

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2003.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from ____ to _____

Commission file number 0-9592

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

DELAWARE

(State of or other jurisdiction of
incorporation or organization)

34-1312571

(I.R.S. Employer
Identification No.)

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

76102
(Zip Code)

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

(Former name or former address, if changed since last report): Not applicable

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer
(as defined in Rule 12b-2 of the Exchange Act). Yes No

55,571,945 Common Shares were outstanding on April 30, 2003.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The financial statements included herein should be read in conjunction with the Company's latest Form 10-K. The statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations. All adjustments are of a normal recurring nature unless otherwise noted. These financial statements have been prepared in accordance with the applicable rules of the Securities and Exchange Commission and do not include all of the information and disclosures required by accounting principles generally accepted in the United States for complete financial statements.

RANGE RESOURCES CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 2002	MARCH 31, 2003
ASSETS	-----	----- (Unaudited)
Current assets		
Cash and equivalents	\$ 1,334	\$ 1,388
Accounts receivable	26,832	45,350
IPF receivables, net (Note 2)	6,100	5,500
Unrealized derivative gain (Note 2)	4	78
Inventory and other	3,084	3,474
Deferred tax asset, net (Note 13)	-	19,820
	-----	-----
	37,354	75,610
	-----	-----
IPF receivables, net (Note 2)	18,351	15,589
Unrealized derivative gain (Note 2)	13	435
	-----	-----
Oil and gas properties, successful efforts method (Note 16)	1,154,549	1,215,531
Accumulated depletion and depreciation	(590,143)	(587,839)
	-----	-----
	564,406	627,692
	-----	-----
Transportation and field assets (Note 2)	34,143	35,225
Accumulated depreciation and amortization	(16,071)	(16,765)
	-----	-----
	18,072	18,460
	-----	-----
Deferred tax asset, net (Note 13)	15,785	-
Other (Note 2)	4,503	4,517
	-----	-----
	\$ 658,484	\$ 742,303
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 27,044	\$ 29,425
Asset retirement obligation (Note 3)	-	15,931
Accrued liabilities	9,678	8,987
Accrued interest	4,449	2,632
Unrealized derivative loss (Note 2)	26,035	43,380
	-----	-----
	67,206	100,355
	-----	-----
Senior debt (Note 6)	115,800	121,800
Non-recourse debt (Note 6)	76,500	78,500
Subordinated notes (Note 6)	90,901	90,021
	-----	-----
Trust preferred - mandatorily redeemable security of subsidiary (Note 6)	84,840	84,440
Deferred tax credits, net (Note 13)	-	2,319
Unrealized derivative loss (Note 2)	9,079	14,987
Deferred compensation liability (Note 11)	8,049	9,725
Asset retirement obligation (Note 3)	-	38,113
Commitments and contingencies (Note 8)	-	-
	-----	-----
Stockholders' equity (Notes 9 and 10)		
Preferred stock, \$1 par, 10,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$.01 par, 100,000,000 shares authorized, 54,991,611 and 55,433,212 issued and outstanding, respectively	550	554
Capital in excess of par value	391,082	394,091
Stock held by employee benefit trust, and 1,324,537 1,519,164 shares, respectively, at cost (Note 11)	(6,188)	(7,362)
Retained earnings (deficit)	(158,059)	(148,605)
Deferred compensation expense	(125)	(182)
Other comprehensive income (loss) (Note 2)	(21,151)	(36,453)
	-----	-----
	206,109	202,043
	-----	-----
	\$ 658,484	\$ 742,303
	=====	=====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

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

	THREE MONTHS ENDED MARCH 31,	
	2002	2003
Revenues		
Oil and gas sales	\$ 44,283	\$54,330
Transportation and processing	774	1,027
IPF income (Note 2)	1,171	539
Gain on retirement of securities (Note 18)	1,185	150
Other	(2,009)	928
	-----	-----
	45,404	56,974
	-----	-----
Expenses		
Direct operating	9,204	13,028
IPF	1,772	618
Exploration	5,271	2,453
General and administrative (Note 11)	4,470	4,846
Debt conversion and extinguishment expense (Note 6)	-	465
Interest expense and dividends on trust preferred	5,357	5,544
Depletion, depreciation and amortization	18,100	20,967
	-----	-----
	44,174	47,921
	-----	-----
Income before income taxes and accounting change	1,230	9,053
Income taxes (Note 13)		
Current	-	4
Deferred	(3,111)	4,086
	-----	-----
	(3,111)	4,090
	-----	-----
Income before cumulative effect of change in accounting principle	4,341	4,963
Cumulative effect of change in accounting principle (net of taxes of \$2.4 million) (Note 3)	-	4,491
	-----	-----
Net income	\$ 4,341	\$ 9,454
	=====	=====
Comprehensive income (loss) (Note 2)	\$(23,072)	\$(5,848)
	=====	=====
Earnings per share (Note 14)		
Before cumulative effect of change in accounting principle		
- basic	\$ 0.08	\$ 0.09
	=====	=====
- diluted	\$ 0.08	\$ 0.09
	=====	=====
After cumulative effect of change in accounting principle		
- basic	\$ 0.08	\$ 0.18
	=====	=====
- diluted	\$ 0.08	\$ 0.17
	=====	=====

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED, IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,	
	2002	2003
CASH FLOWS FROM OPERATIONS		
Net income	\$ 4,341	\$ 9,454
Adjustments to reconcile net income to net cash provided by operations:		
Cumulative effect of change in accounting principle	-	(4,491)
Deferred income taxes	(3,111)	4,086
Depletion, depreciation and amortization	18,100	20,967
Write-down of marketable securities	369	-
Unrealized hedging (gains) losses	1,328	(733)
Allowance for bad debts	1,126	334
Exploration expense	5,271	2,453
Amortization of deferred issuance costs	144	229
Gain on retirement of securities	(1,185)	(150)
Debt conversion and extinguishment expense	-	465
Deferred compensation adjustments	1,359	564
Gain (loss) on sale of assets	1	(87)
Changes in working capital:		
Accounts receivable	(1,134)	(18,725)
Inventory and other	(69)	(390)
Accounts payable	(3,046)	922
Accrued liabilities	(2,767)	3,236
Net cash provided by operations	20,727	18,134
CASH FLOWS FROM INVESTING		
Oil and gas properties	(18,633)	(25,820)
Field service assets	(390)	(1,141)
IPF investments	(1,599)	(583)
IPF repayments	1,493	3,680
Exploration expense	(5,271)	(2,453)
Asset sales	35	292
Net cash used in investing	(24,365)	(26,025)
CASH FLOWS FROM FINANCING		
Net borrowings on parent facility and non-recourse debt	37,900	37,100
Net repayments on parent facility and non-recourse debt	(37,001)	(29,100)
Other debt repayments	(14)	(236)
Issuance of common stock	57	181
Net cash provided by financing	942	7,945
Change in cash	(2,696)	54
Cash and equivalents, beginning of period	3,380	1,334
Cash and equivalents, end of period	\$ 684	\$ 1,388

SEE ACCOMPANYING NOTES.

