 1988. From 1981 to 1997, Mr. Edelman served as a director and President of Snyder Oil Corporation ("SOCO"), a publicly traded independent oil and gas company. In 1996, Mr. Edelman became Chairman and Chief Executive Officer of Patina Oil & Gas Corporation. Prior to 1981, Mr. Edelman was a Vice President of The First Boston Corporation. From 1975 through 1980, Mr. Edelman was with Lehman Brothers Kuhn Loeb Incorporated. Mr. Edelman received his Bachelor of Arts Degree from Princeton University and his Masters Degree in Finance from Harvard University's Graduate School of Business Administration. Mr. Edelman serves as a director of Star Gas Partners, L.P., a publicly-traded master limited partnership, which distributes fuel oil and propane.

John H. Pinkerton, President and a Director, became a director in 1988. He joined the Company and was appointed President in 1990. Previously, Mr. Pinkerton was Senior Vice President-Acquisitions of SOCO. Prior to joining SOCO in 1980, Mr. Pinkerton was with Arthur Andersen & Co. Mr. Pinkerton received his Bachelor of Arts Degree in Business Administration from Texas Christian University and his Master of Arts Degree in Business Administration from the University of Texas. Mr. Pinkerton is a director of Venus Exploration, Inc., a publicly traded exploration and production company in which Range owned approximately a 18% interest at December 31, 2001.

Robert E. Aikman, became a Director in 1990. Mr. Aikman has more than 40 years experience in petroleum and natural gas exploration and production throughout the United States and Canada. From 1984 to 1994 he was Chairman of the Board of Energy Resources Corporation. From 1979 through 1984, he was the President and principal shareholder of Aikman Petroleum, Inc. From 1971 to 1977, he was President of Dorchester Exploration Inc. and from 1971 to 1980, he was a Director and a member of the Executive Committee of Dorchester Gas Corporation. Mr. Aikman is also Chairman of Provident Communications, Inc., Vice-Chairman of Whamtech, Inc., and President of The Hawthorne Company, an entity which organizes joint ventures and provides advisory services for the acquisition of oil and gas properties, including the financial restructuring, reorganization and sale of companies. In addition, Mr. Aikman is a director of the Panhandle Producers and Royalty Owners Association and a member of the Independent Petroleum Association of America and American Association of Petroleum Landmen. Mr. Aikman graduated from the University of Oklahoma in 1952.

Anthony V. Dub became a Director in 1995. Mr. Dub is Chairman of Indigo Capital, LLC, a financial advisory firm based in New York City. Prior to forming Indigo Capital in 1997, he served as an officer of Credit Suisse First Boston, an

investment banking firm. Mr. Dub joined Credit Suisse First Boston in 1971 and was named a Managing Director in 1981. Mr. Dub received his Bachelor of Arts Degree from Princeton University in 1971.

Allen Finkelson became a Director in 1994. Mr. Finkelson has been a partner at Cravath, Swaine & Moore since 1977, with the exception of the period 1983 through 1985, when he was a managing director of Lehman Brothers Kuhn Loeb Incorporated. Mr. Finkelson joined Cravath, Swaine & Moore in 1971. Mr. Finkelson a Bachelor of Arts Degree from St. Lawrence University and a Doctor of Laws Degree from Columbia University School of Law.

V. Richard Eales became a Director in 2001. Mr. Eales has over 35 years of experience in the energy, high technology and financial industries. He is currently a financial consultant serving energy and information technology businesses. Mr. Eales was employed by Union Pacific Resources Group Inc. from 1991 to 1999 serving as Executive Vice President from 1995 through 1999. Prior to 1991, Mr. Eales served in various financial capacities with Butcher & Singer and Janney Montgomery Scott, investment banking firms, as CFO of Novell, Inc., a technology company, and in the treasury department of Mobil Oil Corporation. Mr. Eales received his Bachelor of Chemical Engineering from Cornell University and his Masters in Business Administration from Stanford University.

Alexander P. Lynch became a Director in 2000. Mr. Lynch currently serves as Managing Director of J.P. Morgan, a subsidiary of J.P. MorganChase & Co., and Director of Patina Oil and Gas Corporation. Until its merger into J.P. MorganChase, Mr. Lynch was a General Partner of The Beacon Group. Previously, he was Co-President and Chief Executive Officer of The Bridgeford Group, a financial advisory firm that was acquired by Beacon in 1997. Prior to 1991, Mr. Lynch served as a Managing Director with Lehman Brothers, a division of Shearson Lehman Brothers, Inc. Mr. Lynch received a Bachelor of Arts degree from the University of Pennsylvania and a Master's Degree from the Wharton School of Business at the University of Pennsylvania.

James E. McCormick became a Director in 2000. Mr. McCormick has more than 40 years experience in the oil and gas industry. He currently serves as Director of Lone Star Technologies, TESCO Corporation and Dallas National Bank. He served as a Director for Santa Fe Snyder Corporation until its merger with Devon Energy in August 2000. Mr. McCormick served as President and Chief Operating Officer for Oryx Energy Company from its inception in 1988 until his retirement in 1992. Prior to his position at Oryx, he served as President and Chief Executive Officer of Sun Exploration and Production Company. Mr. McCormick received a Bachelor of Science degree in Geology from Boston University.

Terry W. Carter, Executive Vice President-Exploration and Production, joined the Company in January 2001. Previously, Mr. Carter provided consulting services to independent oil and gas companies. From 1976 to 1999, Mr. Carter was employed by Oryx Energy Company, holding a variety of positions including Planning Manager, Development Manager and Manager of Drilling. Mr. Carter received a Bachelor of Science degree in Petroleum Engineering from Tulsa University.

Eddie M. LeBlanc III, Senior Vice President and Chief Financial Officer, joined the Company in 2000. Previously Mr. LeBlanc was a founder of Interstate Natural Gas Company, which merged into Coho Energy in 1994. At Coho Energy Mr. LeBlanc served as Senior Vice President and Chief Financial Officer. Mr. LeBlanc's twenty-six years of experience include assignments in the oil and gas subsidiaries of Celeron Corporation and Goodyear Tire and Rubber. Prior to his industry experience, Mr. LeBlanc was with a national accounting firm, he is a certified public accountant, a chartered financial analyst, and received a Bachelor of Science degree from University of Southwestern Louisiana.

Herbert A. Newhouse, Senior Vice President - Gulf Coast, joined the Company in 1998. Prior to joining Range, Mr. Newhouse served as Executive Vice President of Domain Energy Corporation. He was a former Vice President of Tenneco Ventures Corporation. Mr. Newhouse was an employee of Tenneco for over 17 years and has over 30 years of operational and managerial experience in oil and gas exploration and production. Mr. Newhouse received a Bachelor of Science degree in Chemical Engineering from Ohio State University.

Chad L. Stephens, Senior Vice President - Southwest, joined the Company in 1990. Previously, Mr. Stephens was with Duer Wagner & Co., an independent oil and gas producer, since 1988. Prior thereto, Mr. Stephens was an independent oil operator in Midland, Texas for four years. From 1979 to 1984, Mr. Stephens was with Cities Service Company and HNG Oil Company. Mr. Stephens received a Bachelor of Arts Degree in Finance and Land Management from the University of Texas.



Rodney L. Waller, Senior Vice President and Corporate Secretary, joined the Company in 1999. Previously, Mr. Waller had been with Snyder Oil Corporation, now part of Devon Energy Corporation, since 1977, where he served as a senior vice president. Before joining Snyder, Mr. Waller was employed by Arthur Andersen. Mr. Waller received a Bachelor of Arts degree from Harding University.

The Board has established five committees to assist it in the discharge of its responsibilities.

**Audit Committee.** The Audit Committee reviews the professional services provided by independent public accountants and the independence of such accountants from management. This Committee also reviews the scope of the audit coverage, the annual financial statements and such other matters with respect to the accounting, auditing and financial reporting practices and procedures as it may find appropriate or as have been brought to its attention. Messrs. Aikman, Dub, Eales and Lynch are the members of the Audit Committee.

**Compensation Committee.** The Compensation Committee reviews and approves officers' salaries and administers the bonus, incentive compensation and stock option plans. The Committee advises and consults with management regarding benefits and significant compensation policies and practices. This Committee also considers nominations of candidates for officer positions. The members of the Compensation Committee are Messrs. Aikman, Finkelson, Lynch and McCormick.

**Dividend Committee.** The Dividend Committee is authorized and directed to approve the payment of dividends. The members of the Dividend Committee are Messrs. Edelman and Pinkerton.

**Executive Committee.** The Executive Committee reviews and authorizes actions required in the management of the business and affairs of Range, which would otherwise be determined by the Board, where it is not practicable to convene the full Board. One of the principal responsibilities of the Executive Committee will be to review and approve smaller acquisitions. The members of the Executive Committee are Messrs. Edelman, Finkelson and Pinkerton.

**Nominating Committee.** The Nominating Committee develops and reviews background information for candidates for the Board of Directors and makes recommendations to the Board regarding such candidates. The members of the Nominating Committee are Messrs. Aikman, Finkelson, Lynch and McCormick.

#### ITEM 11. COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Information with respect to officers' compensation is incorporated herein by reference to the Company's 2002 Proxy Statement.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to the Company's 2002 Proxy Statement.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

#### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) 1. and 2. Financial Statements and Financial Statement Schedules

The items listed in the accompanying index to financial statements are filed as part of this Annual Report on Form 10-K.

3. Exhibits.

The items listed on the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

(b) Reports on Form 8-K.

None.

(c) Exhibits required by Item 601 of Regulation S-K

Exhibits required to be filed pursuant to Item 601 of Regulation S-K are contained in Exhibits listed in response to Item 14 (a)3, and are incorporated herein by reference.

(d) Financial Statement Schedules Required by Regulation S-X. The items listed in the accompanying index to financial statements are filed as part of this Annual Report on Form 10-K.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE COMPANY HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

Dated: March 5, 2002

RANGE RESOURCES CORPORATION

By: /s/ John H. Pinkerton

-----  
John H. Pinkerton  
President

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE PERSONS ON BEHALF OF THE COMPANY AND IN THE CAPACITIES AND ON THE DATES INDICATED.

/s/ Thomas J. Edelman                      Thomas J. Edelman,                      March 5, 2002  
-----  
Chairman and Chairman of the Board

/s/ John H. Pinkerton                      John H. Pinkerton,                      March 5, 2002  
-----  
President and Director

/s/ Eddie M. LeBlanc III                      Eddie M. LeBlanc III,                      March 5, 2002  
-----  
Chief Financial and Accounting Officer

/s/ Robert E. Aikman                      Robert E. Aikman,                      March 5, 2002  
-----  
Director

/s/ Anthony V. Dub                      Anthony V. Dub,                      March 5, 2002  
-----  
Director

/s/ V. Richard Eales                      V. Richard Eales,                      March 5, 2002  
-----  
Director

/s/ Allen Finkelson                      Allen Finkelson,                      March 5, 2002  
-----  
Director

/s/ Alexander P. Lynch                      Alexander P. Lynch,                      March 5, 2002  
-----  
Director

/s/ James E. McCormick                      James E. McCormick,                      March 5, 2002  
-----  
Director



## GLOSSARY

The terms defined in this glossary are used throughout this Form 10-K.

bbbl. One stock tank barrel, or 42 U.S. gallons liquid volume, used herein in reference to crude oil or other liquid hydrocarbons.

Bcf. One billion cubic feet.

Bcfe. One billion cubic feet of natural gas equivalents, based on a ratio of 6 Mcf for each barrel of oil, which reflects the relative energy content.

Credit Facility. The Range Resources Corporation \$225 million revolving bank facility.

Development well. A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Dry hole. A well found to be incapable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or gas well.

Exploratory well. A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

Gross acres or gross wells. The total acres or wells, as the case may be, in which a working interest is owned.

Infill well. A well drilled between known producing wells to better exploit the reservoir.

LIBOR. London Interbank Offer Rate, the rate of interest at which banks offer to lend to one another in the wholesale money markets in the City of London. This rate is a yardstick for lenders involved in high value transactions.

Mbbl. One thousand barrels of crude oil or other liquid hydrocarbons.

mcf. One thousand cubic feet.

mcf/d. One thousand cubic feet per day.

mcfe. One thousand cubic feet of natural gas equivalents, based on a ratio of 6 mcf for each barrel of oil, which reflects the relative energy content.

Merger. The acquisition via merger of Domain Energy Corporation by Lomak Petroleum, Inc. in August 1998. Simultaneously, Lomak's name was changed to Range Resources Corporation.

Mmbbl. One million barrels of crude oil or other liquid hydrocarbons.

Mmbtu. One million British thermal units. One British thermal unit is the heat required to raise the temperature of a one-pound mass of water from 58.5 to 59.5 degrees Fahrenheit.

Mmcf. One million cubic feet.

Mmcfe. One million cubic feet of natural gas equivalents.

Net acres or net wells. The sum of the fractional working interests owned in gross acres or gross wells.

Net oil and gas sales. Oil and natural gas sales less oil and natural gas production expenses.

Oil and gas royalty trust. An arrangement whereby typically, the creating company conveys a net profits interest in certain of its oil and gas properties to the newly created trust and then distributes ownership units in the trust to its unitholders. The function of the trust is to serve as agent to distribute income from the net profits interest to its unitholders.

Present Value. The present value, discounted at 10%, of future net cash flows from estimated proved reserves, using constant prices and costs in effect on the date of the report (unless such prices or costs are subject to change pursuant to contractual provisions).

Productive well. A well that is producing oil or gas or that is capable of production.

Proved developed non-producing reserves. Reserves that consist of (i) proved reserves from wells which have been completed and tested but are not producing due to lack of market or minor completion problems which are expected to be corrected and (ii) proved reserves currently behind the pipe in existing wells and which are expected to be productive due to both the well log characteristics and analogous production in the immediate vicinity of the wells.

Proved developed producing reserves. Proved reserves that can be expected to be recovered from currently producing zones under the continuation of present operating methods.

Proved developed reserves. Proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proved reserves. The estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved undeveloped reserves. Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Recompletion. The completion for production of an existing wellbore in another formation from that in which the well has previously been completed.

Reserve life index. The presentation of proved reserves defined in number of years of annual production.

Royalty interest. An interest in an oil and gas property entitling the owner to a share of oil and natural gas production free of costs of production.

Standardized Measure. The present value, discounted at 10%, of future net cash flows from estimated proved reserves after income taxes calculated holding prices and costs constant at amounts in effect on the date of the report (unless such prices or costs are subject to change pursuant to contractual provisions) and otherwise in accordance with the Commission's rules for inclusion of oil and gas reserve information in financial statements filed with the Commission.

Term overriding royalty. A royalty interest that is carved out of the operating or working interest in a well. Its term does not extend to the economic life of the property and is of shorter duration than the underlying working interest. The term overriding royalties in which the Company participates through its Independent Producer Finance subsidiary typically extend until amounts financed and a designated rate of return have been achieved. At such point in time, the override interest reverts back to the working interest owner.

Working interest. The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and a share of production, subject to all royalties, overriding royalties and other burdens and to all costs of exploration, development and operations and all risks in connection therewith.

RANGE RESOURCES CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

(ITEM 14[A],[D])

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-----

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Public  
Accountants  
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2000 and  
2001 44

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of income  
for the  
years ended  
December 31,  
1999, 2000  
and 2001 45

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of cash  
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the years  
ended  
December 31,  
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ended  
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and 2001 47

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Exhibits

All other schedules have been omitted since the required information is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or footnotes.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS  
RANGE RESOURCES CORPORATION

We have audited the accompanying consolidated balance sheets of Range Resources Corporation (a Delaware corporation) as of December 31, 2000 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of Range Resources Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Range Resources Corporation as of December 31, 2000 and 2001, and the results of its operations and its cash flows for the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As explained in Note 2 to the financial statements, effective January 1, 2001, the Company changed its method of accounting for derivatives.

ARTHUR ANDERSEN LLP

Dallas, Texas  
March 1, 2002

RANGE RESOURCES CORPORATION  
 CONSOLIDATED BALANCE SHEETS  
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

DECEMBER 31,

-----  
 -----  
 -- 2000 2001  
 -----  
 -----

ASSETS  
 Current  
 assets Cash  
 and  
 equivalents \$  
 2,485 \$ 3,253  
 Accounts  
 receivable  
 33,221 27,495  
 IPF  
 receivables  
 (Note 4)  
 20,800 7,000  
 Unrealized  
 hedging gain  
 (Note 7) --  
 36,768  
 Inventory and  
 other 5,580  
 4,084 -----  
 -----  
 ----- 62,086  
 78,600 -----  
 -----

----- IPF  
 receivables,  
 net (Note 4)  
 28,128 34,402  
 Unrealized  
 hedging gain  
 (Note 7) --  
 12,701 Oil  
 and gas  
 properties,  
 successful  
 efforts  
 method (Note  
 16) 1,014,939  
 1,057,881  
 Accumulated  
 depletion  
 (443,097)  
 (512,786) ---  
 -----  
 -----  
 571,842  
 545,095 -----  
 -----  
 -----

Transportation  
 and field  
 assets (Note  
 2) 33,593  
 31,288  
 Accumulated  
 depreciation  
 (12,339)  
 (13,576) ----  
 -----  
 -----  
 21,254 17,712  
 -----  
 -----

Other (Note  
 2) 5,855  
 3,055 -----

----- \$  
689,165 \$  
691,565  
=====

=====

LIABILITIES  
AND  
STOCKHOLDERS'

EQUITY  
Current  
liabilities  
Accounts  
payable \$  
26,744 \$  
26,944  
Accrued  
liabilities  
11,341 9,947  
Accrued  
interest  
7,774 7,105 -  
-----  
-----  
45,859 43,996  
-----

-----  
Senior debt  
(Note 6)  
89,900 95,000  
Non-recourse  
debt (Note 6)  
113,009  
98,801  
Subordinated  
notes (Note  
6) 162,550  
108,690 Trust  
preferred  
(Note 6)  
92,640 89,740  
Commitments  
and  
contingencies  
(Note 8)  
Deferred  
taxes (Note  
12) -- 9,651  
Stockholders'  
equity (Notes  
9 and 10)  
Preferred  
stock, \$1  
par,  
10,000,000  
shares  
authorized,  
\$2.03  
convertible  
preferred,  
219,935 and  
-0- issued  
and  
outstanding,  
respectively  
(liquidation  
preference  
\$5,498,375  
and \$-0-,  
respectively)  
220 -- Common  
stock, \$.01  
par,  
100,000,000  
shares  
authorized,  
49,187,682  
and  
52,643,275  
issued and  
outstanding,

respectively	
492,526	
Capital in	
excess of par	
value	363,625
376,357	
Retained	
earnings	
(deficit)	
(178,223)	
(169,237)	
Other	
comprehensive	
income (loss)	
(Note 2)	
(907)	38,041
-----	
-----	
185,207	
245,687	-----
-----	
-----	\$
689,165	\$
691,565	
=====	
=====	

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

YEAR ENDED		
DECEMBER 31,		
-----		
-----		
----- 1999		
2000 2001 ---		
-----		
-----		
Revenues Oil and gas sales	\$ 145,492	\$
	173,082	\$
	209,537	
Transportation and processing	7,770	5,306
	3,435	IPF
	7,872	10,033
	6,525	
Interest and other	420	
	(702)	490
Gain on formation of Great Lakes (Note 18)	39,810	-- --
	-----	
	-----	
	201,364	
	187,719	
	219,987	-----
	-----	
	-----	
Expenses		
Direct operating	43,074	38,525
	44,504	IPF
	5,825	4,865
	3,640	
Exploration	2,409	3,187
5,879	General	
and administrative	8,028	10,323
	13,511	
Interest	47,085	39,953
	30,689	
Depletion, depreciation and amortization	76,447	72,242
	77,825	
Provision for impairment (Note 2)	27,118	--
	38,945	-----
	-----	
	-----	
	209,986	
	169,095	



214,993 -----  
 -----  
 -----  
 -----  
 Pretax income  
   (loss)  
   (8,622)  
 18,624 4,994  
 Income taxes  
   (Note 12)  
 Current 1,601  
   (1,574) (51)  
 Deferred -- -  
 -----  
 -----  
   ---- 1,601  
   (1,574) (51)  
 -----  
 -----  
 Income (loss)  
   before  
 extraordinary  
 item (10,223)  
 20,198 5,045  
 Extraordinary  
 item Gain on  
 retirement of  
 securities,  
 net (Note 19)  
 2,430 17,763  
 3,951 -----  
 -----  
   ----- Net  
 income (loss)  
   \$ (7,793) \$  
   37,961 \$  
   8,996  
 =====  
 =====  
 =====  
 Comprehensive  
 income (loss)  
   (Note 2) \$  
   (8,566) \$  
   37,061 \$  
   47,944  
 =====  
 =====  
 =====  
   Earnings  
   (loss) per  
   share basic  
   and diluted  
   (Note 14)  
   Before  
 extraordinary  
 item \$ (0.34)  
 \$ 0.57 \$ 0.11  
 =====  
 =====  
 =====  
   After  
 extraordinary  
 item \$ (0.27)  
 \$ 0.99 \$ 0.19  
 =====  
 =====  
 =====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	YEAR ENDED		
	DECEMBER 31, --		
	1999	2000	2001
----- CASH			
FLOW FROM			
OPERATIONS: Net			
income (loss) \$			
(7,793) \$			
37,961	\$ 8,996		
Adjustments to			
reconcile net			
income (loss)			
to net cash			
provided by			
operations:			
Depletion,			
depreciation			
and			
amortization			
76,447	72,242		
77,825	Write-		
down of			
marketable			
securities -- -			
- 1,715			
Unrealized			
hedging gains			
reclassification			
-- -- (2,351)			
Provision for			
impairment			
27,118 --			
38,945			
Allowance for			
bad debts -- --			
1,352	Allowance		
for IPF			
receivables			
3,962	(1,299)		
122			
Amortization of			
deferred			
offering costs			
1,333	2,020		
1,961	Gain on		
retirement of			
securities			
(2,430)			
(17,978)			
(4,004)	(Gain)		
loss on sale of			
assets (39,280)			
1,116	(689)		
Changes in			
working			
capital:			
Accounts			
receivable			
8,738	(11,601)		
3,971			
Marketable			
securities (35)			
-- --	Inventory		
and other			
(1,958)	(334)		
151	Accounts		

payable (7,560)  
(3,674) 1,367  
Accrued  
liabilities  
(8,355) (4,345)  
948 -----

-----  
Net cash  
provided by  
operations  
50,187 74,108  
130,309 -----

-----  
- CASH FLOW  
FROM INVESTING:  
Investment in  
Great Lakes  
98,715 -- --  
Oil and gas  
properties  
(25,093)  
(46,763)  
(87,745) Field  
service assets  
(656) (2,263)  
(2,331) IPF  
investments  
(5,362) (6,985)  
(11,629) IPF  
repayments  
13,160 24,764  
19,034 Proceeds  
from sales of  
assets 17,476  
25,944 3,771 --  
-----

----- Net cash  
(used in)  
provided by  
investing  
98,240 (5,303)  
(78,900) -----

-----  
-- CASH FLOW  
FROM FINANCING:  
Repayments of  
indebtedness  
(145,129)  
(79,611)  
(52,046)  
Preferred  
dividends  
(2,334) (1,444)  
(10) Common  
dividends  
(1,107) -- --  
Issuance of  
common stock  
2,152 1,798  
1,488  
Repurchase of  
common stock  
(26) -- --  
Repurchase of  
preferred stock  
-- -- (73) -----

----- Net cash  
used in  
financing  
(146,444)  
(79,257)  
(50,641) -----

-----  
-- Change in

cash 1,983  
(10,452) 768  
Cash and  
equivalents,  
beginning of  
year 10,954  
12,937 2,485 --  
-----  
-----  
----- Cash and  
equivalents,  
end of year \$  
12,937 \$ 2,485  
\$ 3,253  
=====  
=====  
=====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(IN THOUSANDS)

PREFERRED  
STOCK COMMON  
STOCK -----  
-----  
-----

CAPITAL IN  
RETAINED  
OTHER PAR  
PAR EXCESS  
OF EARNINGS  
COMPREHENSIVE  
SHARES VALUE  
SHARES VALUE  
PAR VALUE  
(DEFICIT)  
INCOME  
(LOSS) -----  
-----  
-----  
-----  
-----

BALANCE,  
DECEMBER 31,  
1998 1,150 \$  
1,150 35,933  
\$ 359 \$  
334,817 \$  
(203,396) \$  
292

Preferred  
dividends --  
-- -- --

(2,334) --

Common  
dividends --  
-- -- --

(1,107) --

Issuance of  
common -- --

1,270 13

2,113 -- --

Conversion  
of  
securities -

- -- 699 7

3,349 -- --

Unrealized  
gain (loss)  
on

investments

-- -- --  
-- -- (299)

Net loss --

-- -- --  
(7,793) -- -

-----  
-----  
-----

BALANCE,  
DECEMBER 31,  
1999 1,150  
1,150 37,902  
379 340,279

(214,630)  
 (7)  
 Preferred  
 dividends --  
 --- -- --  
 (1,554) --  
 Issuance of  
 common -- --  
 974 10 2,713

Conversion  
 of  
 securities  
 (930) (930)  
 10,312 103  
 20,633 -- --

Unrealized  
 gain (loss)  
 on  
 investments  
 -- -- --

-- -- (900)

Net income -  
 - - -  
 - 37,961 --

-----  
 BALANCE,  
 DECEMBER 31,  
 2000 220 220  
 49,188 492  
 363,625  
 (178,223)  
 (907) -----

-----  
 Preferred  
 dividends --  
 -- -- --  
 (10) --  
 Issuance of  
 common -- --  
 858 8 3,261  
 -- --

Conversion  
 of  
 securities  
 (220) (220)  
 2,597 26  
 9,471 -- --

Unrealized  
 gain (loss)  
 on  
 investments  
 -- -- --

-- -- 38,948

Net income -  
 - - -  
 - 8,996 -- -

-----  
 BALANCE,  
 DECEMBER 31,  
 2001 -- \$ --  
 52,643 \$ 526  
 \$ 376,357 \$  
 (169,237) \$  
 38,041  
 =====

=====  
=====  
=====  
=====  
=====  
=====  
=====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND NATURE OF BUSINESS

Range Resources Corporation ("Range") is engaged in the development, acquisition and exploration of oil and gas properties primarily in the Southwestern, Gulf Coast and Appalachian regions of the United States. The Company also provides financing to smaller oil and gas producers through a wholly-owned subsidiary, Independent Producer Finance ("IPF"). The Company seeks to increase its reserves and production primarily through development drilling and acquisitions. In 1999, Range and FirstEnergy Corp. ("FirstEnergy") contributed their Appalachian oil and gas properties to an equally owned joint venture, Great Lakes Energy Partners L.L.C. ("Great Lakes").

After ten years of rapid growth and uninterrupted profitability, Range concluded a series of disastrous acquisitions in 1997 and 1998. Due to the poor performance of the acquired properties, the Company was forced to retrench. Staff was sharply reduced, capital expenditures cut, assets sold, and a program of exchanging common stock for fixed income securities initiated. Since year-end 1998, parent company bank debt has been reduced 74% to \$95.0 million. Total debt, including Trust Preferred, has been reduced 46% to \$392.2 million. As a result, the Company's financial position has stabilized. The Company expects to continue to retire debt with internal cash flow and may exchange additional common stock or other equity-linked securities for indebtedness. Stockholders could be materially diluted if a substantial amount of the fixed income securities are exchanged for stock. The extent of dilution will depend on a number of factors, including the number of shares issued, the price at which stock is issued or newly issued securities are convertible into common stock and the price at which fixed income securities are reacquired. While such exchanges reduce existing stockholders' proportionate ownership, management believes such exchanges enhance the Company's financial flexibility and should increase the market value of its common stock.

With its financial strength largely restored, the Company has refocused on increasing production and reserves. As part of this effort, the Company's exploration and production effort was placed under the control of a newly hired Executive Vice President in early 2001. Due to reserve revisions and asset sales, reserves and production fell in 1999 and 2000. In 2001, there was a slight increase in production and reserves decreased as the Company's capital program did not replace production. In 2002, the Company has announced a capital budget of \$100.0 million. Due to the current low product price environment, the Company will monitor its capital expenditure program carefully and may elect not to spend the entire amount.

The Company currently believes it has sufficient liquidity and cash flow to meet its obligations. However, a material drop in oil and gas prices or a reduction in production and reserves would reduce its ability to fund capital expenditures, reduce debt and meet its financial obligations. In addition, the Company's high depletion, depreciation and amortization rate may make it difficult to remain profitable if oil and gas prices decline further. The Company operates in an environment with numerous financial and operating risks, including, but not limited to, the ability to acquire reserves on an attractive basis, the inherent risks of the search for, development and production of oil and gas, the ability to sell production at prices which provide an attractive return and the highly competitive nature of the industry. The Company's ability to expand its reserve base is, in part, dependent on obtaining sufficient capital through internal cash flow, borrowings or the issuance of debt or equity securities.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of the Company, all majority-owned subsidiaries and a pro rata share of the assets, liabilities, income and expenses of Great Lakes. Liquid investments with maturities of ninety days or less are considered cash equivalents. The Company has no other assets or liabilities other than those reported in the consolidated financial statements.

REVENUE RECOGNITION

The Company recognizes revenues from the sale of products and services in the period delivered. Revenues at IPF are recognized as received. Although receivables are concentrated in the oil and gas industry, the Company does not





this as an unusual credit risk. The Company had allowances for doubtful accounts relating to its exploration and production business of \$1.7 million and \$2.2 million at December 31, 2000 and 2001, respectively. At the same dates, IPF had valuation allowances of \$15.3 million and \$17.3 million, respectively. A further decrease in oil prices could cause an increase in IPF's valuation allowances and a corresponding decrease in income.

#### MARKETABLE SECURITIES

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments." Pursuant to SFAS 115, the Company's holdings of equity securities qualify as available-for-sale and are recorded at fair value. Unrealized gains and losses are reflected in Stockholders' equity as a component of Other comprehensive income. A decline in the market value of a security below cost deemed other than temporary is charged to earnings. Realized gains and losses are reflected in income. In 1998, certain securities classified as available for sale were written down by \$10.3 million to their estimated realizable value, because in the opinion of management, the decline in market value was considered to be other than temporary. During 2001, the Company determined that the decline in the market value of an equity security it holds was other than temporary and losses of \$1.7 million were recorded as reductions to Interest and other revenues.

#### GREAT LAKES

The Company contributed its Appalachian assets to Great Lakes in 1999, retaining a 50% interest in the venture. Great Lakes' proved reserves, 86% of which are natural gas, were 423.1 Bcfe at December 31, 2001. In addition, the joint venture owns 4,600 miles of gas gathering and transportation lines and a leasehold position of approximately 1,064,144 gross (496,981 net) acres. Great Lakes has over 1,400 proved drilling locations within its existing fields. At year-end, Great Lakes has a reserve life index of 17 years.

#### INDEPENDENT PRODUCER FINANCE

IPF acquires dollar denominated royalties in oil and gas properties from smaller producers. These royalties are accounted for as receivables because the investment is recovered from an agreed-upon share of revenues until a specified rate of return is received. The portion of payments received relating to the return is recognized as income; remaining receipts are considered a return of capital and reduce receivables. Receivables classified as current represent the return of capital expected to be received within twelve months. All receivables are evaluated quarterly and provisions for uncollectible amounts are established. At December 31, 2001, the valuation allowance totaled \$17.3 million. On certain receivables, income is recorded at rates of return below those specified due to an assessment of risk. Due to favorable oil and gas prices during the last nine months of 2000 and the first six months of 2001, certain of these receivables began to generate all or a greater than anticipated percentage of contract returns. As a result, \$1.8 million of increases in receivables were recorded as additional income in the first nine months of 2001. However, because of lower prices, IPF increased its reserve allowance by \$2.0 million in the fourth quarter of 2001. During 2000 and 2001, IPF expenses were comprised of \$1.5 million and \$1.8 million of general and administrative costs and \$3.4 million and \$1.8 million of interest, respectively. IPF recorded valuation allowances of \$603,000 against its revenues in early 2000. However, because of higher product prices and the resultant increase in cash receipts, IPF reversed \$1.9 million of previously reserved amounts over the remaining quarters of 2000. The valuation allowance at December 31, 2000 and 2001 was \$15.3 million and \$17.3 million, respectively.