RANGE RESOURCES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND NATURE OF BUSINESS

The Company 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. To a minor extent, 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, exploratory drilling and acquisitions. Range holds its Appalachian oil and gas assets through a 50% owned joint venture, Great Lakes Energy Partners L.L.C. ("Great Lakes").

The Company believes it has sufficient liquidity and cash flow to meet its obligations for the next twelve months. 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 future financial obligations. 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. 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, wholly-owned subsidiaries and a 50% pro rata share of the assets, liabilities, income and expenses of Great Lakes. Liquid investments with original maturities of 90 days or less are considered cash equivalents. Certain reclassifications have been made to the presentation of prior periods to conform to current year presentation. The interim financial statements reflect all adjustments, including normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation.

REVENUE RECOGNITION

The Company recognizes revenues from the sale of products and services in the period delivered. Payments received at IPF relating to return on investment are recognized as income; remaining receipts reduce receivables. Although receivables are concentrated in the oil industry, the Company does not view this as an unusual credit risk. The Company had allowances for doubtful accounts relating to its exploration and production business of \$835,000 and \$894,000 at December 31, 2002 and March 31, 2003, respectively.

MARKETABLE SECURITIES

Holdings of equity securities that qualify as available-for-sale are recorded at fair value. The Company owns approximately 18% of a very small publicly traded independent exploration and production company. This entity has experienced growing difficulties, operationally and financially. During the first three months of 2002, the Company determined that the decline in the market value of this equity security was other than temporary and losses of \$369,000 were recorded as a reduction to Other revenues. Based on its analysis of the investment and its assessment of the prospects of realizing any value on the stock, the Company determined that the investment had no determinable value at June 30, 2002 and the book value of the investment was fully reserved. In October 2002, several creditors sought to place this entity in involuntary bankruptcy. In February 2003, the United States Bankruptcy Court entered an order for relief under Chapter 11 of the Bankruptcy Codes for this entity. As of April 30, 2003, this company is still publicly traded.

INDEPENDENT PRODUCER FINANCE

IPF acquires dollar denominated royalties in oil and gas properties from small producers. The royalties are accounted for as receivables because the investment is recovered from a percentage of revenues until a specified return is received. Payments received believed to relate to the return on investment are recognized as income; remaining receipts reduce receivables. No interest income is recorded on impaired receivables and any payments received applicable to impaired receivables are applied as a reduction of the receivable. Receivables classified as current represent the return of capital expected within 12 months. All receivables are evaluated quarterly and provisions for uncollectible amounts are established based on the Company's valuation of its royalty interest in the oil and gas properties. At December 31, 2002 and March 31, 2003, IPF's valuation allowance totaled \$12.6 million and \$13.7 million, respectively. The receivables are non-recourse and are from small independent operators who usually have limited access to capital and the property interests backing the receivables frequently lack diversification. Therefore, operational risk is substantial and there is significant risk that required maintenance and repairs, development and planned exploitation may be delayed or not accomplished. During the first quarter of 2003, IPF revenues were \$539,000 offset by \$258,000 of general and administrative costs, \$101,000 of interest and a \$259,000 increase in the valuation allowance. During the same period of the prior year, revenues were \$1.2 million offset by a \$1.1 million increase in the valuation allowance, general and administrative expenses of \$394,000 and \$253,000 of interest. IPF's net receivables have declined from a high of \$77.2 million in 1998 to \$21.1 million at March 31, 2003, as it has focused on recovering its investment. The Company is continually assessing its strategic alternatives with regards to IPF. Since 2001, IPF has not entered into any new financing agreements and does not anticipate entering into any in the future. Therefore, the size of its portfolio should continue to decline due to collections.

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. Exploratory wells subsequently determined to be dry holes are charged to expense. Costs resulting in exploratory discoveries and all development costs, whether successful or not, are capitalized. Geological and geophysical costs, delay rentals and unsuccessful exploratory wells are expensed. Depletion is provided on the unit-of-production method. Oil is converted to gas equivalent basis ("mcf") at the rate of six mcf per barrel. The DD&A rates were \$1.35 and \$1.51 per mcf in the quarters ended March 31, 2002 and 2003, respectively. Unproved properties had a net book value of \$19.0 million and \$17.8 million at December 31, 2002 and March 31, 2003, respectively.

The Company's long-lived assets are reviewed for impairment quarterly for events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable in accordance with SFAS No. 144. The review is done by determining if the historical cost of proved properties less the applicable accumulated depreciation, depletion and amortization is less than the estimated expected undiscounted future cash flows. The expected future cash flows are estimated based on management's plans to continue to produce and develop proved reserves. Expected future cash flow from the sale of production of reserves is calculated based on estimated future prices. Management estimates prices based upon market related information including published futures prices. In years where market information is not available, prices are escalated for inflation. The estimated future level of production is based on assumptions surrounding future levels of prices and costs, field decline rates,

market demand and supply, and the economic and regulatory climates. When the carrying value exceeds such cash flows, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the assets.

TRANSPORTATION, PROCESSING AND FIELD ASSETS

The Company's gas gathering systems are generally 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 10 to 15 years. The Company receives third party income for providing certain field services which are recognized as earned. These revenues approximated \$500,000 in each of the three month periods ended March 31, 2002 and March 31, 2003. Depreciation on the field assets is calculated on the straight-line method based on estimated useful lives of five to seven years. Buildings are depreciated over 10 to 15 years.

OTHER ASSETS

The expense of issuing debt is capitalized and included in Other assets on the balance sheet. These costs are generally amortized over the expected life of the related securities (using the sum-of-the-years digits amortization method which management believes does not differ materially from the effective interest method). When a security is retired prior to maturity, related unamortized costs are expensed. At December 31, 2002 and March 31, 2003, these capitalized costs totaled \$3.0 million and \$2.8 million, respectively. At March 31, 2003, Other assets included \$2.8 million unamortized debt issuance costs, \$588,000 of long-term deposits, and \$1.1 million of marketable securities held in a deferred compensation plan.

GAS IMBALANCES

The Company uses the sales method to account for gas imbalances, recognizing revenue based on cash received rather than gas produced. A liability is recognized when the imbalance exceeds the estimate of remaining reserves. Gas imbalances at December 31, 2002 and March 31, 2003 were immaterial.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Company enters into contracts to reduce the impact of volatile oil and gas prices. These contracts generally qualify as cash flow hedges; however, certain of the contracts have an ineffective portion (changes in realized prices that do not match the changes in hedge price) which is recognized in earnings. Gains or losses on open contracts are recorded in OCI. The Company also enters into swap agreements to reduce the risk of changing interest rates. These agreements qualify as cash flow hedges whereby changes in the fair value of the swaps are reflected as an adjustment to OCI to the extent the swaps are effective and are recognized in income as an adjustment to interest expense in the period covered for the ineffective portion.