## OIL AND GAS PROPERTIES

The Company follows the successful efforts method of accounting. Exploratory drilling costs are capitalized pending determination of whether a well is successful. Costs resulting in discoveries and development costs are capitalized. Geological and geophysical costs, delay rentals and costs to drill unsuccessful exploratory wells are expensed. Depletion is provided on the unit-of-production method. Oil is converted to mcfe at the rate of six mcf per barrel. The depletion, depreciation and amortization ("DD&A") rates were \$1.04, \$1.30 and \$1.40 per mcfe in 1999, 2000 and 2001, respectively. Unproved properties had a net book value of \$61.8 million, \$49.5 million and \$25.7 million at December 31, 1999, 2000 and 2001, respectively.

The Company has adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets", which establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill. SFAS No. 121 requires a review for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable.

Acreage is assessed periodically to determine whether there has been a decline in value. If such decline is indicated, a loss is recognized. The Company compares the carrying value of its acreage to their estimated fair value, using information such as an assessment of value that could be recovered from sale, farm-out or exploitation, a geological assessment of the acreage, other acreage purchases in the area, timing of the associated drilling program or the property's unique nature. During 1999 and 2001, the Company recorded \$6.1 million and \$5.1 million, respectively, for impairment of acreage. The amount of impairment was calculated by determining fair value at year-end using management's best estimate of the value of these properties.

The following acreage was impaired for the reasons indicated (in thousands):

Year Ended	Impairment
December 31,	Property
Reason for	Impairment
Amount - ----	
-----	
-----	
-----	
-----	
-----	
-----	
-----	
----- 1999	
Offshore	
Other Reserve	
revisions and	
lower oil and	
gas prices \$	
6,100	

=====
2001
Matagorda
Island 519
Probability
of drilling
reduced based
on current
assessment of
risk and
cost/ cost
overruns and
delays \$
1,704 West
Delta 30
Probability
of drilling
reduced based
on current
assessment of
risk and cost
688 East/West
Cameron
Condemned
portion of
leasehold
through
drilling or
geologic
assessment
708 Offshore
Other
Probability
of drilling
reduced based
on current
assessment of
risk and cost
1,216 East
Texas
Condemned
portion of
leasehold
through
drilling 825
-----
- Total \$
5,141
=====

Impairment on proved properties is generally based on the difference between the carrying amount of the assets and the present value of the estimated future cash flows from proved reserves discounted at 10%. Impairment is

recognized only if the carrying amount of a property is greater than its expected undiscounted future cash flows. For West Delta 30, the proved, probable and possible reserves were combined for impairment evaluation. (See Management's Discussion and Analysis - Results of Operations).

Following are the proved property values impaired during 2001 due to the analysis of estimated future cash flows (in thousands):

Impairment Property Reason for Impairment Amount - --- ----- ----- ----- ----- ----- ----- ----- ----- ----- -----
---
Matagorda Island 519 Decline in gas price/cost overruns and delays \$ 6,418 Mobile Bay 864 Decline in gas price 1,088 East/West Cameron Decline in gas price/Company increased its assessment of 9,657 risk associated with non producing reserves Offshore Other Decline in gas price/Company increased its assessment of 6,796 risk associated with non producing reserves Gulf Coast Onshore Decline in gas price 5,903 West Delta 30 Decline in gas price/delay in developing gas reserves 3,942 ----- ----- Total \$ 33,804 =====



#### TRANSPORTATION, PROCESSING AND FIELD ASSETS

The Company's gas gathering systems are located in proximity to certain of its principal fields. Depreciation on these systems is provided on the straight-line method based on estimated useful lives of four to fifteen years. The Company sold its only remaining gas processing facility in June 2000. In connection with the sale of the gas processing plant, an impairment loss of \$21.0 million was recorded in 1999. See Note 5.

The Company receives fees for providing certain field services which are recognized as earned. Depreciation on the associated assets is calculated on the straight-line method based on estimated useful lives ranging from three to seven years. Buildings are depreciated over ten years.

#### SECURITY ISSUANCE COSTS

Expenses associated with the issuance of debt are capitalized and included in Other assets on the balance sheet. These costs are generally amortized over the expected life of the related securities. When a security is retired prior to maturity, related unamortized costs are expensed. At December 31, 2001, such capitalized costs totaled \$3.0 million.

#### GAS IMBALANCES

The Company uses the sales method to account for gas imbalances, recognizing revenue based on cash received rather than gas produced. At December 31, 2000 and December 31, 2001, gas imbalance liabilities of \$318,000 and \$114,000 were included in Accrued liabilities, respectively.

COMPREHENSIVE INCOME

The Company follows SFAS No. 130, "Reporting Comprehensive Income," defined as changes in Stockholders' equity from nonowner sources. The following is a calculation of comprehensive income for each of the three years ended December 31, 2001 (in thousands).

Year Ended December 31, ----- ----- -----	1999	2000	2001 ----- ----- -----
----- Net income			
(loss) \$			
(7,793) \$			
37,961 \$			
8,996 Add:			
Change in unrealized gain/(loss)			
Gross (299)			
(900) 47,566			
Tax effect -			
- -- (9,290)			
Enron (net of taxes)* -			
- -- 672			
Less:			
Realized gain/(loss)			
Gross (474)			
-- -- Tax			
effect -- --			
-----			
-----			
-----			
Comprehensive income			
(loss) \$			
(8,566) \$			
37,061 \$			
47,944			
=====			
=====			
=====			

\* Includes \$1,000 gain related to amounts due from Enron. On adopting SFAS 133 on January 1, 2001, the Company recorded \$72.1 million of unrealized pre-tax hedging loss on its balance sheet and an offsetting deficit in Comprehensive income.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets, liabilities, revenues and expenses as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Estimates which may significantly impact the Company's financial statements include reserve estimates, analysis of impairment of oil and gas properties, reserve requirement for IPF receivables and fair value estimates of derivatives.



## RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 143 "Accounting for Asset Retirement Obligations" (SFAS No. 143). SFAS No. 143 establishes a new accounting model for the recognition and measurement of retirement obligations associated with tangible long-lived assets. SFAS No. 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. The Company will adopt the Statement effective January 1, 2003. The transition adjustment resulting from the adoption of SFAS No. 143 will be reported as a cumulative effect of a change in accounting principle. At this time, the Company cannot reasonably estimate the effect of the adoption of this Statement on either its financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). This Statement establishes a single accounting model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. There will be no financial implication related to the adoption of SFAS No. 144, and the guidance will be applied on a prospective basis. The Company adopted the Statement effective January 1, 2002.

Beginning in 2001, SFAS No. 133, "Accounting for Derivatives," required that derivatives be recorded on the balance sheet as assets or liabilities at fair value. Changes in the fair value of all derivatives are recognized immediately in earnings unless the derivative qualifies as a hedge of future cash flows. For derivatives qualifying as hedges of future cash flows, the effective portion of any changes in fair value is recognized in a component of stockholders' equity called OCI and then reclassified to earnings when the underlying anticipated transaction is consummated. Any ineffective portion of such hedges is recognized in earnings as it occurs. On adopting SFAS No. 133 on January 1, 2001, the Company recorded \$72.1 million of unrealized pre-tax hedging loss on its balance sheet and an offsetting deficit in OCI. Due to the decline in oil and gas prices since January 1, 2001, this loss had become a net \$52.1 million unrealized pre-tax gain by December 31, 2001. SFAS No. 133 tends to increase earnings volatility in independent oil companies.

The Company had hedge agreements with Enron North America Corp. ("Enron") for 22,700 Mmbtu per day, at \$3.20 per Mmbtu for the first three months of 2002. Amounts due from Enron are not included in the open hedges described in the previous paragraph. Based on its accountants guidance, the Company has recorded an allowance for bad debts at year-end 2001 of \$1.4 million, offset by a \$318,000 ineffective gain included in 2001 income and \$1.0 million gain included in OCI at year-end 2001 related to these amounts due from Enron. The gain included in OCI at year-end 2001 will be included in income in the first quarter of 2002. The last of the Enron contracts will expire as of March 2002. While an allowance for bad debts for the entire estimated fair value of these hedge contracts with Enron has been recorded, the Company is aware of some market offers for purchasing these contracts at percentages much less than par.

The Company enters into contracts to reduce the effect of fluctuations in oil and gas prices. These contracts qualify as cash flow hedges. Prior to 2001, gains and losses were determined monthly and included in oil and gas revenues in the period the hedged production was sold. Starting in 2001, gains or losses on open contracts are recorded either in current period income or in OCI. The Company also enters into swap agreements to reduce the risk of changing interest rates. These agreements qualify as fair value hedges and related income or expense is recorded as an adjustment to interest expense in the period covered.

Interest and other revenues in the Consolidated Statements of Income was increased for ineffective hedging gains of \$2.3 million in the twelve months ended December 31, 2001. Unrealized hedging gains (excluding Enron), including interest rate swaps, of \$49.5 million and OCI of \$37.0 million, net of taxes, were recorded on the balance sheet at December 31, 2001. See Note 7.

## RECLASSIFICATIONS

Certain reclassifications have been made to the presentation of prior periods to conform with current classifications.

(3) ACQUISITIONS

All acquisitions have been accounted for as purchases. Purchase prices were allocated to acquired assets based on their estimated fair value at acquisition. Acquisitions have been funded with internal cash flow, bank borrowings and the issuance of debt and equity securities. The Company purchased various other properties for consideration of \$846,000, \$4.7 million and \$9.5 million during the years ended December 31, 1999, 2000 and 2001, respectively.

(4) IPF RECEIVABLES

At December 31, 2000 and 2001, IPF had net receivables of \$48.9 million and \$41.4 million, respectively. The receivables represent overriding royalty interests payable from an agreed-upon share of revenues until a specified return is achieved. The royalties constitute property interests that serve as security for the receivables. On certain IPF receivables, income has been recorded at rates below those specified in the contract based on assessment of risk. Due to favorable oil and gas prices during the last nine months of 2000 and the first half of 2001, some of these receivables began to generate a greater proportion of their contractual return. In the first nine months of 2001, the book value of the affected receivables was increased and approximately \$1.8 million was recorded as additional income. However, because of lower prices, IPF increased its reserve allowance by \$2.0 million in the fourth quarter of 2001. The Company estimates that \$7.0 million of receivables at December 31, 2001 will be repaid in the next twelve months and has classified them as current. IPF receivables reflected valuation allowances of \$15.3 million and \$17.3 million at December 31, 2000 and 2001, respectively. A further decline in the price of oil could cause an increase in IPF's valuation allowances and a corresponding decrease in income.

(5) DISPOSITIONS

In June 2000, the Company sold a gas plant for \$19.7 million and recorded a \$716,000 loss.

The following table presents unaudited pro forma operating results as if the sale of the gas plant had occurred on January 1, 2000 (in thousands, except per share data).

Pro Forma Year Ended December 31, 2000 ----- -----
Revenues \$
185,574 Net income
38,262
Earnings per share - basic and diluted 1.00
Total assets
686,518
Stockholders' equity
182,326

The pro forma results have been prepared for comparative purposes only. They do not purport to present actual results that would have been achieved or to be indicative of future results.

(6) INDEBTEDNESS

The Company had the following debt and Trust preferred outstanding as of the dates shown. Interest rates, excluding the impact of interest rate swaps, at December 31, 2001 are shown parenthetically (in thousands):

December	
31, -----	
-----	
- 2000 2001	
-----	
-----	
SENIOR DEBT	
Credit	
Facility	
(3.9%) \$	
89,900 \$	
95,000 NON-	
RECOURSE	
DEBT Great	
Lakes	
credit	
facility	
(3.9%)	
84,509	
75,001 IPF	
credit	
facility	
(4.4%)	
28,500	
23,800 ----	
-----	
-- 113,009	
98,801 ----	
-----	
--	
SUBORDINATED	
DEBT 8.75%	
Senior	
Subordinated	
Notes due	
2007	
125,000	
79,115 6%	
Convertible	
Subordinated	
Debentures	
due 2007	
37,550	
29,575 ----	
-----	
-- 162,550	
108,690 ---	
-----	
--- TOTAL	
DEBT	
365,459	
302,491	
=====	
=====	
TRUST	
PREFERRED	
92,640	
89,740	
=====	
=====	
TOTAL	
\$458,099	
\$392,231	
=====	
=====	

Subsequent to December 31, 2001, the Company exchanged an additional \$0.9 million face amount of the 8.75% Notes. Interest paid in cash during the years ended December 31, 2000 and 2001 totaled \$42.2 million and \$31.2 million,

respectively. The Company does not capitalize interest expense.

#### SENIOR DEBT

The Company maintains a \$225 million secured revolving bank facility (the "Parent Facility"). The Parent Facility provides for a borrowing base which is subject to semi-annual redeterminations in April and October. On March 1, 2002, the borrowing base on the Parent Facility was \$120.0 million of which \$16.5 million was available. Redeterminations are based on a variety of factors, including banks' projection of future cash flows. Redeterminations require approval by 75% of the lenders, redeterminations which result in an increase require 100% approval. Interest is payable the earlier of quarterly or as LIBOR notes mature. The loan matures in February 2003. A commitment fee is paid quarterly on the undrawn balance at a rate of 0.25% to 0.50%. The interest rate on the Parent Facility is LIBOR plus 1.50% to 2.25%, depending on outstandings. At December 31, 2001, the commitment fee was 0.50% and the interest rate margin was 0.75%. The weighted average interest rates on the Parent Facility was 8.8% and 6.4% for the years ended December 31, 2000 and 2001, respectively. As of March 1, 2002, the interest rate was 3.3%.

#### NON-RECOURSE DEBT

The Company consolidates its proportionate share of borrowings on Great Lakes' \$275.0 million secured revolving bank facility (the "Great Lakes Facility"). The Great Lakes Facility is non-recourse to Range and provides for a borrowing base, which is subject to semi-annual redeterminations in April and October. On March 1, 2002, the borrowing base was \$200.0 million of which \$54.0 million was available. Interest is payable the earlier of quarterly or as LIBOR notes mature. The loan matures in September 2003. The interest rate on the facility is LIBOR plus 1.50% to 2.00%, depending on outstandings. A

commitment fee is paid quarterly on the undrawn balance at an annual rate of 0.25% to 0.50%. At December 31, 2001, the commitment fee was 0.50% and the interest rate margin was 0.625%. The weighted average interest rates on these borrowings, excluding interest rate hedges, were 8.5% and 6.4% for the years ended December 31, 2000 and 2001, respectively. After hedging, the rate was 8.6% and 7.6% for the twelve months ended December 30, 2000 and 2001, respectively. At March 1, 2002, the interest rate was 3.6%, excluding interest rate hedges and 6.5% including interest rate hedges.

IPF has a \$100.0 million secured revolving credit facility (the "IPF Facility"). The IPF Facility is non-recourse to Range and matures in January 2004. The borrowing base under the IPF Facility is subject to semi-annual redeterminations in April and October. On March 1, 2002, the borrowing base on the IPF Facility was \$35.0 million of which \$11.7 million was available. The IPF Facility bears interest at LIBOR plus 1.75% to 2.25% depending on outstandings. Interest expense in the IPF Facility is included in IPF expenses in the Consolidated Statements of Income and amounted to \$3.4 million and \$1.8 million for the years ended December 31, 2000 and 2001, respectively. A commitment fee is paid quarterly on the undrawn balance at a rate of 0.375% to 0.50%. The weighted average interest rate on these borrowings was 8.5% and 6.4% for the years ended December 31, 2000 and 2001, respectively. As of March 1, 2002, the interest rate was 4.3%.

#### SUBORDINATED NOTES

The 8.75% Senior Subordinated Notes due 2007 (the "8.75% Notes") become redeemable beginning on January 15, 2002, in whole or in part, at 104.375% of principal, declining 1.46% each January 15 to par in 2005. The 8.75% Notes are unsecured general obligations subordinated to all senior debt (as defined). The 8.75% Notes are guaranteed on a senior subordinated basis by the Company's subsidiaries. Interest is payable semi-annually in January and July. During the twelve months ended December 31, 2001, the Company repurchased \$42.5 million face amount of the 8.75% Notes at a discount. The Company also exchanged \$3.4 million of the 8.75% Notes for common stock. Exchanges are not reflected on the cash flow statement. The cash flow reflects a \$41.2 million Repayment of debt relating to these repurchases. The gain on these repurchases is included as a Gain on retirement of securities on the Consolidated Statements of Income. The repurchased notes are held in treasury and may be reissued. Subsequent to December 31, 2001, the Company exchanged for common stock an additional \$0.9 million face amount of the 8.75% Notes. As of March 1, 2002, \$78.2 million of the 8.75% Notes remained outstanding.

The 6% Convertible Subordinated Debentures Due 2007 (the "6% Debentures") are convertible into common stock at the option of the holder at any time at a price of \$19.25 per share. Interest is payable semi-annually in February and August. The 6% Debentures mature in 2007 and are currently redeemable at 103.5% of principal, declining 0.5% each February through 2007. The 6% Debentures are unsecured general obligations subordinated to all senior indebtedness (as defined), including the 8.75% Notes. During 2000 and 2001, \$13.8 million and \$5.7 million of 6% Debentures were retired at a discount in exchange for 2.5 million and 0.7 million shares of common stock, respectively. In addition, \$2.3 million were repurchased in 2001. Exchanges are not reflected on the cash flow statement. Extraordinary gains of \$4.3 million and \$1.9 million were recorded in 2000 and 2001, respectively. As of March 1, 2002, \$29.6 million of the 6% Debentures remained outstanding.

#### TRUST PREFERRED

In 1997, a special purpose affiliate, (the "Trust") issued \$120 million of 5 3/4% Trust Convertible Preferred Securities (the "Trust Preferred"), represented by 2,400,000 shares of Trust Preferred priced at \$50 a share. The Trust Preferred is convertible into common stock at a price of \$23.50 per share. The Trust invested the proceeds in 5 3/4% convertible junior subordinated debentures issued by the Company (the "Junior Debentures"), its sole asset. The Junior Debentures and the Trust Preferred mature in November 2027. At December 31, 2001, the Junior Debentures and the related Trust Preferred are redeemable in whole or in part at 103.450% of principal declining 0.58% each November to par in 2007.

The Company guarantees payments on the Trust Preferred only to the extent the Trust has funds available. Such guarantee, taken together with other obligations provides a full subordinated guarantee of the Trust Preferred. The Company has the right, at its sole discretion, to suspend payment of all distributions on the Trust Preferred for five years without triggering a default. The accounts of the Trust are included in Range's consolidated financial statements after eliminations. Distributions recorded as interest expense are deductible for tax purposes, and are subject to limitations in the

Parent Facility as described below. In the twelve months ended December 31, 2001, \$2.9 million of Trust Preferred was reacquired at a discount in exchange for 291,000 shares of common stock. In addition, \$50,000 of Trust Preferred were repurchased. An

extraordinary gain of \$1.2 million was recorded in 2001. The exchange transactions are not reflected on the cash flow statement because no cash was involved. As of March 1, 2002, \$89.7 million of the Trust Preferred remained outstanding.

The debt agreements contain various covenants relating to net worth, working capital maintenance, restrictions on dividends and financial ratio. If certain ratio requirements are not met, payments of interest on the Trust Preferred would be restricted. The Parent Facility prohibits the payment of dividends on common stock. The Company was in compliance with all such covenants at December 31, 2001. Under the most restrictive covenant, \$3.0 million of dividends or other restricted payments could be paid at December 31, 2001. Under the Parent Facility, common dividends are prohibited and dividends may not be paid on the Trust Preferred unless certain ratio requirements are met.

#### (7) FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, debt obligations and commodity and interest rate hedges. The book value of cash and equivalents and accounts receivable and payable are considered to be representative of fair value because of their short maturity. The book values of borrowings under the Parent Facility, the Great Lakes Facility, and IPF Facility are believed to approximate fair value because of their floating rate structure.

A portion of the Company's future oil and gas sales is periodically hedged through the use of option or swap contracts. Realized gains and losses on these instruments are reflected in the contract month being hedged as an adjustment to oil and gas revenue. At times, the Company seeks to manage interest rate risk on its credit facilities through the use of swaps. Gains and losses on these swaps are included as an adjustment to interest expense in the relevant periods.

The following table sets forth the book and estimated fair values of financial instruments (in thousands):

December	
31, 2000	
December	
31, 2001 -	
-----	
-----	
-----	
-----	
-----	
Book Fair	
Book Fair	
Value	
Value	
Value	
Value	
-----	
-----	
-----	
-----	
-----	
Assets	
Cash and	
equivalents	
\$ 2,485 \$	
2,485 \$	
3,253 \$	
3,253	
Marketable	
securities	
2,028	
2,028	
1,220	
1,220	
Commodity	
swaps* --	
-- 52,100	
52,100 ---	
-----	
-----	
-----	
-----	
-----	
Total	
4,513	
4,513	
56,573	
56,573 ---	
-----	
-----	
-----	
-----	
-----	
Liabilities	
Commodity	
swaps --	
(72,090) -	
- --	
Interest	
rate swaps	
-- (879)	
(2,631)	
(2,631)	
Long-term	
debt	
(365,459)	
(348,257)	
(302,491)	
(292,028)	
Trust	
Preferred	
(92,640)	
(53,268)	
(89,740)	
(50,254) -	
-----	
-----	
-----	



-----  
Total  
(458,099)  
(474,494)  
(394,862)  
(344,913)  
-----  
-----  
-----  
-----  
Net  
financial  
instruments  
\$  
(453,586)  
\$  
(469,981)  
\$  
(338,289)  
\$  
(288,340)  
=====

\* Excluding Enron

At December 31, 2001, the Company had open hedging contracts (excluding contracts with Enron) covering 47.3 Bcf of gas at prices averaging \$4.02 per mcf and 700,000 barrels of oil at prices averaging \$25.97 barrel. Their fair value, represented by the estimated amount that would be realized upon termination, based on contract versus New York Mercantile Exchange ("NYMEX") price, approximated a net unrealized pre-tax gain of \$52.1 million at December 31, 2001. These contracts expire monthly through December 2005. Gains or losses on open and closed hedging transactions are determined as the difference between the contract price and the reference price, generally closing prices on NYMEX. Transaction gains and losses are determined monthly and are included as increases or decreases to oil and gas revenues in the period the hedged production is sold. Net pre-tax losses incurred relating to these derivatives for the years ended December 31, 1999, 2000 and 2001 were \$10.6 million, \$43.2 million, and \$6.2 million, respectively. These hedging positions are recorded on the Company's balance sheet at an estimate of fair value based on a comparison of the contract price and a reference price, generally NYMEX.

The Company had hedge agreements with Enron for 22,700 Mmbtu per day, at \$3.20 per Mmbtu for the first three months of 2002. Amounts due from Enron are not included in the open hedges described in the previous paragraph. Based on its accountants guidance, the Company has recorded an allowance for bad debts at year-end 2001 of \$1.4 million, offset by a \$318,000 ineffective gain included in 2001 income and \$1.0 million gain included in OCI at year-end 2001 related to these amounts due from Enron. The gain included in OCI at year-end 2001 will be included in income in the first quarter of 2002. The last of the Enron contracts will expire as of March 2002. While an allowance for bad debts for the entire estimated fair value of these hedge contracts with Enron has been recorded, the Company is aware of some market offers for purchasing these contracts at percentages much less than par.

The following schedule shows the effect of the Company's hedge position for the four quarters ended December 31, 2001 and the projected impact of open contracts (excluding contracts with Enron) as of that date.

Hedging  
Gain (Loss)  
Quarter  
Ended  
Exposure --  
-----  
-----  
- Closed  
contracts:  
March 31,  
2001 \$  
(23,440)  
June 30,  
2001  
(5,250)  
September  
30, 2001  
8,450  
December  
31, 2001  
14,047 ----  
-----  
Total \$  
(6,193)

=====  
Open  
Contracts:  
March 31,  
2002 11,010  
June 30,  
2002 9,809  
September  
30, 2002  
8,613  
December  
31, 2002  
7,732 March  
31, 2003  
3,233 June  
30, 2003  
2,897  
September  
30, 2003  
2,828  
December  
31, 2003  
2,628 March  
31, 2004  
619 June  
30, 2004  
668  
September  
30, 2004  
657  
December  
31, 2004  
701 March  
31, 2005  
167 June  
30, 2005  
165  
September  
30, 2005  
187  
December  
30, 2005  
186 -----  
----- Total  
\$ 52,100  
=====

Interestrate swap agreements are accounted for on the accrual basis.

Income or expense resulting from these agreements is recorded as an adjustment to interest expense in the period covered. At December 31, 2001, Great Lakes had interest rate swap agreements totaling \$100.0 million, 50% of which is consolidated at Range. Two agreements totaling \$45.0 million at rates of 7.1% each expire in May 2004. Two agreements of \$10.0 million each at 6.2% which expire in December 2002. Five agreements totaling \$35.0 million at rates of 4.8%, 4.7%, 4.6%, 4.5% and 4.5% which expire in June of 2003. Range's share of the fair value of the swaps at December 31, 2001, was a net loss of \$2.6 million based on current quotes. The agreements expiring in May 2004 may be terminated at the counterparty's option in May 2002. On December 31, 2001, the 30-day LIBOR rate was 1.9%. The value of these swap agreements is marked to market each quarter. For 2001, GLEP incurred additional interest expense of \$1.1 million due to interest swaps.

The combined fair value of oil and gas hedging contracts and interest rate swaps, totaling \$49.5 million appear as an Unrealized hedging gain on the balance sheet. Hedging activities are conducted with major financial or commodities trading institutions which management believes are acceptable credit risks. At times, such risks may be concentrated with certain counterparties. The credit worthiness of these counterparties is subject to continuing review.

#### (8) COMMITMENTS AND CONTINGENCIES

The Company is involved in various legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on the Company's financial position or results of operations. During 2001, the Company incurred approximately \$480,000 of litigation costs.

In 2000, a royalty owner filed a suit asking for a class action certification against Great Lakes and the Company in New York, alleging that gas was sold to affiliates and gas marketers at low prices, inappropriate post production expenses reduced proceeds to the royalty owners, and that Great Lakes improperly accounted for the royalty owners' share of gas. The action sought a proper accounting for all gas sold, an amount equal to the difference in prices paid and the highest obtainable prices, punitive damages and attorneys' fees. The case has been remanded to state court in New York. While the outcome of this suit is uncertain, the Company believes it will be resolved without material adverse effect on its financial position or results of operations.

The Company leases certain office space and equipment under cancelable and non-cancelable leases, most of which expire within three years and may be renewed by the Company. Rent expense under such arrangements totaled \$1.1 million, \$1.0 million and \$1.1 million in 1999, 2000 and 2001, respectively. Future minimum rental commitments under non-cancelable leases are as follows (in thousands):

2002	\$	820
2003		546
2004		513
2005		501
2006		126
2007 and thereafter		--
		-----
	\$	2,506
		=====

#### (9) STOCKHOLDERS' EQUITY

In 1995, the Company issued 1,150,000 shares of \$2.03 Convertible Exchangeable Preferred Stock (the "\$2.03 Preferred") for \$28.8 million. The \$2.03 Preferred was convertible into 2.632 shares of common stock representing a conversion price of \$9.50 per common share. Through December 31, 2000, \$23.2 million of the \$2.03 Preferred had been exchanged for 4.6 million of common stock. For the twelve months ended December 31, 2001, the majority of the outstanding \$2.03 Preferred was exchanged for 767,000 shares of common stock and the remaining shares were repurchased for cash. Gains on exchanges of \$2.03 Preferred are not included in net income but they are included in income available to common shareholders. Exchange transactions are not reflected on the cash flow statement because no cash was involved. The elimination of the \$2.03 Convertible Preferred stock has reduced the annual dividend requirement by \$2.3 million.

The following is a schedule of changes in outstanding common shares:

Year Ended	
December	
31, -----	
-----	
-----	
2000 2001 -	
-----	
-----	
- Beginning	
Balance	
37,901,789	
49,187,682	
Issuances:	
Compensation	
289,714	
372,398	
Stock	
options	
exercised	
241,637	
223,594	
Exchange	
for: 6%	
Debentures	
2,496,789	
758,597	
Trust	
Preferred	
3,231,548	
291,211	
\$2.03	
Preferred	
4,583,993	
766,889	
8.75%	
Senior	
Notes --	
779,960	
Stock	
Purchase	
Plan	
343,422	
263,000 In	
lieu of	
dividends	
106,597 --	
Other	
(7,807)	
(56) -----	
-----	
-----	
11,285,893	
3,455,593 -	
-----	
-----	
- Ending	
Balance	
49,187,682	
52,643,275	
=====	
=====	

Supplemental disclosures of non-cash investing and financing activities

Year Ended	
December	
31, -----	
-----	
-----	
-----	
1999 2000	
2001 -----	
-----	
-----	

-----  
(in  
thousands)  
Common  
stock  
issued:  
Under  
benefit  
plans \$  
1,783 \$  
816 \$  
1,780 In  
exchange  
for fixed  
income  
securities  
\$ 2,978 \$  
37,086 \$  
14,222 In  
payment of  
preferred  
dividends  
\$ -- \$ 110  
\$ --

(10) STOCK OPTION AND PURCHASE PLANS

The Company has four stock option plans, of which two are active, and a stock purchase plan. Under these plans, incentive and non-qualified options and stock purchase rights are issued to directors, officers, and employees pursuant to decisions of the Compensation Committee of the Board. Information with respect to the stock option plans is summarized below:

Inactive	Active
-----	-----
-----	-----
-----	-----
-----	-----
Domain 1989	
Directors' 1999	
Plan Plan Plan	
Plan Total -----	
-----	
-----	
-----	
Outstanding at December 31, 2000 248,965	1,182,893
136,000 665,200	2,233,058
Granted -- --	
56,000 774,350	830,350
Exercised	
(111,481)	
(59,113) --	
(53,000)	
(223,594)	
Expired/canceled	
-- (581,080)	
(72,000)	
(71,437)	
(724,517) -----	
-----	
-----	
-----	
-----	
-----	
-----	
Outstanding at December 31, 2001 137,484	542,700 120,000
542,700 120,000	1,315,113
	2,115,297
=====	
=====	
=====	

=====  
=====

Two years ago, shareholders approved the 1999 Stock Option Plan (the "1999 Plan") providing for the issuance of options on 1.4 million common shares. In May 2001, shareholders approved an increase in the number of options issuable to 3.4 million shares. All options issued under the 1999 Plan vest 25% per year beginning a year after grant and expire in 10 years. During the year-ended December 31, 2001, 774,350 options were granted under the 1999 Plan at exercise prices of \$4.17 to \$6.67 a share. At December 31, 2001, 1.3 million options were outstanding under the 1999 Plan at exercise prices of \$1.94 to \$6.67.





```

-----
Total
137,484
542,700
120,000
1,315,113
2,115,297
=====
=====
=====
=====
=====
=====

```

In 1997, shareholders approved a Stock Purchase Plan (the "Stock Purchase Plan") authorizing the sale of 900,000 shares of common stock to officers, directors, key employees and consultants. Under the Stock Purchase Plan, the right to purchase shares at prices ranging from 50% to 85% of market value may be granted and there is a one year hold requirement. To date, all purchase rights have been granted at 75% of market. In May 2001, shareholders approved an increase in the number of shares authorized under the Plan to 1,750,000. Through December 31, 2001, 1,121,319 shares have been sold under the Plan, for \$4.7 million. At December 31, 2001, rights to purchase 203,000 shares were outstanding.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost been determined based on the fair value at the grant date for awards in 1999, 2000 and 2001 consistent with the provisions of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

```

Year Ended
December
31, -----
-----
-----
- 1999
2000 2001
-----
-----
-----

```

```

(in
thousands,
except per
share
data) As
reported -
Net
earnings
(loss) $
(7,793) $
37,961 $
8,996
Earnings
(loss) per
share,
basic and
diluted
(0.27)
0.99 0.19
Pro forma
- Net
earnings
(loss) $
(8,858) $
37,796 $
8,210
Earnings
(loss) per
share,
basic and
diluted
(0.30)
0.99 0.17

```

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average

assumptions used for 1999, 2000 and 2001, respectively: fair value of \$1.37, \$2.14 and

\$6.50 per share; dividend yields of \$0.03, \$0 and \$0 per share; expected volatility factors of 3.55, 64.89 and 69.80; risk-free interest rates of 5.10%, 5.51% and 4.98%, and an average expected life of six years.