Derivatives are recorded on the balance sheet as assets or liabilities at fair value. For derivatives qualifying as hedges, the effective portion of changes in fair value is recognized in Stockholders' equity as Other comprehensive income (loss) ("OCI") and reclassified to earnings when the transaction is consummated. Changes in the value of the ineffective portion of all open hedges are recognized in earnings as they occur. At March 31, 2003, the Company reflected an unrealized net pre-tax hedging loss on its balance sheet of \$56.0 million. This accounting can greatly increase volatility of earnings and stockholders' equity of independent oil companies which have active hedging programs, such as Range. Earnings are affected by the ineffective portion of a hedge contract (changes in realized prices that do not match the changes in the hedge price). Ineffective gains or losses are recorded in Other revenue while the hedge contract is open and may increase or reverse until settlement of the contract. Stockholders' equity is affected by the increase or decrease in OCI. Typically, when oil and gas prices increase, OCI decreases. Of the \$56.0 million unrealized pre-tax loss at March 31, 2003, \$41.8 million of losses would be reclassified to earnings over the next twelve month period and \$14.2 million for the periods thereafter, if prices remained constant. Actual amounts that will be reclassified will vary as a result of changes in prices.

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 contract months of 2002. At December 31, 2001, based on accounting requirements, an allowance for bad debts of \$1.4 million was recorded, offset by a \$318,000 ineffective gain

included in income and a \$1.0 million gain included in OCI related to these defaulted hedge contracts. The gain included in OCI at year-end 2001 was included in Other revenue in the first quarter of 2002. In the three months ended March 31, 2002 the Company wrote off this receivable against the allowance for bad debts. The last Enron contract expired in March 2002.

Other revenues in the Consolidated Statements of operations reflected ineffective hedging losses of \$1.7 million and gains of \$804,000 for the three months ended March 31, 2002 and March 31, 2003, respectively. Interest expense includes ineffective interest hedging gains of \$372,000 and losses of \$71,000 for the three months ended March 31, 2002 and March 31, 2003, respectively. Net unrealized hedging losses of \$57.8 million (including \$1.8 million of losses on interest rate swaps) and OCI of a loss of \$36.5 million (net of taxes) were recorded on the balance sheet at March 31, 2003. See Note 7.

COMPREHENSIVE INCOME

Comprehensive Income is defined as changes in Stockholders' equity from non-owner sources, which is calculated below (in thousands):

	Three Months Ended March 31,	
	----- 2002 -----	2003 -----
Net income	\$ 4,341	\$ 9,454
Net amount of hedging (gain) loss reclassified to earnings	(11,727)	25,890
Change in unrealized gains (losses), net	(15,014)	(41,192)
Defaulted hedge contracts, net	(672)	-
	-----	-----
Comprehensive income (loss)	\$(23,072)	\$ (5,848)
	=====	=====

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect 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 financial statements include oil and gas reserves, impairment tests on oil and gas properties, IPF valuation allowance and the fair value of derivatives.

RECENT ACCOUNTING PRONOUNCEMENTS

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 145 "Rescission of FASB Statements No. 4, 44 and 64, amendment of FASB Statement 13 and Technical corrections" ("SFAS 145"). Extinguishment of debt will be accounted for in accordance with Accounting Principle Board Opinion No. 30 "Reporting the Results of Operations, Reporting the effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." As a result gains from early extinguishment of debt will be reported in income from continuing operations. The Company adopted the provisions of SFAS 145 as of January 1, 2003. This adoption resulted in the reclassification of extraordinary gain on sale of securities totaling \$1.2 million to revenue in the three months ended March 31, 2002, with no change to reported net income.

In December 2002, the FASB issued Statement of Financial Accounting Standards 148, "Accounting for Stock-Based Compensation Transition and Disclosure," ("SFAS 148"). This statement amends Statement of Financial Accounting Standards 123, "Accounting for Stock-Based Compensation," and establishes two alternative methods of transition from the intrinsic value method to the fair value method of accounting for stock-based employee compensation. In addition, SFAS 148 requires prominent disclosure about the effects on reported net income and requires disclosure of these effects in interim financial reporting. The provisions for the alternative transition methods and disclosure requirements were effective for the year-ended December 31, 2002. The

Company currently plans to continue accounting for stock-based compensation under APB 25, an allowable method, with additional disclosures as required in all future filings (see below).

PROFORMA STOCK BASED COMPENSATION

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 because the exercise prices employee stock options equals the market prices of the underlying stock on the date of grant. Had compensation cost been determined based on the fair value at the grant date for awards in the three months ended March 31, 2002 and 2003, respectively 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 (in thousands, except per share data):

	Three Months Ended March 31,	
	2002	2003
	-----	-----
Net income, as reported -	\$ 4,341	\$ 9,454
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(220)	(421)
	-----	-----
Pro forma net income	\$ 4,121	\$ 9,033
	=====	=====
Earnings per share:		
Basic-as reported	0.08	0.18
Basic-pro forma	0.08	0.17
Diluted-as reported	0.08	0.17
Diluted-pro forma	0.08	0.16

(3) ASSET RETIREMENT OBLIGATION

Beginning in 2003, Statement of Financial Accounting Standards No. 143 "Asset Retirement Obligations" ("SFAS 143") requires the Company to recognize an estimated liability for the plugging and abandonment of its oil and gas wells and associated pipelines and equipment. Previously, the Company had recognized a plugging and abandonment obligation primarily for its offshore properties. This liability was shown netted against oil and gas properties on the balance sheet. Under SFAS 143, the Company now recognizes a liability for asset retirement obligations in the period in which they are incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS 143 requires the Company to consider estimated salvage value in the calculation of DD&A. Consistent with industry practice, historically the Company had assumed the cost of plugging and abandonment on its onshore properties would be offset by salvage value received. The adoption of SFAS 143 resulted in (i) an increase of total liabilities, because retirement obligations are required to be recognized (ii) an increase in the recognized cost of assets, because the retirement costs are added to the carrying amount of the long-lived asset and (iii) an increase in DD&A expense, because of the accretion of the retirement obligation. The majority of the asset retirement obligations recorded by the Company relate to the plugging and abandonment of oil and gas wells.

The estimated liability is based on historical experience in plugging and abandoning wells, estimated remaining lives of those wells based on reserves estimates, external estimates as to the cost to plug and abandon the wells in the future, and federal and state regulatory requirements. The liability is discounted using an assumed

credit-adjusted risk-free interest rate of 9%. Revisions to the liability could occur due to changes in estimates of plugging and abandonment costs or remaining lives of the wells, or if federal or state regulators enact new plugging and abandonment requirements.