(11) BENEFIT PLAN

The Company maintains a 401(k) Plan for its employees. The Plan permits employees to contribute up to 15% of their salary on a pre-tax basis. The Company makes discretionary contributions to the 401(k) Plan annually which are fully vested after four years of service. In 1999, 2000 and 2001, the Company contributed \$854,000, \$483,000 and \$554,000 of common stock (valued at market) to the 401(k) Plan. Employees have a variety of investment options available in the 401K Plan and are encouraged to maintain diversity in accordance with their personal investment strategy.

(12) INCOME TAXES

The Company's federal income tax provision (benefit) for the years ended December 31, 1999, 2000 and 2001 was \$388,000, \$0 and \$14,505, respectively. The current portion of income tax provision for 1999 represented state income tax payable. A reconciliation between the statutory federal income tax rate and the Company's effective federal income tax rate is as follows:

Year Ended		
December		
31, -----		
-----		
-----		
---- 1999		
2000 2001		
-----		
-----		
Statutory		
tax rate		
(34)% 34%		
35% Gain		
on		
retirement		
of		
securities		
-- 32 28		
Permanent		
differences		
-- 11 4		
Valuation		
allowance		
34 (84)		
(63) State		
-- (6) (1)		
Other 19 5		
(4) -----		
-----		
-----		
-----		
Effective		
tax rate		
19% (8)%		
(1)%		
=====		
=====		
=====		
Income		
taxes paid		
\$ 388,000		
\$ -- \$		
14,505		
=====		
=====		
=====		

The Company follows SFAS Statement No. 109, "Accounting for Income Taxes," pursuant to which the liability method is used. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured

using the enacted tax rates and regulations that will be in effect when the differences are expected to reverse.

Significant components of the Company's deferred tax liabilities and assets are as follows (in thousands):

December 31,	
-----	
-----	
2000 2001 --	
-----	
-----	
Deferred tax assets Net operating loss carryover \$	
66,870 \$	
61,012	
Percentage depletion carryover	
4,895 5,256	
AMT credits and other	
660 660 ----	
-----	
----- Total deferred tax assets	
72,425	
66,928	
Deferred tax liabilities	
Depreciation	
(62,249)	
(59,887)	
Unrealized gain on hedging --	
(16,692) ---	
-----	
----- Net deferred tax assets (liabilities)	
\$ 10,176 \$	
(9,651)	
=====	
=====	
Valuation allowance \$	
(10,176) \$ -	
- =====	
=====	

A valuation allowance on the net deferred tax asset was originally established due to the uncertainty of whether future taxable income would be sufficient to utilize the net deferred tax asset. Increased oil and gas prices in early 2001 allowed the reversal of the valuation allowance during the first half of 2001. Therefore, income taxes were recorded at a statutory rate for financial reporting in the second and third quarters of 2001. Due to the Company's tax loss carryover, percentage depletion carryover and AMT credits, such statutory taxes were deferred. However, due to the property impairments recorded in the fourth quarter of 2001, taxes recorded earlier in the year were reversed and no statutory provision for taxes was required in 2001. A deferred tax liability of \$9.7 million is recorded on the balance sheet at year-end 2001. Without considering Other comprehensive income (loss), deferred tax assets exceed deferred tax liabilities by \$7.0 million. The inclusion of OCI causes the deferred tax liabilities to exceed deferred tax assets by the amount recorded on the balance sheet. No statutory taxes are included on the income statement as the Company has not yet earned income sufficient to cause the deferred tax liabilities to exceed the deferred tax assets. The Company needs to earn approximately \$20.0 million of pre-tax income from the unrealized hedge included in OCI at year-end before statutory taxes will be recorded on the income statement. Due to the complexity of the accounting rules regarding statutory taxes, the timing of when the Company will record statutory taxes, which will be deferred, is uncertain.

At December 31, 2001, the Company had regular net operating loss ("NOL") carryovers of \$174.3 million including alternative minimum tax ("AMT") NOL carryovers of \$155.9 million that expire between 2012 and 2020. AMT NOLs generally offset taxable income and to such extent, no income tax payments are required. Regular NOLs utilized in amounts in excess of AMT NOLs generate an alternative minimum tax payment, which can be offset by AMT credits. NOLs generated prior to a change of control are subject to limitations. The Company experienced several change of control events between 1994 and 1998 due to acquisitions. Consequently the use of \$34.1 million of NOLs is limited to \$10.2 million per year. Remaining NOLs are not limited. At December 31, 2001, the Company had a statutory depletion carryover of \$6.6 million and an AMT credit carryovers of \$660,000 which are not subject to limitation or expiration.

The following table sets forth the year of expiration of NOL (pretax) carryovers which generate the largest component of the deferred tax assets listed above:

NOL	
Carryover	
Amount ---	
-----	
-----	
Expiration	
Regular	
AMT -----	
-----	
-----	
----- (in	
thousands)	
2002 \$ --	
\$ -- 2003	
-- -- 2004	
-- -- 2005	
-- --	
Thereafter	
174,319	
155,865 --	
-----	
-----	
Total \$	
174,319 \$	
155,865	
=====	
=====	

(13) RESTRUCTURING COSTS

In late 1998, the Company initiated a restructuring plan to reduce costs. The restructuring plan included closing field office, eliminating certain geological and exploration positions, canceling certain exploration and drilling obligations and consolidating administrative functions at the remaining locations. The plan was completed in 1999.



(14) EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share (in thousands except per share amounts):

Years Ended  
 December 31,  
 -----  
 -----  
 -- 1999 2000  
 2001 -----  
 --- -----  
 -- -----

- Numerator:  
 Income  
 (loss)  
 before  
 extraordinary  
 item \$  
 (10,223) \$  
 20,198 \$  
 5,045 Gain  
 on  
 retirement  
 of \$2.03  
 Preferred  
 Stock --  
 5,966 556  
 Preferred  
 dividends  
 (2,334)  
 (1,554) (10)  
 ----- -  
 ----- -

Numerator  
 for earnings  
 (loss) per  
 share,  
 before  
 extraordinary  
 item  
 (12,557)  
 24,610 5,591  
 Extraordinary  
 item Gain on  
 retirement  
 of  
 securities,  
 net 2,430  
 17,763 3,951  
 ----- -  
 ----- -

Numerator  
 for earnings  
 (loss) per  
 share, basic  
 and diluted  
 \$ (10,127) \$  
 42,373 \$  
 9,542  
 =====  
 =====  
 =====

Denominator:  
 Weighted  
 average  
 shares,  
 basic 36,933  
 42,882  
 51,159  
 Dilutive  
 potential  
 common  
 shares Stock

```

options --
115 203 ----
-----
-----
----
Denominator
for diluted
earnings per
share 36,933
42,997
51,362
=====
=====
=====
Earnings
(loss) per
share basic
and diluted:
Before
extraordinary
item $
(0.34) $
0.57 $ 0.11
=====
=====
=====
After
extraordinary
item $
(0.27) $
0.99 $ 0.19
=====
=====
=====

```

During 1999, 2000 and 2001, 505,000, 358,000 and 423,000 stock options were included in the computation of diluted earnings per share. All remaining stock options, the 6% Debentures, Trust Preferred and the \$2.03 Preferred were not included in the computation because their inclusion would have been antidilutive.

The Company has and will continue to consider exchanging common stock or other equity-linked securities for fixed income securities. Existing common stockholders may be materially diluted if substantial exchanges are consummated. The extent of dilution will depend on the number of shares and price at which common stock is issued, the price at which newly issued securities are convertible into common stock, and the price at which fixed income securities are reacquired.

(15) MAJOR CUSTOMERS

The Company markets its production on a competitive basis. Gas is sold under various types of contracts ranging from life-of-the-well to short-term contracts that are cancelable within 30 days. Oil purchasers may be changed on 30 days notice. The price for oil is generally equal to a posted price set by major purchasers in the area. The Company sells to oil purchasers on the basis of price and service. For the year ended December 31, 2001, three customers accounted for 10% or more of total oil and gas revenues and the combined sales to those three customers accounted for 50% of total oil and gas revenues. Management believes that the loss of any one customer would not have a material long-term adverse effect on the Company.

From the inception of the Great Lakes joint venture through June 30, 2001, Great Lakes sold approximately 90% of its gas production to FirstEnergy, at prices based on the close of NYMEX each month plus a basis differential. Effective July 1, 2001, Great Lakes began selling its gas to several different companies, including FirstEnergy. Over the next twelve months, Great Lakes expects to sell roughly 33% of its gas to FirstEnergy with the remaining 67% being sold to eight companies. Currently 91% of Great Lakes gas is sold at prices based on the close of NYMEX contracts each month plus a basis differential. The remainder is sold at a fixed price.



(16) OIL AND GAS ACTIVITIES

The following summarizes selected information with respect to producing activities:

Year Ended  
December  
31, -----  
-----  
-----  
---- 1999  
2000 2001 -  
-----  
-----  
-----

--- (in  
thousands)  
Oil and gas  
properties:  
Subject to  
depletion \$  
914,173 \$  
965,416 \$  
1,032,150  
Unproved  
61,812  
49,523  
25,731 ----  
-----  
-----  
-----

- Total  
975,985  
1,014,939  
1,057,881  
Accumulated  
depletion  
(383,622)  
(443,097)  
(512,786) -  
-----  
-----  
-----

--- Net \$  
592,363 \$  
571,842 \$  
545,095

=====  
=====  
=====

Costs  
incurred:  
Acquisition  
\$ 846 \$  
4,701 \$  
9,489  
Development  
30,597  
46,032  
69,162  
Exploration  
3,604 4,498  
11,405 ----  
-----  
-----  
-----

- Total \$  
35,047 \$  
55,231 \$  
90,056

=====  
=====  
=====

Acquisition costs in 1999 do not reflect \$68 million of value

associated with the Company receiving a 50% interest in the reserves contributed by FirstEnergy to Great Lakes. The Company's share of such reserves was 81.6 Bcfe. Exploration costs include capitalized as well as expensed outlays.

(17) INVESTMENT IN GREAT LAKES

The Company owns 50% of Great Lakes and consolidates its proportionate interest in the joint venture's assets, liabilities, revenues and expenses. The following table summarizes the interest in Great Lakes' audited financial statements as of or for the year ended December 31, 2001.

December 31, 2001 (In thousands) -- -----
- Current assets \$
15,558 Oil and gas properties, net 157,351 Transportation and field assets, net 15,601 Other assets 110
Current liabilities
9,277 Long- term debt 75,001
Members' equity 103,352
Revenues 50,420 Net income 11,936

(18) GAIN ON FORMATION OF GREAT LAKES

In September 1999, Range transferred all of its Appalachian oil and gas properties and associated gas gathering and transportation systems to Great Lakes in exchange for a 50% ownership interest. Additionally, the Company contributed \$188.3 million of indebtedness to Great Lakes. The Great Lakes partners have no commitment to support the operations or obligations of Great Lakes. Great Lakes recorded the assets contributed at fair market value. Range recognized a gain of \$39.8 million, which was attributable to the portion of the net assets associated with the 50% interest of the Company's joint venture partner. The gain was calculated by comparing the estimate of the fair market value of the assets and liabilities conveyed to their net book value. The Great Lakes DD&A rate for the Company's proportionate share of production is higher than the Company's DD&A rate for such production due to the lower cost basis attributed to the investment in Great Lakes versus the Company's proportionate share of Great Lakes assets. DD&A is reduced in consolidation to reflect the Company's investment.

(19) EXTRAORDINARY ITEMS

During 1999, 699,000 shares of common stock were exchanged for \$2.3 million of Trust Preferred and \$3.6 million of 6% Debentures. During 2000, 5.7 million shares of common stock were exchanged for \$25.0 million of Trust Preferred and \$13.8 million of 6% Debentures. During 2001, 1.8 million shares of common stock were exchanged for \$2.9 million of Trust Preferred, \$5.7 million of 6% Debentures and \$3.4 million of 8.75% Senior Subordinated Notes. In addition, \$50,000 of Trust Preferred, \$2.3 million of 6% Debentures and \$42.5 million of 8.75% Senior Subordinated Notes were repurchased. Since 1998, there have been 13.6 million shares of common stock exchanged for convertible debt and securities in the amount of \$85.4 million. In connection with these exchanges, an extraordinary gain net of costs of \$2.4 million, \$17.8 million and \$4.0 million was recorded in 1999, 2000 and 2001, respectively, because the securities were retired at a discount. In addition, 4.6 million and 767,000 shares of common stock were exchanged for \$23.2 million and \$5.4 million of the \$2.03 Preferred during 2000 and 2001, respectively. In 2001, the remaining of \$2.03 Preferred were repurchased for \$74,000.

(20) UNAUDITED SUPPLEMENTAL RESERVE INFORMATION

The Company's proved oil and gas reserves are located in the United States. Proved reserves are those quantities of crude oil and natural gas which, based upon analysis of geological and engineering data, can with reasonable certainty be recovered in the future from known oil and gas reservoirs. Proved developed reserves are those proved reserves, which can be expected to be recovered from existing wells with existing equipment and operating methods. Proved undeveloped oil and gas reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage.

QUANTITIES OF PROVED RESERVES

Natural  
Crude Oil  
Gas and  
NGL's  
Natural Gas  
Equivalent

-----  
-----  
-----

-----  
(Mbbbls)  
(Mmcf)  
(Mmcfe)  
Balance,  
December  
31, 1998  
27,129  
633,317  
796,091  
Revisions  
1,294  
(39,298)  
(31,534)  
Extensions,  
discoveries  
and  
additions  
307 11,066  
12,908  
Purchases  
5,241  
51,751  
83,197  
Sales  
(2,495)  
(162,245)  
(177,215)  
Production  
(2,659)  
(50,808)  
(66,762) --

-----  
-----  
-----

---  
Balance,  
December  
31, 1999  
28,817  
443,783  
616,685  
Revisions  
(1,699)  
(1,186)  
(11,380)  
Extensions,  
discoveries  
and  
additions  
1,226  
26,639  
33,995  
Purchases  
226 1,605  
2,961 Sales  
(170)  
(2,135)  
(3,155)  
Production  
(2,398)  
(41,039)  
(55,427) --

-----  
-----  
-----

---  
 Balance,  
 December  
 31, 2000  
 26,002  
 427,667  
 583,679  
 Revisions  
 (3,359)  
 (33,575)  
 (53,728)  
 Extensions,  
 discoveries  
 and  
 additions  
 479 31,542  
 34,414  
 Purchases  
 427 5,761  
 8,325 Sales  
 (627) (190)  
 (3,955)  
 Production  
 (2,242)  
 (42,278)  
 (55,730) --  
 -----  
 -----  
 - -----

---  
 Balance,  
 December  
 31, 2001  
 20,680  
 388,927  
 513,005

=====  
 =====  
 =====

PROVED  
 DEVELOPED  
 RESERVES  
 December  
 31, 1999  
 17,884  
 299,436  
 406,740

=====  
 =====  
 =====

December  
 31, 2000  
 17,215  
 305,796  
 409,086

=====  
 =====  
 =====

December  
 31, 2001  
 14,066  
 276,162  
 360,558

=====  
 =====  
 =====

Between late 1997 and mid-1998, a series of large acquisitions were consummated which proved extremely disappointing. Production from the acquired properties fell more rapidly than anticipated and further development results were far less attractive than projected in the acquisition engineering. The steep decline in energy prices, which began in late 1997, combined with the less than expected performance caused certain downward reserve revisions in 1998. In 1999, a series of exhaustive field performance studies were conducted and the properties were re-engineered. The studies included a complete review of 1997 and 1998 capital expenditures and development results, a re-examination of estimates of reservoir thickness, oil and gas in place, ultimate recoverable reserves and the relationship of pressures and production declines to these estimates. Reserve reductions were recorded in 1999, based primarily on performance and a reassessment of the size of the reservoirs offset to a minor

degree by upward revisions due to price increases. The 1999 development program in these fields was in part designed to confirm revised engineering forecasts. The downward revisions at year-end 2000 represented what is believed to be the final integration of the field studies, 1999 and 2000 development results, pressure data and production declines. Adjustments at year-end 2000 involved removing from proved reserves drilling and recompletion locations that, based on perceived risk, will probably not be drilled. The downward revision that occurred at year-end 2001 is unlike the previous revisions the Company has experienced. Previous revisions were associated with the disappointing performance of the properties that were acquired during the late 1990's. The entire reserve revision in 2001 is associated with the dramatic reduction in commodity prices between year-end 2000 and year-end 2001. The approximate 73% reduction in gas price on the Company's proved reserves, which are 76% gas by reserve volume, resulted in a significant revision. If there had been no change in commodity prices, the Company would have experienced a slightly positive revision. While there can be no

assurance that future reserve revisions will not occur, management believes that it has fully assessed all data available through this date. That assumption is supported by the fact that performance in the fields appears to have stabilized.