The adoption of SFAS 143 as of January 1, 2003 resulted in a cumulative effect gain of \$4.5 million (net of income taxes of \$2.4 million) or \$0.08 per share which is included in income for the quarter ended March 31, 2003. The adoption resulted in a January 1, 2003 cumulative effect adjustment to record (i) a \$37.3 million increase in the carrying values of proved properties, (ii) a \$21.0 million decrease in accumulated depletion, (iii) a \$2.3 million increase in current plugging and abandonment liabilities, (iv) a \$49.1 million increase in non-current plugging and abandonment liabilities and (v) a \$2.4 million decrease in deferred tax assets. The net impact of items (i) through (v) was to record a gain of \$4.5 million, net of tax, as a cumulative effect adjustment of a change in accounting principle. The pro forma effects of the application of SFAS 143, as if the Statement had been adopted net-of-tax on January 1, 2002 (rather than January 1, 2003), are presented below (in thousands, except per share data):

	Pro Forma Three Months Ended March 31,	
	2002	2003
Net income	\$ 8,686	\$ 4,963
Earnings per share - basic	\$ 0.17	\$ 0.09
- diluted	\$ 0.16	\$ 0.09

A reconciliation of the Company's liability for plugging and abandonment costs for the three months ended March 31, 2003 is as follows (in thousands):

Asset retirement obligation, December 31, 2002	\$ -
Cumulative effect adjustment	51,390
Liabilities incurred	1,773
Liabilities settled	(226)
Accretion expense	1,107
Asset retirement obligation, March 31, 2003	\$ 54,044

The pro forma asset retirement obligation liability balance as if SFAS 143 had been adopted on January 1, 2002 (rather than January 1, 2003) is as follows (in thousands):

	January 1, 2002
Pro forma amounts of liability for asset retirement obligation at beginning of period	\$ 48,294

(4) ACQUISITIONS

Acquisitions are accounted for under the purchase method. Purchase prices are allocated to acquired assets and assumed liabilities based on their estimated fair value at acquisition. The Company purchased various properties for \$1.0 million and \$6.0 million during the three months ended March 31, 2002 and 2003, respectively. These purchases include \$51,000 and \$5.0 million for proved oil and gas reserves, respectively, the remainder represents unproved acreage purchases. Acquisitions have been funded with internal cash flow and bank borrowings.

(5) SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2002	2003
	----- (in thousands) -----	
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued		
Under benefit plans	\$ 602	\$ 1,274
Exchanged for fixed income securities	3,565	760
CASH USED IN OPERATING ACTIVITIES:		
Income taxes paid	-	-
Interest paid	8,046	7,130

The Company has and will continue to consider exchanging common stock or equity-linked securities for debt, despite the negative impact on its financial statements due to Statement of Financial Accounting Standards 84 (See Note 6). If, in the opinion of management, the transaction is favorable for the Company and its shareholders, the transaction will be executed. Existing 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 and the price at which debt is acquired.

(6) INDEBTEDNESS

The Company had the following debt and Trust preferred (as hereinafter defined) outstanding as of the dates shown (in thousands). Interest rates at March 31, 2003 excluding the impact of interest rate swaps are shown parenthetically:

	December 31, 2002	March 31, 2003
	-----	-----
Senior debt		
Parent credit facility (3.3%)	\$ 115,800	\$ 121,800
	-----	-----
Non-recourse debt		
Great Lakes credit facility (3.2%)	76,500	78,500
	-----	-----
Subordinated debt		
8.75% Senior Subordinated Notes due 2007	69,281	69,281
6% Convertible Subordinated Debentures due 2007	21,620	20,740
	-----	-----
	90,901	90,021
	-----	-----
Total debt	283,201	290,321
	-----	-----
Trust preferred - mandatorily redeemable securities of subsidiary	84,840	84,440
	-----	-----
Total	\$ 368,041	\$ 374,761
	=====	=====

Interest paid in cash during the three months ended March 31, 2002 and 2003 totaled \$8.0 million and \$7.1 million, respectively. No interest expense was capitalized during the three months ended March 31, 2002 and 2003.

PARENT BANK DEBT

In May 2002, the Company entered into an amended \$225.0 million revolving bank facility (the "Parent Facility"). The Parent Facility provides for a borrowing base subject to redeterminations each April and October. On March 31, 2003, the borrowing base was \$147.0 million, of which \$25.2 million was available. On April 1, 2003, the borrowing base was increased to \$170.0 million and the term of the loan was extended to January 1, 2007. The borrowing base at April 30, 2003 was \$170.0 million of which \$58.2 million was available. The Company has the right to increase the borrowing base by up to \$10 million during any six month borrowing base period based on a percentage of the face value of subordinated debt (8.75% Notes, 6% Debentures or Trust Preferred) retired by the Company. The weighted average interest rate was 4.2% and 3.4% for the three months ended March 31, 2002 and 2003, respectively. The interest rate is LIBOR plus a margin of 1.50% to 2.25%, depending on outstanding borrowings. A commitment fee is paid on the undrawn balance based on an annual rate of 0.375% to 0.50%. At March 31, 2003, the commitment fee was 0.375% and the interest rate margin was 0.75%. At April 30, 2003, the interest rate was 3.1%.

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 the Company and provides for a borrowing base subject to semi-annual redeterminations each April and October. Cash distributions to members of the joint venture are limited by a covenant contained in the Great Lakes Facility. On March 31, 2003, the borrowing base was \$205.0 million of which \$48.0 million was available. On April 1, 2003, the term of the loan was extended to January 1, 2007 and the borrowing base was increased to \$225.0 million. The borrowing base at April 30, 2003 was \$225.0 million, of which \$77.0 million was available. The interest rate on the Great Lakes Facility is LIBOR plus 1.50% to 2.00%, depending on outstandings. A commitment fee is paid on the undrawn balance at an annual rate of 0.25% to 0.50%. At March 31, 2003, the commitment fee was 0.50% and the interest rate margin was 0.625%. The average interest rate on the Great Lakes Facility, excluding hedges, was 4.0% and 3.5% for the three months ended March 31, 2002 and 2003, respectively. After hedging (see Note 7), the rate was 4.9% and 6.0% for the quarter ended March 31, 2002 and 2003, respectively. At April 30, 2003, the interest rate was 3.1% excluding hedges and 5.5% after hedging.

SUBORDINATED NOTES

The 8.75% Senior Subordinated Notes Due 2007 (the "8.75% Notes") are currently redeemable at 102.9167% of principal, declining 1.46% each January to par in 2005. The 8.75% Notes are unsecured general obligations subordinated to senior debt. During the three month period ended March 31, 2002, the Company exchanged \$875,000 face amount of the 8.75% Notes for 182,709 shares of common stock. Only cash repurchases are reflected on the cash flow statement. The gain on all exchanges and repurchases is included as a Gain on retirement of securities on the Consolidated Statement of operations. On April 30, 2003, \$69.3 million of the 8.75% Notes was outstanding.

The 6% Convertible Subordinated Debentures Due 2007 (the "6% Debentures") are convertible into common stock at the option of the holder at a price of \$19.25 per share. The 6% Debentures mature in 2007 and are redeemable at 102.5% of principal, declining 0.5% each February to 101% in 2006, remaining at that level until maturity. The 6% Debentures are unsecured general obligations subordinated to all senior indebtedness, including the 8.75% Notes. During the three month ended March 31, 2002, \$1.5 million of 6% Debentures were retired at a discount in exchange for 247,000 shares of common stock. In addition, during the three month period ended March 31, 2002, the Company purchased \$15,000 face amount of the 6% Debentures at a discount. During the three month period ended March 31, 2003, \$880,000 of 6% Debentures were retired at a discount in exchange for 128,793 shares of common stock. The Company recorded a \$465,000 conversion expense related to this exchange (see discussion below). On April 30, 2003, \$20.7 million of the 6% Debentures was outstanding.