The average prices used at December 31, 2001 to estimate the reserve information were \$17.59 per barrel for oil, \$12.38 per barrel for natural gas liquids and \$2.70 per Mcf for gas using the benchmark NYMEX prices of \$20.38 per barrel and \$2.63 per Mmbtu. The average prices at December 31, 2000 were \$24.46 per barrel for oil, \$14.91 per barrel for natural gas liquids and \$9.57 per Mcf for gas using the benchmark NYMEX prices of \$26.80 per barrel and \$9.77 per Mmbtu. The average prices at December 31, 1999 were \$23.48 per barrel for oil, \$15.69 per barrel for natural gas liquids and \$2.34 per mcfe for gas using the benchmark NYMEX prices of \$25.60 per barrel and \$2.44 per Mmbtu.

The "Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves" ("Standardized Measure") is a disclosure requirement of SFAS No. 69, "Disclosures about Oil and Gas Producing Activities." The Standardized Measure does not purport to present the fair market value of proved oil and gas reserves. This would require consideration of expected future economic and operating conditions, which are not taken into account in calculating the Standardized Measure.

Future cash inflows were estimated by applying year-end prices to the estimated future production less estimated future production costs based on year-end costs. Future net cash inflows were discounted using a 10% annual discount rate to arrive at the Standardized Measure.

STANDARDIZED MEASURE

As of	
December	
31, -----	
-----	
-----	
---- 1999	
2000 2001 -	
-----	
-----	
- --- (in	
thousands)	
Future cash	
inflows \$	
1,689,541 \$	
4,697,062 \$	
1,397,897	
Future	
costs:	
Production	
(486,618)	
(755,727)	
(471,144)	
Development	
(189,784)	
(177,070)	
(176,799) -	
-----	
-----	
--- Future	
net cash	
flows	
1,013,139	
3,764,265	
749,954	
Income	
taxes	
(131,529)	
(457,996)	
(87,745) --	
-----	
-----	
--- Total	
undiscounted	
future net	

cash flows  
881,610  
3,306,269  
662,209 10%  
discount  
factor  
(378,459)  
(1,800,007)  
(350,801) -  
-----  
-----  
- -----  
---

Standardized  
measure \$  
503,151 \$  
1,506,262 \$  
311,408  
=====  
=====  
=====



CHANGES IN STANDARDIZED MEASURE

As of  
 December  
 31, -----  
 -----  
 -----  
 -----  
 ---- 1999  
 2000 2001 -  
 -----  
 -----  
 - --- (in  
 thousands)  
 Standardized  
 measure,  
 beginning  
 of year \$  
 517,095 \$  
 503,151 \$  
 1,506,262  
 Revisions:  
 Prices  
 128,799  
 1,184,950  
 (1,076,168)  
 Quantities  
 (37,911)  
 (89,180)  
 (8,244)  
 Estimated  
 future  
 development  
 cost 8,941  
 36,650  
 4,620  
 Accretion  
 of discount  
 45,420  
 63,468  
 196,426  
 Income  
 taxes  
 (14,307)  
 (130,626)  
 114,556 ---  
 -----  
 -----  
 -----  
 - Net  
 revisions  
 130,942  
 1,065,262  
 737,452  
 Purchases  
 71,022  
 8,003 6,245  
 Extensions,  
 discoveries  
 and  
 additions  
 16,354  
 91,855  
 25,815  
 Production  
 (77,884)  
 (134,556)  
 (165,033)  
 Sales  
 (136,491)  
 (8,525)  
 (2,967)  
 Changes in  
 timing and  
 other  
 (17,887)  
 (18,928)

(290,104) -

-----

-----

- -----

---

Standardized  
measure,  
end of year  
\$ 503,151 \$  
1,506,262 \$  
311,408

=====

=====

=====

RANGE RESOURCES CORPORATION

INDEX TO EXHIBITS

(Item 14[a 3])

EXHIBIT NO.  
DESCRIPTION

- - - - -

3.1.1.  
Certificate  
of  
Incorporation  
of Lomak  
dated March  
24, 1980  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 33-  
31558)).

3.1.2.  
Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated July  
22, 1981  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 33-  
31558)).

3.1.3.  
Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated  
September 8,  
1982  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 33-  
31558)).

3.1.4.  
Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated  
December 28,  
1988  
(incorporated  
by reference  
to the  
Company's  
Registration

Statement  
(No. 33-  
31558)).

3.1.5.

Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated August  
31, 1989  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 33-  
31558)).

3.1.6.

Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated May  
30, 1991  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
20259)).

3.1.7.

Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated  
November 20,  
1992  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
20257)).

3.1.8.

Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated May  
24, 1996  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
20257)).

3.1.9.

Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated  
October 2,

1996  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
20257)).  
3.1.10.  
Restated  
Certificate  
of  
Incorporation  
as required  
by Item 102  
of  
Regulation  
S-T

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
20257)).  
3.1.11.  
Certificate  
of Amendment  
of  
Certificate  
of  
Incorporation  
dated August  
25, 1998

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
62439)).  
3.1.12  
Certificate  
of Amendment  
of  
Certificate  
of

Incorporation  
dated May  
25, 2000  
(incorporated  
by reference  
to the  
Company's  
Form 10-Q  
dated August  
8, 2000).

3.2.1 By-  
laws of the  
Company  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 33-  
31558)).  
3.2.2\*

Amended and  
Restated By-  
laws of the  
Company,  
dated May  
24, 2001.

4.1 Specimen  
certificate  
of Lomak

Petroleum,  
Inc.  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
20257)). 4.2  
Certificate  
of Trust of  
Lomak  
Financing  
Trust

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
43823)). 4.3  
Amended and  
Restated  
Declaration  
of Trust of  
Lomak  
Financing  
Trust dated  
as of  
October 22,  
1997 by The  
Bank of New  
York

(Delaware)  
and the Bank  
of New York  
as Trustees  
and Lomak  
Petroleum,  
Inc. as  
Sponsor

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
43823)).  
4.4.1

Indenture  
dated as of  
October 22,  
1997,  
between  
Lomak  
Petroleum,  
Inc. and The  
Bank of New  
York

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
43823)).  
4.4.2 First

Supplemental  
Indenture  
dated as of  
October 22,  
1997,  
between  
Lomak  
Petroleum,  
Inc. and The  
Bank of New

York  
(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
43823)). 4.5  
Form of 5  
3/4%

Preferred  
Convertible  
Securities.  
4.6 Form of  
5 3/4%  
Convertible  
Junior  
Subordinated  
Debentures.

4.7  
Convertible  
Preferred  
Securities  
Guarantee  
Agreement  
dated  
October 22,  
1997,  
between  
Lomak  
Petroleum,  
Inc., as  
Guarantor,  
and The Bank  
of New York  
as Preferred  
Guarantee  
Trustee

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
(No. 333-  
43823)). 4.8

Common  
Securities  
Guarantee  
Agreement  
dated  
October 22,  
1997,  
between  
Lomak  
Petroleum,  
Inc., as  
Guarantor,  
and The Bank  
of New York  
as Common  
Guarantee  
Trustee.

(incorporated  
by reference  
to the  
Company's  
Registration  
Statement  
No. 333-  
43823)).

- 4.9 Form of Trust Indenture relating to the Senior Subordinated Notes due 2007 between Lomak Petroleum, Inc., and Fleet National Bank as trustee (incorporated on the Company's Registration Statement (No. 333-20257)).
- 4.10 Credit Agreement, dated as of June 7, 1996, between Domain Finance Corporation and Compass Bank --Houston (including the First and the Second Amendment thereto) (incorporated by reference to Exhibit 10.3 of Domain Energy Corporation's Registration Statement on Form S-1 filed with the Commission on April 4, 1997 and Exhibit 10.3 of Amendment No. 1 to Domain Energy Corporation's Registration Statement on Form S-1 filed with the Commission on May 21, 1997) (File No. 333-24641).
- 4.11 Corrected Certificate of Designations of Preferred Stock of Range Resources Corporation Designated As \$2.03 Convertible Exchangeable Preferred Stock, Series D (incorporated by reference to the Company's Form 10-Q dated November 6, 2000).
- 10.1 Incentive and Non-Qualified Stock Option Plan dated March 13, 1989 (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
- 10.2 Advisory Agreement dated September 29, 1988 between Lomak and SOCO (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
- 10.3.1 1989 Stock Purchase Plan (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
- 10.3.2 Amendment to the Lomak Petroleum, Inc., 1989 Stock Purchase Plan, as amended (incorporated by reference to the Company's Registration Statement (No. 333-44821)).
- 10.4 Form of Directors Indemnification Agreement (incorporated by reference to the Company's Registration Statement (No. 333-47544)).
- 10.5.1 1994 Outside Directors Stock Option Plan (incorporated by reference to the Company's Registration Statement (No. 333-47544)).
- 10.5.2 1994 Outside Directors Stock Option Plan - Amendment No. 1 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.5.3 1994 Outside Directors Stock Option Plan - Amendment No. 2 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.5.4 1994 Outside Directors Stock Option Plan - Amendment No. 3 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.5.5 1994 Outside Directors Stock Option Plan - Amendment No. 4 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.6 1994 Stock Option Plan (incorporated by reference to the Company's Registration Statement (No. 33-47544)).
- 10.7 Registration Rights Agreement dated October 22, 1997, by and among Lomak Petroleum, Inc., Lomak Financing Trust, Morgan Stanley & Co. Incorporated, Credit Suisse First Boston, Forum Capital Markets L.P. and McDonald Company Securities, Inc., (incorporated by reference to the Company's Registration Statement (No. 333-43823)).
- 10.8.1 1997 Stock Purchase Plan dated June 19, 1997 (incorporated by reference to the Company's Registration Statement (No. 333-44821)).
- 10.8.2 1997 Stock Purchase Plan, as amended (incorporated by reference to the Company's Registration Statement (No. 333-44821)).



- 10.8.3 1997 Stock Purchase Plan - Amendment No. 1 dated May 26, 1999 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.8.4 1997 Stock Purchase Plan - Amendment No. 2 dated September 28, 1999 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.8.5 1997 Stock Purchase Plan - Amendment No. 3 dated May 24, 2000 (incorporated by reference to the Company's Registration Statement No. 333-40380)
- 10.8.6\* 1997 Stock Purchase Plan - Amendment No. 4 dated May 24, 2001.
- 10.9 Second Amended and Restated 1996 Stock Purchase and Option Plan for Key Employees of Domain Energy Corporation and Affiliates (incorporated by reference to the Company's Registration Statement (No. 333-62439)).
- 10.10 Domain Energy Corporation 1997 Stock Option Plan for Nonemployee Directors (incorporated by reference to the Company's Registration Statement (No. 333-62439)).
- 10.11 \$100,000,000 Credit Agreement between Range Energy Finance Corporation, as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent and Certain Lenders dated December 14, 1999 (incorporated by reference to the Company's 1999 10K dated March 20, 2000.)

- 10.11.1 \$100,000,000 Second Amendment to Credit Agreement between Range Energy Finance Corporation, as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent and Certain Lenders dated December 14, 1999 (incorporated by reference to the Company's 1999 10K dated March 20, 2000.)
- 10.12 Purchase and Sale Agreement - Dated April 20, 2000 between Range Pipeline Systems, L.P. as Seller and Conoco Inc., as Buyer (incorporated by reference to the Company's 10-Q dated August 8, 2000).
- 10.13 Gas Purchase Contract - Dated July 1, 2000 between Range Production I, L.P. as Seller and Conoco Inc., as Buyer (incorporated by reference to the Company's 10-Q dated August 8, 2000).
- 10.14 Application Service Provider and Outsourcing Agreement - Dated June 1, 2000 between Range Resources and Applied Terravision Systems Inc. (incorporated by reference to the Company's 10-Q dated August 8, 2000).
- 10.15.1 \$225,000,000 Amended and Restated Credit Agreement among Range Resources Corporation, as Borrower, The Lenders from Time to Time Parties Hereto, as Lenders, Bank One, Texas, N.A., as Administrative Agent, Chase Bank of Texas, N.A., as Syndication Agent, and Bank of America, N.A., as Documentation Agent dated September 30, 1999 incorporated by reference to the Company's 10Q dated November 10, 1999.
- 10.15.2 \$225,000,000 First Amendment to Credit Agreement among Range Resources Corporation, as Borrower, certain parties, as Lenders, Bank One, Texas, N.A., as Administrative Agent, Chase Bank of Texas, N.A., as Syndication Agent, and Bank of America, N.A., as Documentation Agent dated September 30, 1999
- 10.15.3 \$225,000,000 Second Amendment to Credit Agreement among Range Resources Corporation, as Borrower, certain parties, as Lenders, Bank One, Texas, N.A., as Administrative Agent, Chase Bank of Texas, N.A., as Syndication Agent, and Bank of America, N.A., as Documentation Agent dated September 30, 1999 (incorporated by reference to the Company's 10-Q dated August 8, 2000).
- 10.15.4 \$225,000,000 Third Amendment to Credit Agreement among Range Resources Corporation, as Borrower, certain parties as Lenders, Bank One, Texas, N.A., as Administrative Agent, Chase Bank of Texas, N.A., as Syndication Agent, and Bank of America, N.A., as Documentation Agent dated September 30, 1999 (incorporated by reference to the Company's 10-Q dated August 8, 2000).
- 10.16 1999 Stock Option Plan (incorporated by reference to the Company's Registration Statement No. 333-40380)).
- 10.16.1 1999 Stock Option Plan -- Amended and restated dated April 5, 2001 (incorporated by reference to the Company's Proxy Statement on Schedule 14A dated April 20, 2001)
- 10.16.2\* 1999 Stock Option Plan -- Amendment No. 1 dated May 24, 2001.
- 10.19 The Amended and Restated Deferred Compensation Plan for Directors and Selected Employees, effective September 1, 2000.
- 21.1\* Subsidiaries of Registrant.
- 23.1\* Consent of Independent Public Accountants.
- 23.2\* Consent of H.J. Gruy and Associates, Inc., independent consulting petroleum engineers.
- 23.3\* Consent of DeGolyer and MacNaughton, independent consulting petroleum engineers.
- 23.4\* Consent of Wright and Company, independent consulting engineers.

\* Filed herewith.

RANGE RESOURCES CORPORATION  
AMENDED AND RESTATED BY-LAWS

(EFFECTIVE MAY 24, 2001)

PREAMBLE

These Bylaws are subject to, and governed by, the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law") and the certificate of incorporation (as the same may be amended and restated from time to time) of Range Resources Corporation, a Delaware corporation (the "Corporation"). In the event of a direct conflict between the provisions of these Bylaws and the mandatory provisions of the Delaware General Corporation Law or the provisions of the certificate of incorporation of the Corporation, such provisions of the Delaware General Corporation Law or the certificate of incorporation of the Corporation, as the case may be, will be controlling.

ARTICLE I

Offices

Section 1.1 Registered Office. The initial registered office in the State of Delaware shall be in the City of Wilmington, County of New Castle, and the name of the resident agent in charge thereof is The Corporation Trust Company. The registered office and registered agent of the Corporation shall be as designated from time to time by the appropriate filing by the Corporation in the office of the Secretary of State of the State of Delaware.

Section 1.2 Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors (the "Board") may from time to time determine or the business of the corporation may require.

ARTICLE II

Meetings of Stockholders

Section 2.1 Place of Meeting. All meetings of stockholders of the Corporation ("Stockholders") for the election of directors of the Corporation ("Directors") shall be held in the city of Fort Worth, Texas, or in such other places both within and without the State of Delaware as the Board may determine; and the Board shall fix the place within such city for the holding of such meeting. Meetings of Stockholders for any other purpose may be held at such place, within or without the State of Delaware, and time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2.2 Annual Meeting. The annual meeting of Stockholders (the "Annual Meeting") shall be held the second to last Thursday in May in each year commencing at 9:00 a.m., or at such time as the Board shall designate. The meeting shall be held for the purpose of electing by a plurality vote a Board and transacting such other business as may properly be brought before the meeting. If the election of Directors shall not be held on the day designated for any Annual Meeting, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Stockholders as soon thereafter as conveniently possible. Except as otherwise permitted by law, no Stockholder shall require the Board to call an Annual Meeting.

Section 2.3 Special Meeting. Special meetings of the Stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Chairman of the Board, by the President or by the Board, and shall be called by the Chairman of the Board, the President, a Vice President or the Secretary at the request in writing of Stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose of the proposed meeting. The Chairman, President or Directors so calling, or the Stockholders so requesting, any such meeting shall fix the time and any place, either within or without the State of Delaware, as the place for holding such meeting. Only such business shall be transacted at a special meeting as may be stated or indicated in the notice of such meeting or in a duly executed waiver of notice of such meeting.

Section 2.4 Notice of Meeting. Written notice of the Annual Meeting, and each special meeting of Stockholders, stating, in the case of a special meeting, the time, place and, in general terms, the objects thereof, shall be served upon, mailed to or otherwise given to each Stockholder entitled to vote thereat, at least ten (10) days but not more than sixty (60) before the date of the meeting. If such notice is to be sent by mail, it shall be directed to each Stockholder at his address as it appears on the records of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to some other address, in which case it shall be directed to him at such other address. Notice of any meeting of Stockholders shall not be required to be given to any Stockholder who shall attend such meeting in person or by proxy and shall not, at the beginning of such meeting, object to the transaction of any business because the meeting is not lawfully called or convened, or who shall, either before or after the meeting, submit a signed waiver of notice, in person or by proxy.

Section 2.5 Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of Stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation or by these By-laws. If a quorum shall not be present, in person or by proxy, at any meeting of Stockholders or any adjournment thereof, the chairman of the meeting or a majority in interest of the Stockholders entitled to vote thereat who are present, in person or by proxy, may adjourn the meeting from time to time, without notice other than announcement at the meeting (unless the Board, after such adjournment, fixes a new record date for the adjourned meeting), until a quorum shall be present, in person or by proxy. At any adjourned meeting at which a quorum shall be present, in person or by proxy, any business may be transacted which may have been transacted at the original meeting had a quorum been present, in person or by proxy; provided that, if the adjournment is for more than

thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the adjourned meeting.

Section 2.6 Voting. When a quorum is present at any meeting of Stockholders, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes, of the Certificate of Incorporation or of these By-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. The stockholders present at a meeting constituted in accordance with these By-Laws may continue to transact business until adjournment, notwithstanding the withdrawal of enough Stockholders to leave less than a quorum. Every Stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such Stockholder, bearing a date not more than eleven months prior to voting, unless such instrument provides for a longer period, and filed with the Secretary of the corporation before, or at the time of, the meeting. If such instrument of proxy shall designate two or more persons to act as proxies, unless such instrument shall provide to the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of the same portion of the shares as he is of the proxies representing such shares. Every such Stockholder shall have one vote for each share of stock having voting power registered in his name on the books of the corporation. Except where the transfer books of the corporation shall have been closed or a date shall have been fixed as a record date for the determination of its Stockholders entitled to vote, no share of stock shall be voted at any election for Directors which has been transferred on the books of the corporation within twenty days next preceding such election of Directors. No proxy shall be valid after three (3) years from the date of its execution, unless otherwise provided in the proxy. If no date is stated in a proxy, such proxy shall be presumed to have been executed on the date of the meeting at which it is to be voted. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power or unless otherwise made irrevocable by law.

Section 2.7 Voting of Stock of Certain Holders. Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the By-laws of such corporation may prescribe or, in the absence of such provision, as the Board of such corporation may determine. Shares standing in the name of a deceased person may be voted by the executor or administrator of such deceased person, either in person or by proxy. Shares standing in the name of a guardian, conservator or trustee may be voted by such fiduciary, either in person or by proxy, but no such fiduciary shall be entitled to vote shares held in such fiduciary capacity without a transfer of such shares into the name of such fiduciary. Shares standing in the name of a receiver may be voted by such receiver. A Stockholder whose shares are pledged shall be entitled to vote such shares, unless in the transfer by the pledgor on the books of the corporation, he has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent the stock and vote thereon.

Section 2.8 Treasury Stock. The corporation shall not vote, directly or indirectly, shares of its own stock owned by it; and such shares shall not be counted in determining the total number of outstanding shares.

Section 2.9 Closing Transfer Books or Fixing Record Date. The Board may close the stock transfer books of the corporation for a period not exceeding sixty (60) days preceding the date of any meeting of Stockholders, or the date for payment of any dividend or distribution, or the date for the allotment of rights or the date when any change, or conversion or exchange of capital stock shall go into effect of for a period of not exceeding sixty (60) days in connection with obtaining the consent of Stockholders for any purpose. In lieu of closing the stock transfer books as aforesaid, the Board may fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of Stockholders, or the date for payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change, or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the Stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or distribution, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such Stockholders and only such Stockholders as shall be Stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend or distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

#### Section 2.10 Notice of Stockholder Business at Annual Meeting

(a) At an annual meeting of the Stockholders, only such business shall be conducted as shall have been brought before the meeting (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of a majority of the members of the Board, or (iii) by any Stockholder of the Corporation who is a Stockholder of record at the time of giving of notice provided for in this Bylaw, who shall be entitled to vote at such meeting, and who complies with the notice procedures set forth in paragraph (b) of this Bylaw.

(b) For business to be properly brought before an annual meeting by a Stockholder pursuant to clause (iii) of paragraph (a) of this Bylaw, the Stockholder must have given timely notice thereof in writing to the Secretary of the Corporation at the Corporation's principal place of business. To be timely, a Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the meeting is changed by more than thirty (30) days from such anniversary date, notice by the Stockholder to be timely must be received no later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting date was made. A Stockholder's notice to the Secretary with respect to business to be brought at an annual meeting shall set forth (1) the nature of the proposed business with reasonable particularity, including the exact text of any proposal to be presented for adoption,

and the reasons for conducting that business at the annual meeting, (2) with respect to each such Stockholder, that Stockholder's name and address (as they appear on the records of the Corporation), business address and telephone number, residence address and telephone number, and the number of shares of each class of capital stock of the Corporation beneficially owned by that Stockholder, and (3) any interest of the Stockholder in the proposed business.

(c) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Bylaw. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Nothing in this Bylaw shall relieve a Stockholder who proposes to conduct business at an annual meeting from complying with all applicable requirements, if any, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder.

Section 2.11 Order of Business. The order of business at all meetings of Stockholders shall be as determined by the chairman of the meeting.

Section 2.12 Conduct of Meeting. The Chairman of the Board, if such office has been filled, and, if not or if the Chairman of the Board is absent or otherwise unable to act, the President shall preside at all meetings of Stockholders. The Secretary shall keep the records of each meeting of Stockholders. In the absence or inability to act of any such officer, such officer's duties shall be performed by the officer given the authority to act for such absent or non-acting officer under these Bylaws or by some person appointed by the meeting.

Section 2.13 Certain Rules of Procedure Relating to Stockholder Meetings. All Stockholder meetings, annual or special, shall be governed in accordance with the following rules:

(a) Only Stockholders of record will be permitted to present motions from the floor at any meeting of Stockholders.

(b) The chairman of the meeting shall preside over and conduct the meeting, and all questions of procedure or conduct of the meeting shall be decided solely by the chairman of the meeting. The chairman of the meeting shall have all power and authority vested in a presiding officer by law or practice to conduct an orderly meeting. Among other things, the chairman of the meeting shall have the power to adjourn or recess the meeting, to silence or expel persons to ensure the orderly conduct of the meeting, to declare motions or persons out of order, to prescribe rules of conduct and an agenda for the meeting, to impose reasonable time limits on questions and remarks by any Stockholder, to limit the number of questions a Stockholder may ask, to limit the nature of questions and comments to one subject matter at a time as dictated by any agenda for the meeting, to limit the number of speakers or persons addressing the chairman of the meeting or the meeting, to determine when the polls shall be closed, to limit the attendance at the meeting to Stockholders of record, beneficial owners of stock who present letters from the record holders confirming their status as beneficial owners,



and the proxies of such record and beneficial holders, and to limit the number of proxies a stockholder may name.

Section 2.14 Requests for Stockholder List and Corporation Records. Stockholders shall have those rights afforded under the Delaware General Corporation Law to inspect a list of Stockholders and other related records and make copies or extracts therefrom. Such request shall be in writing in compliance with Section 220 of the Delaware General Corporation Law. In addition, any Stockholder making such a request must agree that any information so inspected, copied or extracted by the stockholder shall be kept confidential, that any copies or extracts of such information shall be returned to the Corporation and that such information shall only be used for the purpose stated in the request. Information so requested shall be made available for inspecting, copying or extracting at the principal executive offices of the Corporation. Each Stockholder desiring a photostatic or other duplicate copies of any of such information requested shall make arrangements to provide such duplicating or other equipment necessary in the city where the Corporation's principal executive offices are located. Alternative arrangements with respect to this Section 2.15 may be permitted in the discretion of the President of the Corporation or by vote of the Board.

### ARTICLE III

#### Board of Directors

Section 3.1 Powers. The business and affairs of the corporation shall be managed by its Board, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the Stockholders.

Section 3.2 Number, Election and Term. The number of Directors which shall constitute the whole Board shall be not less than three (3) nor more than fifteen (15). Such number of Directors shall, from time to time, be fixed and determined by the Directors and shall be set forth in the notice of any meeting of Stockholders held for the purpose of electing Directors. Election of Directors need not be by ballot. The Directors shall be elected at the Annual Meeting of Stockholders at which a quorum is present by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote on the election of directors or a class of directors, except as provided in Sections 2.2 and 3.4. Each Director elected shall hold office until the Annual Meeting of Stockholders of the Corporation next succeeding his election or until his successor is duly elected and qualified or until his earlier resignation or removal. Directors need not be residents of Delaware or Stockholders of the Corporation.

#### Section 3.3 Nomination of Director Candidates.

(a) Nominations of persons for election to the Board at a meeting of Stockholders may be made (i) by or at the direction of the Board or (ii) by any Stockholder of the Corporation who is a Stockholder of record at the time of giving of notice provided for in this

Bylaw, who shall be entitled to vote for the election of the director so nominated and who complies with the notice procedures set forth in this Bylaw.

(b) Nominations by stockholders shall be made pursuant to timely notice in writing to the Secretary of the Corporation at the Corporation's principal place of business. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the earlier of the date on which notice of the date of the meeting was mailed or public disclosure of the meeting date was made, and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the tenth (10th) day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting date was made. Such notice shall set forth (i) as to each nominee for election as a director, all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or that otherwise would be required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to serving as a director if elected and, if applicable, to being named in the proxy statement as a nominee), and (ii) if the nomination is submitted by a stockholder of record, (A) the name and address, as they appear on the Corporation's books, of such stockholder of record and the name and address of the beneficial owner, if different, on whose behalf the nomination is made and (B) the class and number of shares of the Corporation which are beneficially owned and owned of record by such stockholder of record and such beneficial owner. At the request of the Board, any person nominated by the Board for election as a director shall furnish the Secretary of the Corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee.

(c) No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Bylaw. The election of any director in violation of this Bylaw shall be void and of no force or effect. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw.

Section 3.4 Vacancies and Additional Directors. Any Director may resign at any time by written notice to the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. If any vacancy occurs in the Board caused by death, resignation, retirement, disqualification or removal from office of any Director, or otherwise, or if any new directorship is created by an increase in the authorized number of Directors, a majority of the Directors then in office, though less than a quorum, may

choose a successor or fill the newly created directorship; and a Director so chosen shall hold office until the next election of the class for which such Director shall have been chosen, and until his successor shall be duly elected and shall qualify, unless sooner displaced. No decrease in the number of directors constituting the entire Board shall have the effect of shortening the term of any incumbent director.

Section 3.5 Regular Meeting. A regular meeting of the Board shall be held each year, without other notice than this by-law, at the place of, and immediately following, the Annual Meeting of Stockholders; and other regular meetings of the Board shall be held each year, at such time and place as the Board may provide, by resolution, either within or without the State of Delaware, without other notice than such resolution.

Section 3.6 Special Meeting. A special meeting of the Board may be called by the Chairman of the Board or by the President and shall be called by the Secretary on the written request of a majority of the Directors. The Chairman or President so calling, or the Directors so requesting, any such meeting shall fix the time and any place, either within or without the State of Delaware, as the place for holding such meeting.

Section 3.7 Notice of Special Meeting. Written notice of special meetings of the Board shall be given to each Director at least forty-eight (48) hours prior to the time of such meeting. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board need be specified in the notice of waiver of notice of such meeting, except that notice shall be given of any proposed amendment to the By-laws if it is to be adopted at any special meeting or with respect to any other matter where notice is required by statute.

Section 3.8 Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by statute, by the Certificate of Incorporation or by these By-laws. If a quorum shall not be present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. A majority of committee members shall constitute a quorum for the transaction of business at any meeting of a Board committee, provided, however, that fifty percent of the members of any committee of the Board shall constitute a quorum for transacting business at any meeting of such committee, if such committee is comprised of an even number of committee members.

Section 3.9 Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, as provided in Article IV of these By-laws, may be taken without a meeting, if a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 3.10 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.11 Compensation. Directors, as such, shall not be entitled to any stated salary for their services unless voted by the Directors; but by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board or any meeting of a committee of Directors. No provision of these By-laws shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefor.

#### ARTICLE IV

##### Committee of Directors

Section 4.1 Designation, Powers and Name. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each such committee to consist of two or more of the Directors of the corporation, which shall have and may exercise such of the powers of the Board in the management of the business and affairs of the corporation, as may be provided in the resolution, and may authorize the seal of the corporation to be affixed to all papers which may require it. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names and such limitations of authority as may be determined from time to time by resolution adopted by the Board. The Board may also designate a member of any such committee to be the Chairman thereof, and such Chairman shall preside at the meetings of such committee and shall perform such other duties as may be designated by the Board.

Section 4.2 Minutes. Each committee of Directors shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 4.3 Compensation. Members of a special or standing committees may be allowed compensation for attending committee meetings, if the Board shall so determine.

## ARTICLE V

### Notice

Section 5.1 Methods of Giving Notice. Whenever under the provisions of the statutes, the Certificate of Incorporation or of these By-laws notice is required to be given to any Director, member of any committee or Stockholder, and no provision is made as to how such notice shall be given, personal notice shall not be required and any such notice may be given (a) in writing, by mail, postage prepaid, addressed to such committee member, Director or Stockholder at his address as it appears on the books or (in the case of a Stockholder) the stock transfer records of the Corporation, or (b) by any other method permitted by law (including but not limited to overnight courier service, telegram, telex or telefax). If mailed, notice to a Director, member of a committee or Stockholder shall be deemed to be given when deposited in the United States mail in a sealed envelope, with postage thereon prepaid, addressed, in the case of a Stockholder, to the Stockholder at the Stockholder's address as it appears on the records of the corporation or, in the case of a Director or a member of a committee to such person at his business address. If sent by telegraph, notice to a Director or member of a committee shall be deemed to be given when the telegram, so addressed, is delivered to the telegraph company.

Section 5.2 Written Waiver. Whenever any notice is required to be given under the provisions of the statutes, of the Certificate of Incorporation or of these By-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a Stockholder, Director, or committee member at a meeting shall constitute a waiver of notice of such meeting, except where such person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE VI

### Officers

Section 6.1 Officers. The officers of the corporation shall be a Chairman of the Board, a Vice Chairman of the Board (if such office is created by the Board), a President, one or more Vice Presidents, any one or more of whom may bear such special designation as the Board shall determine, a Secretary and a Treasurer. The Board may by resolution create the office of Vice Chairman of the Board and define the duties of such office. The Board may appoint such other officers and agents, including Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers, as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined by the Board. Any two or more offices, other than the offices of the President and Secretary, or Chairman of the Board and Secretary, may be held by the same person. No officer shall execute, acknowledge, verify or countersign any instrument on behalf of the Company in more than one capacity, if such instrument is required by law, by these By-laws or by any act of the corporation to be executed, acknowledged, verified or countersigned by two or more officers. The Chairman, Vice Chairman (if such office is created by the Board) and President shall be elected from among the Directors. With the foregoing exceptions, none of the other officers need be a Director, and none of the officers need be a stockholder of the corporation or a resident of the State of Delaware.