TRUST PREFERRED - MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY

In 1997, a special purpose affiliate (the "Trust") issued \$120 million of 5.75% Trust Convertible Preferred Securities (the "Trust Preferred"). The Trust Preferred is convertible into the Company's common stock at a price

of \$23.50 a share. The Trust invested the proceeds in 5.75% convertible junior subordinated debentures of the Company (the "Junior Debentures"). The Junior Debentures and the Trust Preferred mature in 2027 and are currently redeemable at 102.875% of principal, declining 0.58% each November to par in 2007. The Company guarantees payment on the Trust Preferred to a limited extent, which taken with other obligations, provides a full subordinated guarantee. The Company has the right to suspend distributions on the Trust Preferred for five years without triggering a default. During such suspension, accumulated distributions accrue interest at a rate of 5.75% per annum. The accounts of the Trust are included in the consolidated financial statements after eliminations. Distributions are recorded as Interest expense in the Consolidated Statement of operations, are tax deductible and are subject to limitations in the Parent facility as described below. During the three months ended March 31, 2002, \$2.4 million of Trust Preferred were reacquired at a discount in exchange for 283,200 shares of common stock. During the three months ended March 31, 2003, the Company repurchased for cash \$400,000 face amount of the Trust Preferred at a discount. On April 30, 2003, \$84.4 million face amount of the Trust Preferred was outstanding.

On September 11, 2002, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 02-15, Determining Whether Certain conversions of Convertible Debt to Equity Securities are within the Scope of FASB Statement 84 "Induced Conversions of Convertible Debt" ("SFAS 84"). SFAS 84 was issued to amend APB Opinion No. 26, "Early Extinguishment of Debt" to exclude from its scope convertible debt that is converted to equity securities of the debtor pursuant to conversion privileges different from those included in the terms of the debt at issuance, and the change in conversion privileges is effective for a limited period of time, involves additional consideration, and is made to induce conversion. SFAS 84 applies only to conversions that both (a) occur pursuant to changed conversion privileges that are exercisable only for a limited period of time and (b) include the issuance of all of the equity securities issuable pursuant to conversion privileges included in the terms of the debt at issuance for each debt instrument that is converted. The Task Force reached a consensus that SFAS 84 applies to all conversions that both (a) occur pursuant to changed conversion privileges that are exercisable only for a limited period of time and (b) include the issuance of all of the equity securities issuable pursuant to conversion privileges included in the terms of the debt at issuance for each debt instrument that is converted, regardless of the party that initiates the offer. This consensus should be applied prospectively to debt conversions completed after September 11, 2002. Since 1999, the Company has retired 6% Debentures and Trust Preferred securities, each of which are convertible into common stock under the terms of the issue, by either purchasing securities for cash or issuing common stock in exchange for such securities. Since the exchanges of common stock for these convertible debt securities were at relative market values, the convertible securities were retired at a substantial discount to face value. Under the provisions of SFAS No. 84, when an inducement is issued to retire convertible debt, the face value of the convertible debt security shall be charged to Stockholders' equity (common stock and paid in capital), the shares of common stock issued in excess of the shares that would have been issued under the terms of the debt instrument are expensed at the market value of such shares and an offsetting increase to paid in capital will also be recorded. Therefore, instead of recording gains on retirements of such securities acquired at substantial discounts to face value, an expense will be recorded. There will be no difference in total Stockholders' equity from the change in methods of recording the transactions.

The debt agreements contain covenants relating to net worth, working capital, dividends and financial ratios. The Company was in compliance with all covenants at March 31, 2003. Under the most restrictive covenant, which is embodied in the 8.75% Notes, approximately \$560,000 of restricted payments could be made at March 31, 2003. As this covenant limits the ability to repurchase the 6% Convertible Debentures and Trust Preferred, the Company may seek to amend it. Under the Parent Facility, common dividends are permitted beginning January 1, 2003. Dividends on the Trust Preferred may not be paid unless certain ratio requirements are met. The Parent Facility provides for a restricted payment basket of \$20.0 million plus 50% of net income (excluding Great Lakes and IPF) plus 66-2/3% of distributions, dividends or payments of debt from or proceeds from sales of equity interests of Great Lakes and IPF plus 66-2/3% of net cash proceeds from common stock issuances. Due to the retirement of the separate IPF credit facility with borrowings under the Parent Facility in December 2002, IPF is no longer excluded from this calculation. The Company estimates that \$22.7 million was available under the Parent Facility's restricted payment basket on March 31, 2003.

(7) FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company's financial instruments include cash and equivalents, receivables, payables, debt and commodity and interest rate derivatives. The book value of cash and equivalents, receivables and payables is considered representative of fair value because of their short maturity. The book value of bank borrowings is believed to approximate fair value because of their floating rate structure.

A portion of 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 through the use of swaps. Gains and losses on interest rate swaps are included as an adjustment to interest expense in the relevant periods.

At March 31, 2003, the Company had hedging contracts covering 76.7 Bcf of gas at prices averaging \$4.05 per mcf and 1.9 million barrels of oil averaging \$24.82 per barrel. Their fair value, represented by the estimated amount that would be realized upon termination, based on contract prices versus the New York Mercantile Exchange ("NYMEX") price on March 31, 2003, was a net unrealized pre-tax loss of \$56.0 million. The 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, which is closing prices on the NYMEX. Transaction gains and losses on settled contracts are determined monthly and are included as increases or decreases to oil and gas revenues in the period the hedged production is sold. Oil and gas revenues were increased by \$11.7 million and decreased by \$25.9 million due to hedging in the quarters ended March 31, 2002 and 2003, respectively.

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

	December 31, 2002		March 31, 2003	
	Book Value	Fair Value	Book Value	Fair Value
Assets				
Cash and equivalents	\$ 1,334	\$ 1,334	\$ 1,388	\$ 1,388
Marketable securities	1,040	1,040	1,113	1,113
Commodity swaps	17	17	513	513
Total	2,391	2,391	3,014	3,014
Liabilities				
Commodity swaps	(32,964)	(32,964)	(56,558)	(56,558)
Interest rate swaps	(2,150)	(2,150)	(1,809)	(1,809)
Long-term debt(1)	(283,201)	(279,894)	(290,321)	(287,592)
Trust Preferred(1)	(84,840)	(52,177)	(84,440)	(50,292)
Total	(403,155)	(367,185)	(433,128)	(396,251)
Net financial instruments	\$ (400,764)	\$ (364,794)	\$ (430,114)	\$ (393,237)

(1) Fair value based on quotes received from certain brokerage houses. Quotes for March 31, 2003 were 101.0% for the 8.75% Notes, 83.5% for the 6% Debentures and 60.0% for the 5.75% Trust Preferred.