Section 6.2 Election and Term of Office. The officers of the corporation shall be elected annually by the Board at its first regular meeting held after the Annual Meeting of Stockholders or as soon thereafter as conveniently possible. Each officer shall hold office until his successor shall have been chosen and shall have qualified or until his death or the effective date of his resignation or removal, or until he shall cease to be a Director in the case of the Chairman, Vice Chairman and President.

Section 6.3 Removal and Resignation. Any officer or agent elected or appointed by the Board may be removed without cause by the affirmative vote of a majority of the Board whenever, in its judgment, the best interests of the corporation shall be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.4 Vacancies. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 6.5 Salaries. The salaries of all officers and agents of the corporation shall be fixed by the Board or pursuant to its direction; and no officer shall be prevented from receiving such salary by reason of his also being a Director.

Section 6.6 Chairman of the Board. The Chairman of the Board shall be a member of the Board. By virtue of his office he shall be a member of the Executive Committee if such committee be created. He shall preside at all meetings of the Board and Stockholders of the corporation. He shall formulate and submit to the Board or the Executive Committee matters of general policy for the corporation and shall perform such other duties as usually appertain to the office or may be designated by the Board or the Executive Committee. He may be designated by the Board as the Chief Executive Officer of the corporation and in the event he is so designated shall have the duties and powers of the Chief Executive Officer as provided in Section 6.8 of these By-laws.

Section 6.7 President. The President shall be a member of the Board. By virtue of his office he shall be a member of the Executive Committee if such committee is created. In the absence of the Chairman of the Board and the Vice Chairman of the Board (if such office is created by the Board), the President shall preside at all meetings of the Board and the Stockholders. He may also preside at any such meeting attended by the Chairman or Vice Chairman of the Board as he is so designated by the Chairman of the Board when he is present, or in the Chairman's absence by the Vice Chairman of the Board. The President shall be the Chief Operating Officer of the Corporation and as such, subject to the control of the Board, the Executive Committee and the Chairman of the Board (if the Chairman of the Board shall have been designated Chief Executive Officer), shall supervise and direct the operations of the corporation and shall perform such other duties as may be assigned to him by the Board, the Executive Committee or the Chairman of the Board (if the Chairman of the Board shall have been designated Chief Executive Officer). He may sign with the Secretary, or any other officer of the corporation thereunto

authorized by the Board, certificates for shares of the corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these By-laws or by the Board to some other officer or agent of the corporation or shall be required by law to be otherwise executed. The President may be designated by the Board as the Chief Executive Officer of the corporation and in the event he is so designated shall have the duties and powers of the Chief Executive Officer of the corporation as provided in Section 6.8 of these By-laws. In the absence of the Chairman of the Board (if he shall have been designated as Chief Executive Officer) or in the event of his inability or refusal to act, the President shall perform the duties and exercise the powers of the Chief Executive Officer.

Section 6.8 Chief Executive Officer. The Board may designate either the Chairman of the Board or the President as the Chief Executive Officer, and such other officer so designated, subject to the control of the Board, shall be responsible for and control the business and affairs of the corporation.

He shall be the Chairman of the Executive Committee, if such committee shall be created by the Directors, unless the Board shall have designated another Director of the corporation as the Chairman of the Executive Committee.

He shall have the power to appoint and remove subordinate officers, agents and employees, except those elected or appointed by the Board. The Chief Executive Officer shall keep the Board and the Executive Committee fully informed and shall consult with them concerning the business of the Corporation. He may sign with the Secretary or any other officer of the corporation thereunto authorized by the Board, certificates for shares of the corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these By-laws or by the Board to some other officer or agent of the corporation, or shall be required by law to be otherwise executed. He shall vote, or give a proxy to any other officer of the corporation to vote, all shares of the stock of any other corporation standing in the name of the corporation and in general he shall perform all other duties as usually appertain to the Chief Executive Officer and such other duties as may be prescribed by the Stockholders, the Board or the Executive Committee from time to time.

Section 6.9 Vice Presidents. The Vice Presidents shall perform such duties as from time to time may be assigned to them by the Chief Executive Officer, the Board or the Executive Committee.

Section 6.10 Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Stockholders, the Board, the Executive Committee and such other committees as the Board shall designate; (b) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; (c) keep or cause to be kept a register of the post office address of each Stockholder which shall be furnished by such Stockholder; (d) sign with the President certificates for shares of the Corporation, the issue of which shall have been authorized by resolution of the Board; (e) have general charge of the stock transfer books of the corporation; and (f) in general, perform all duties incident to the office of Secretary and such other duties as

from time to time may be assigned to him by the Chief Executive Officer, the Board or the Executive Committee.

Section 6.11 Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. He shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 7.4 of these By-laws; (b) prepare, or cause to be prepared, such reports as shall be requested by the Directors, the Executive Committee or the Chief Executive Officer; and (c) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chief Executive Officer, the Board, or the Executive Committee.

Section 6.12 Assistant Secretary or Treasurer. The Assistant Secretaries and Assistant Treasurers shall, in general, perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer, the Board or the Executive Committee. The Assistant Secretaries and Assistant Treasurers shall, in the absence of the Secretary or Treasurer, respectively, perform all functions and duties which such absent officers may delegate, but such delegation shall not relieve the absent officer from the responsibilities and liabilities of his office. The Assistant Secretaries may sign with the President certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the Board. The Assistant Treasurers shall, respectively, if required by the Board, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board shall determine.

#### ARTICLE VII

##### Contracts, Loans, Checks and Deposits

Section 7.1 Contracts. Subject to the provisions of Section 6.1, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 7.2 Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board (or a resolution of a committee of Directors pursuant to authority conferred upon the committee). Such authority may be general or confined to specific instances.

Section 7.3 Checks, etc. All checks, demands, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers or such agent or agents of the corporation, and in such manner, as shall be determined by the Board.



Section 7.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board may select.

#### ARTICLE VIII

##### Certificates of Stock

Section 8.1 Issuance. Each Stockholder of this corporation whose shares have been fully paid up shall be entitled to a certificate or certificates showing the number of shares registered in his name on the books of the corporation. The certificates of stock of the corporation shall be in such form as may be determined by the Board shall be issued in numerical order and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and number of shares, shall be signed by the President and by the Secretary or Assistant Secretary, shall bear the seal of the corporation and shall be countersigned by any Transfer Agent and Registrar designated and appointed by the Board. If any stock certificate is signed (1) by a transfer agent or an assistant transfer agent, or (2) by a transfer clerk acting on behalf of the corporation and a registrar, the signature of any such officer and the seal of the corporation thereon may be facsimile. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in the case of a lost, stolen, destroyed or mutilated certificate a new one may be issued therefor upon such terms and with such indemnity (if any) to the corporation as the Board may prescribe. Certificates shall not be issued representing fractional shares of stock.

Section 8.2 Lost Certificates. The Board may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board may, in its discretion as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 8.3 Transfers. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Transfer of shares shall be made only on the books of the corporation by registered holder thereof, or by his attorney thereunto authorized by power of attorney and filed with the Secretary of the corporation or the Transfer Agent.

Section 8.4 Registered Stockholders. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 8.5 Regulations. The Board shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of stock of the Corporation.

Section 8.6 Legends. The Board shall have the power and authority to provide that certificates representing shares of stock bear such legends as the Board deems appropriate to assure that the Corporation does not become liable for violations of federal or state securities laws or other applicable law.

#### ARTICLE IX

##### Dividends

Section 9.1 Declaration. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. Such declaration and payment shall be at the discretion of the Board.

Section 9.2 Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Directors shall think conducive to the interest of the corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

#### ARTICLE X

##### Miscellaneous

Section 10.1 Fiscal Year. The fiscal year of the corporation shall be determined by the Board.

Section 10.2 Books. The books of the corporation may be kept (subject to any provisions contained in the statutes) outside the State of Delaware at the offices of the Company at Hartville, Ohio, or at such other place or places as may be designated from time to time by the Board.

Section 10.3 Securities of Other Corporations. With the prior approval of a majority of the Corporation's Board, the Chairman of the Board, the President, or any Vice President, the Corporation shall have the power and authority to transfer, endorse for transfer, vote, consent, or take any other action with respect to any securities of another issuer which may be held or owned by the Corporation and to make, execute, and deliver any waiver, proxy or consent with respect to any such securities.

Section 10.4 Telephone Meetings. Stockholders (acting for themselves or through a proxy), members of the Board and members of a committee of the Board may participate in and hold a meeting of such stockholders, Board or committee by means of a conference telephone or similar communications equipment by means of which persons participating in the meeting can hear each other and participation in a meeting pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 10.5 Invalid Provisions. If any part of these Bylaws shall be held invalid or inoperative for any reason, the remaining parts, so far as it is possible and reasonable, shall remain valid and operative.

Section 10.6 Mortgages, etc. With respect to any deed, deed of trust, mortgage or other instrument executed by the Corporation through its duly authorized officer or officers, the attestation to such execution by the Secretary of the Corporation shall not be necessary to constitute such deed, deed of trust, mortgage or other instrument a valid and binding obligation against the Corporation unless the resolutions, if any, of the Board authorizing such execution expressly state that such attestation is necessary.

Section 10.7 Headings. The headings used in these Bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation.

Section 10.8 References. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender should include each other gender where appropriate.

## ARTICLE XI

### Amendment

These By-laws may be altered, amended or repealed by a majority of the Board present at any regular meeting of the Board without prior notice, or at any special meeting of the Board if notice of such alteration, amendment or repeal be contained in the notice of such special meeting. In addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law or by the certificate of incorporation of the Corporation, the affirmative vote of the holders of not less than eighty percent of the outstanding shares of the Corporation then entitled to vote upon the election of directors, voting together as a

single class, shall be required for the alteration, amendment, or repeal of the Bylaws or adoption of new Bylaws by the stockholders of the Corporation.

## ARTICLE XII

### Indemnification

Section 12.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, employee or agent or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a Director or officer in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such person while a Director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced if it shall ultimately be determined that such Director or officer is not entitled to be indemnified under this Section or otherwise.

Section 12.2 Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 12.3 Insurance. The corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss,

whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

List of Amendments:

April 13, 1994	Addition of Article XII
September	10, 1997 Change of record date to meeting date period from 50 to 60 days by deleting Section 2.9 of Article II in its entirety and replacing it with the current Section 2.9.
August 25, 1998	Name change from Lomak Petroleum, Inc. to Range Resources Corporation
May 24, 2001	(a) Quorum for Committees changed to fifty percent to accommodate committees that have four members. (b) Numerous cosmetic changes for wording changes. (c) Added provisions for updated proxy procedures for Annual Meeting and procedures for Annual Meeting. See Exhibit A to Minutes for blackline of all changes.

FOURTH AMENDMENT

TO THE

RANGE RESOURCES CORPORATION  
1997 STOCK OPTION PLAN

THIS AMENDMENT (the "AMENDMENT") to the 1997 Stock Option Plan, as amended (the "PLAN"), was duly approved and adopted by the shareholders of Range Resources Corporation (the "CORPORATION") on May 24, 2001.

1. Article IV of the Plan shall be amended and restated in its entirety as follows:

There shall be 1,750,000 shares of Common Stock reserved under the Plan, subject to adjustment in accordance with Article XII hereof. The shares of Common Stock subject to the Plan shall be either shares of authorized but unissued Common Stock or shares of Common Stock reacquired on the open market or otherwise for the account of the Participants. The Committee shall determine from time to time whether the shares of Common Stock shall be authorized or unissued shares or reacquired shares.

## FIRST AMENDMENT

## TO THE

RANGE RESOURCES CORPORATION  
1999 STOCK OPTION PLAN

THIS AMENDMENT (the "AMENDMENT") to the Amended and Restated 1999 Stock Option Plan, dated April 5, 2001 (the "PLAN"), was duly approved and adopted by the shareholders of Range Resources Corporation (the "CORPORATION") on May 24, 2001.

1. Article V(a) of the Plan shall be amended and restated in its entirety as follows:

(a) STOCK GRANT AND AWARD LIMITS. The Committee may from time to time grant Awards to one or more employees, Consultants or Directors determined by it to be eligible for participation in the Plan in accordance with the provisions of Paragraph VI. Subject to adjustment in the same manner as provided in Paragraph IX with respect to shares of Stock subject to Awards then outstanding, the aggregate number of shares of Stock that may be issued under the Plan shall not exceed 3,400,000 shares. Shares shall be deemed to have been issued under the Plan only (i) to the extent actually issued and delivered pursuant to an Award, or (ii) to the extent an Award is settled in cash. To the extent that an Award lapses or the rights of its Holder terminate, any shares of Stock subject to such Award shall again be available for the grant of an Award. Notwithstanding any provision in the Plan to the contrary, the maximum number of shares of Stock that may be subject to the Awards granted to any one individual during any calendar year may not exceed 250,000 shares of Stock (subject to adjustment in the same manner as provided in Paragraph IX with respect to shares of Stock subject to Awards then outstanding). The limitation set forth in the preceding sentence shall be applied in a manner which will permit compensation generated under the Plan to constitute "performance-based" compensation for purposes of section 162(m) of the Code including, without limitation, counting against such maximum number of shares, to the extent required under section 162(m) of the Code and applicable interpretive authority thereunder, any shares subject to Awards that are canceled or repriced.

RANGE RESOURCES CORPORATION

SUBSIDIARIES OF REGISTRANT

Percentage  
of Voting  
Jurisdiction  
of  
Securities  
Name  
Incorporation  
Owned by  
Immediate  
Parent - ---  
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Range  
Production  
Company  
Delaware  
100% Range  
Energy  
Services  
Company  
Delaware  
100% Range  
Holdco, Inc.  
Delaware  
100% Range  
Energy I,  
Inc.  
Delaware  
100% Range  
Gathering &  
Processing  
Company  
Delaware  
100% Range  
Gas Company  
Delaware  
100% Lomak  
Financing  
Trust  
Delaware  
100% RRC  
Operating  
Company Ohio  
100% Range  
Energy  
Finance  
Corporation  
Delaware  
100% Range  
Energy  
Ventures  
Corporation  
Delaware  
100%  
Gulfstar  
Energy, Inc.  
Delaware  
100%  
Gulfstar  
Seismic,  
Inc.  
Delaware  
100% Domain  
Energy  
International  
Corporation



British  
Virgin  
Islands 100%  
Energy  
Assets  
Operating  
Company  
Delaware  
100%

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report on the consolidated financial statements of Range Resources Corporation for the year ended December 31, 2001, included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-3 File No. 333-76837, Form S-4 File No. 333-78231, and Form S-8 (File No.'s 333-40380, 333-30534, 333-88657, 333-69905, 333-62439, 333-44821, 333-10719).

ARTHUR ANDERSEN LLP

Dallas, Texas  
March 1, 2002

CONSENT OF H. J. GRUY AND ASSOCIATES, INC.

We hereby consent to the use of the name H.J. Gruy and Associates, Inc., and of references to H.J. Gruy and Associates, Inc. and to the inclusion of and references to our report dated February 14, 2002, prepared for Range Resources Corporation in the Range Resources Corporation Annual Report on Form 10-K for the year ended December 31, 2001.

H.J. GRUY AND ASSOCIATES, INC.

March 4, 2002  
Houston, Texas

CONSENT OF DEGOLYER AND MACNAUGHTON

We hereby consent to the reference to our firm in your Annual Report on Form 10-K of Range Resources Corporation for the year ended December 31, 2001, to which this consent is an exhibit. We also consent to the incorporation of information contained in our "Appraisal Report as of December 31, 2001, of Certain Interests owned by Range Resources Corporation," provided, however, that we are necessarily unable to verify the accuracy of the reserves and discounted present worth values contained therein because our estimates of reserves and discounted present worth have been combined with estimates of reserves and present worth prepared by other petroleum consultants.

DEGOLYER AND MACNAUGHTON

Dallas, Texas  
March 4, 2002

CONSENT OF WRIGHT AND COMPANY

We hereby consent to the incorporation by reference of our name in the Annual Report on Form 10-K of Range Resources Corporation (the "Company") for the fiscal year ended December 31, 2001, to which this consent is an exhibit.

WRIGHT AND COMPANY

Brentwood, Tennessee  
March 4, 2002