The following schedule shows the effect of closed oil and gas hedges since January 1, 2002 and the value of open contracts at March 31, 2003 (in thousands):

Quarter Ended	Hedging Gain/ (Loss)
Closed Contracts	
2002	
March 31	11,727
June 30	3,638
September 30	3,484
December 31	(1,059)
	Subtotal
	17,790
2003	
March 31	(25,890)
	Total realized loss
	\$ (8,100)
	Open Contracts
2003	
June 30	(12,084)
September 30	(11,201)
December 31	(10,498)
	Subtotal
	(33,783)
2004	
March 31	(7,980)
June 30	(4,503)
September 30	(3,379)
December 31	(3,380)
	Subtotal
	(19,242)
2005	
March 31	(2,308)
June 30	(114)
September 30	27
December 31	(625)
	Subtotal
	(3,020)
	Total unrealized loss
	(56,045)
	Total realized and unrealized gain loss
	\$(64,145)

Interest rate swaps are accounted for on the accrual basis. Through Great Lakes, the Company uses interest rate swap agreements to manage the risk that future cash flows associated with interest payments on amounts outstanding under the variable rate Great Lakes Facility may be adversely affected by volatility in market interest rates. Under the Company's interest swap agreements, the Company agrees to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return, a specified variable rate of interest times the same notional principal amount. Changes in the fair value of the Company's interest rate swaps, which qualify for cash flow hedge accounting treatment are reflected as adjustments to Other comprehensive income (loss) to the extent the swaps are effective and will be recognized as an adjustment to interest expense during the period in which the cash flows related to the Company's interest payments are made. The ineffective portion of the changes in fair value of the Company's interest rate swaps is recorded in interest expense in the period incurred. At March 31, 2003, Great Lakes had nine interest rate swap agreements totaling \$100.0 million, of which 50% is consolidated at the Company. These swaps consist of two agreements totaling \$35.0 million at rates averaging 4.6% which expire in June 2003, two agreements totaling \$45.0 million at 7.1% which expire in May 2004, and two agreements totaling \$20.0 million at rates averaging 2.3% which expire in December 2004. The fair value of these swaps at March 31, 2003 approximated a net loss of \$3.6 million, of which 50% is consolidated at the Company.

The combined fair value of net losses on oil and gas hedges and net losses on interest rate swaps totaled \$57.8 million and appear as short-term and long-term Unrealized derivative gains and short-term and long-term Unrealized derivative losses 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 creditworthiness 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 which, in the opinion of management, are likely to be resolved without material adverse effect on the Company's financial position or results of operations.

(9) STOCKHOLDERS' EQUITY

The Company has authorized capital stock of 110 million shares which includes 100 million of common stock and 10 million of preferred stock. Stockholders' equity was \$202.0 million at March 31, 2003. The following is a schedule of changes in the number of outstanding common shares since the beginning of 2002:

	Twelve Months Ended December 31, 2002 -----	Three Months Ended March 31, 2003 -----
Beginning Balance	52,643,275	54,991,611
Issuances:		
Employee benefit plans	417,661	217,938
Stock options exercised	130,566	74,870
Stock purchase plan	168,500	20,000
Exchanges for:		
6% Debentures	1,165,700	128,793
Trust Preferred	283,200	-
8.75% Senior notes	182,709	-
	----- 2,348,336	----- 441,601
Ending Balance	54,991,611 =====	55,433,212 =====

(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 of Directors (the "Board"). Information with respect to the option plans is summarized below:

	Inactive		Active		Total
	Domain Plan	1989 Plan	Directors' Plan	1999 Plan	
Outstanding on December 31, 2002	131,702	453,580	152,000	2,544,862	3,282,144
Granted	-	-	-	1,422,900	1,422,900
Exercised	(28,670)	(30,825)	-	(15,375)	(74,870)
Expired	-	(3,500)	-	(5,675)	(9,175)
	(28,670)	(34,325)	-	1,401,850	1,338,855
Outstanding on March 31, 2003	103,032	419,255	152,000	3,946,712	4,620,999

In 1999, shareholders approved a stock option plan (the "1999 Plan") providing for the issuance of options on 1.4 million common shares. In 2001, shareholders approved an increase in the number of options issuable to 3.4 million. In May 2002, shareholders approved an increase in the number of options issuable to 6.0 million. All options issued under the 1999 Plan from August 5, 1999 through May 22, 2002 vested 25% per year beginning after one year and had a maximum term of 10 years. Options issued under the 1999 Plan after May 22, 2002 vest 30%, 30% and 40% over a three year period and have a maximum term of five years. During the three months ended March 31, 2003, options were granted under the 1999 Plan at exercise prices of \$5.83 a share to eligible employees, including 175,000 and 150,000 options granted to the Chairman and the President, respectively. At March 31, 2003, 3.9 million options were outstanding under the 1999 Plan at exercise prices of \$1.94 to \$6.67.

In 1994, shareholders approved the Outside Directors' Stock Option Plan (the "Directors' Plan"). In 2000, shareholders approved an increase in the number of options issuable to 300,000, extended the term of the options to ten years and set the vesting period at 25% per year beginning a year after grant. Effective May 22, 2002, the term of the options was changed to five years with vesting immediately upon grant. Director's options are normally granted upon election of a director or annually upon their re-election at the annual meeting. At March 31, 2003, 152,000 options were outstanding under the Directors' Plan at exercise prices of \$2.81 to \$6.00 a share.

The Company maintains the 1989 Stock Option Plan (the "1989 Plan") which authorized the issuance of options on 3.0 million common shares. No options have been granted under this plan since March 1999. Options issued under the 1989 Plan vest 30%, 30% and 40% over a three year period and expire in five years. At March 31, 2003, 419,255 options remained outstanding under the 1989 Plan at exercise prices of \$2.62 to \$7.62 a share.

The Domain stock option plan was adopted when that company was acquired, with existing Domain options becoming exercisable into the Company's common stock. No options have been granted under this plan since the acquisition. At March 31, 2003, 103,032 options, all of which were vested, remained outstanding at an exercise price of \$3.46 a share.

In total, 4.6 million options were outstanding at March 31, 2003 at exercise prices of \$1.93 to \$7.62 a share as follows:

Range of Exercise Prices	Average Exercise Price	Inactive		Active		Total
		Domain Plan	1989 Plan	Directors' Plan	1999 Plan	
\$ 1.94 - \$ 4.99	\$ 3.37	103,032	278,080	56,000	1,114,249	1,551,361
\$ 5.00 - \$ 7.63	\$ 5.94	-	141,175	96,000	2,832,463	3,069,638
Total	\$ 5.08	103,032	419,255	152,000	3,946,712	4,620,999

In 1997, shareholders approved a plan (the "Stock Purchase Plan") authorizing the sale of 900,000 shares of common stock to officers, directors, key employees and consultants. In May 2001, shareholders approved an increase in the number of shares authorized under the Stock Purchase Plan to 1,750,000. Under the Stock Purchase Plan, the right to purchase shares at prices ranging from 50% to 85% of market value may be granted. To date, all purchase rights have been granted at 75% of market. Due to the discount from market value, the Company recorded additional compensation expense of \$62,000 and \$0 in the three months ended March 31, 2003 and 2002, respectively. Through March 31, 2003, 1,309,819 shares have been sold under the Stock Purchase Plan for \$5.5 million. At March 31, 2003, rights to purchase 146,500 shares were outstanding with terms expiring in May 2003.

(11) DEFERRED COMPENSATION

During 1996, the Board of the Company adopted a deferred compensation plan (the "Plan"). The Plan gives certain senior employees the ability to defer all or a portion of their salaries and bonuses and invests in common stock of the Company or makes other investments at the employee's discretion. The Company's stock held in the employee benefit trust is treated in a manner similar to treasury stock with an offsetting amount reflected as a deferred compensation liability of the Company and the carrying value of the deferred compensation is adjusted to fair value each reporting period by a charge or credit to operations in the General and administrative expense category on the Company's Consolidated Statement of operations. The Company recorded mark-to-market expense related to deferred compensation of \$782,000 and \$385,000 in the three months ended March 31, 2002 and 2003, respectively.

(12) BENEFIT PLAN

The Company maintains a 401(k) Plan for its employees. The Plan permits employees to contribute up to 50% of their salary (subject to Internal Revenue limitations) on a pre-tax basis. Historically, the Company has made discretionary contributions of Company stock to the 401(k) Plan annually. All Company contributions become fully vested after the individual employee has three years of service with the Company. In 2000, 2001 and 2002 the Company contributed \$483,000, \$554,000 and \$602,000 at then market value, respectively, of the Company's common stock to the 401(k) Plan. The Company does not require that employees hold the contributed stock in their account. Employees have a variety of investment options in the 401(k) Plan. Employees are encouraged to diversify out of Company stock based on their personal investment strategy.

(13) INCOME TAXES

The Company follows SFAS 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. The significant components of deferred tax liabilities and assets were as follows (in thousands):

	December 31, 2002	March 31, 2003
	-----	-----
Deferred tax assets		
Net operating loss carryover	\$ 71,661	\$ 71,264
Allowance for doubtful accounts	4,717	5,114
Net unrealized loss on hedging	11,388	19,608
AMT credits and other	665	665
	-----	-----
Total	88,431	96,651
Deferred tax liabilities		
Depreciation	(72,646)	(79,150)
	-----	-----
Total	(72,646)	(79,150)
	-----	-----
Net deferred tax asset	\$ 15,785	\$ 17,501
	=====	=====

A deferred tax liability of \$4.5 million was recorded on the balance sheet at year-end 2001. Without considering the tax effects of certain deferred hedging gains included in Other comprehensive income (loss) at December 31, 2001, deferred tax assets exceeded deferred tax liabilities by \$12.2 million, at December 31, 2001. The inclusion of deferred tax liabilities related to OCI caused the deferred tax liabilities to exceed deferred tax assets by the amount recorded on the balance sheet and accordingly, the valuation allowance on the deferred tax asset was reversed in 2001 through a reduction of \$6.1 million and an increase to OCI of \$12.2 million. During 2002, the \$12.2 million included in OCI at December 31, 2001 was reversed as the related hedge positions closed as an \$11.2 million reduction of 2002 income tax expense, an \$18,000 adjustment of prior-period estimates and a \$960,000 increase to Capital in excess of par value. The \$960,000 increase to Capital in excess of par value relates to the tax benefits of employer stock option plans. At December 31, 2002, deferred tax assets exceeded deferred tax liabilities by \$15.7 million with \$11.4 million of deferred tax assets related to deferred hedging losses included in OCI. Based on the Company's recent profitability and its current outlook, no valuation allowance was deemed necessary at December 31, 2002. At March 31, 2003, deferred tax assets exceeded deferred tax liabilities by \$17.5 million with \$19.6 million of deferred tax assets related to hedging losses in OCI. The quarter ended March 31, 2003 deferred tax expense includes \$917,000 of expense related to prior periods' percentage depletion carryover.

At December 31, 2002, the Company had regular net operating loss ("NOL") carryovers of \$218.2 million and alternative minimum tax ("AMT") NOL carryovers of \$198.5 million that expire between 2003 and 2022. Regular NOLs generally offset taxable income and to such extent, no income tax payments are required. To the extent that AMT NOLs offset AMT income, no alternative minimum tax payment is due. NOLs generated prior to a change-of-control are subject to limitations. The Company experienced several changes-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, 2002, the Company had an AMT credit carryover of \$665,000 which is not subject to limitation or expiration.

(14) EARNINGS PER SHARE

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

	Three Months Ended, March 31,	
	2002	2003
Numerator		
Numerator for earnings per share, before extraordinary item	\$ 4,341	\$ 4,963
Cumulative effect of accounting change	-	4,491
	-----	-----
Numerator for earnings per share, basic and diluted	\$ 4,341	\$ 9,454
	=====	=====
Denominator		
Weighted average shares, basic	52,978	55,196
Stock held by employee benefit trust	(1,040)	(1,327)
	-----	-----
Weighted average shares, basic	51,938	53,869
Stock held by employee benefit trust	1,040	1,327
Dilutive potential common shares stock options	304	413
	-----	-----
Denominator for dilutive earnings per share	53,282	55,609
	=====	=====
Earnings per share basic and diluted:		
Before cumulative effect of accounting change		
Basic	\$ 0.08	\$ 0.09
Diluted	\$ 0.08	\$ 0.09
After cumulative effect of accounting change		
Basic	\$ 0.08	\$ 0.18
Diluted	\$ 0.08	\$ 0.17

During the three months ended March 31, 2002 and 2003, 339,000 and 445,000 stock options were included in the computation of diluted earnings per share. Remaining stock options, the 6% Debentures and the Trust Preferred were not included because their inclusion would have been antidilutive.

(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 three months ended March 31, 2003, three customers, Petrocom Energy Group, Ltd, Duke Energy Trading and Marketing, and First Energy, accounted for 18%, 13% and 10%, respectively, of 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.

(16) OIL AND GAS ACTIVITIES

The following summarizes selected information with respect to producing activities. Exploration costs include capitalized as well as expensed outlays (in thousands):

	Year Ended December 31, 2002	Three Months Ended March 31, 2003
	-----	-----
Book value		
Properties subject to depletion	\$ 1,135,590	\$ 1,197,677
Unproved properties	18,959	17,854
	-----	-----
Total	1,154,549	1,215,531
Accumulated depletion	(590,143)	(587,839)
	-----	-----
Net	\$ 564,406	\$ 627,692
	=====	=====
Costs incurred(a)		
Development	\$ 66,284	\$ 17,821
Exploration(b)	23,232	4,158
Acquisition(c)	21,790	5,988
	-----	-----
Total	\$ 111,306	\$ 27,967
	=====	=====

(a) Excludes asset retirement costs of \$1.8 million in the three months ended March 31, 2003.

(b) Includes \$11,525 and \$2,453 of exploration costs expensed in the year ended 2002 and the three months ended March 31, 2003, respectively.

(c) Includes \$15,643 and \$5,048 for oil and gas reserves, the remainder represents acreage purchases for the year ended 2002 and the three months ended March 31, 2003, respectively.

(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 50% interest in Great Lakes financial statements as of or for the three months ended March 31, 2002 and 2003 (in thousands):

	March 31, 2002	March 31, 2003
	-----	-----
Balance Sheet		
Current assets	\$ 8,768	\$ 11,827
Oil and gas properties, net	167,662	206,098
Transportation and field assets, net	15,397	15,190
Unrealized derivative gain	782	435
Other assets	78	92
Current liabilities	7,792	20,106
Unrealized derivative loss	1,867	4,779
Asset retirement obligation	--	17,277
Long-term debt	72,000	78,500
Members' equity	111,028	112,980
Statement of Operations		
Revenues	\$ 12,804	\$ 14,453
Direct operating expense	2,064	2,589
Exploration	613	294
G&A expense	452	466
Interest expense(1)	913	1,264
DD&A	3,215	3,668
Pretax income	5,547	6,172
Cumulative effect of change in accounting principle (before income taxes)	--	1,601

(1) March 31, 2002 included \$372,000 income on ineffective portion of interest hedges versus \$71,000 expense in the first quarter of 2003.

(18) GAIN ON RETIREMENT OF SECURITIES

In the first quarter of 2003, \$400,000 of Trust Preferred was repurchased for cash and \$880,000 of 6% Debentures was exchanged for common stock. A gain of \$150,000 was recorded on the cash transaction because the securities were acquired at a discount. The exchange transaction included conversion expense of \$465,000. (See Note 6 regarding further guidance on SFAS 84 and accounting for gains on sale of securities). In the first quarter of 2002, \$15,000 of 6% Debentures was repurchased for cash and \$2.4 million, \$1.5 million and \$875,000 of Trust Preferred, 6% Debentures and \$8.75% Notes, respectively, was exchanged for common stock. A gain of \$1.2 million was recorded because the securities were acquired at a discount and SFAS 84 did not apply to these transactions because they occurred before the effective date of September 11, 2002.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FACTORS AFFECTING FINANCIAL CONDITION AND LIQUIDITY

CRITICAL ACCOUNTING POLICIES

The Company's discussion and analysis of its financial condition and results of operation are based upon unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted 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. Application of certain of the Company's accounting policies, including those related to oil and gas revenues, bad debts, oil and gas properties, marketable securities, income taxes and contingencies and litigation, require significant estimates. 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.

Proved oil and natural gas reserves - Proved reserves are defined by the U.S. Securities and Exchange Commission ("SEC") as those volumes of crude oil, condensate, natural gas liquids and natural gas that geological and engineering data demonstrate with reasonable certainty are recoverable from known reservoirs under existing economic and operating conditions. Proved developed reserves are volumes expected to be recovered through existing wells with existing equipment and operating methods. Although the Company's engineers are knowledgeable of and follow the guidelines for reserves as established by the SEC, the estimation of reserves requires the engineers to make a significant number of assumptions based on professional judgment. Reserve estimates are updated at least annually and consider recent production levels and other technical information about each well. Estimated reserves are often subject to future revision, which could be substantial, based on the availability of additional information, including: reservoir performance, new geological and geophysical data, additional drilling, technological advancements, price changes and other economic factors. Changes in oil and gas prices can lead to a decision to start-up or shut-in production, which can lead to revisions to reserve quantities. Reserve revisions in turn cause adjustments in the depletion rates utilized by the Company. The Company can not predict what reserve revisions may be required in future periods.

Depletion rates are determined based on reserve quantity estimates and the capitalized costs of producing properties. As the estimated reserves are adjusted, the depletion expense for a property will change, assuming no change in production volumes or the costs capitalized. Estimated reserves are used as the basis for calculating the expected future cash flows from a property, which are used to determine whether that property may be impaired. Reserves are also used to estimate the supplemental disclosure of the standardized measure of discounted future net cash flows relating to its oil and gas producing activities and reserve quantities annual disclosure to the consolidated financial statements. Changes in the estimated reserves are considered changes in estimates for accounting purposes and are reflected on a prospective basis.

Successful efforts accounting - The Company utilizes the successful efforts method to account for exploration and development expenditures. Unsuccessful exploration wells are expensed and can have a significant effect on operating results. Successful exploration drilling costs and all development costs are capitalized and systematically charged to expense using the units of production method based on proved developed oil and natural gas reserves as estimated by the Company's and third-party engineers. Leasehold costs are charged expense using the units of production method based on total proved reserves. The Company also uses proved developed reserves as the divisor to accrue the expense of estimated future dismantlement and abandonment costs.

Impairment of properties - The Company continually monitors its long-lived assets recorded in Property, plant and equipment in the Consolidated Balance sheet to make sure that they are fairly presented. The Company must evaluate its properties for potential impairment when circumstances indicate that the carrying value of an asset could exceed its fair value. A significant amount of judgment is involved in performing these evaluations since the results are based on estimated future events. Such events include a projection of future oil and natural gas sales prices, an estimate of the ultimate amount of recoverable oil and natural gas reserves that will be

produced from a field, the timing of future production, future production costs, and future inflation. The need to test a property for impairment can be based on several factors, including a significant reduction in sales prices for oil and/or gas, unfavorable adjustment to reserves, or other changes to contracts, environmental regulations or tax laws. All of these factors must be considered when testing a property's carrying value for impairment. The Company cannot predict whether impairment charges may be recorded in the future.

Income taxes - The Company is subject to income and other similar taxes in all areas in which it operates. When recording income tax expense, certain estimates are required because: (a) income tax returns are generally filed months after the close of its calendar year; (b) tax returns are subject to audit by taxing authorities and audits can often take years to complete and settle; and (c) future events often impact the timing of when income tax expenses and benefits are recognized by the Company. The Company has deferred tax assets relating to tax operating loss carryforwards and other deductible differences. The Company routinely evaluates all deferred tax assets to determine the likelihood of their realization. A valuation allowance has not been recognized for deferred tax assets due to management's belief that these assets are likely to be realized.

The Company's deferred tax assets exceeded 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 caused deferred tax liabilities to exceed deferred tax assets by \$4.5 million at year-end 2001 and this amount was recorded as a deferred tax liability on the balance sheet. At year-end 2002, deferred tax assets exceeded deferred tax liabilities by \$15.8 million with \$11.4 million of deferred tax assets related to deferred hedging losses included in OCI. Based on the Company's projected profitability, no valuation allowance was deemed necessary.

The Company occasionally is challenged by taxing authorities over the amount and/or timing of recognition of revenues and deductions in its various income tax returns. Although the Company believes that it has adequate accruals for matters not resolved with various taxing authorities, gains or losses could occur in future years from changes in estimates or resolution of outstanding matters.

Legal, environmental and other contingent matters - A provision for legal, environmental and other contingent matters is charged to expense when the loss is probable and the cost can be reasonably estimated. Judgment is often required to determine when expenses should be recorded for legal, environmental and contingent matters. In addition, the Company often must estimate the amount of such losses. In many cases, management's judgment is based on interpretation of laws and regulations, which can be interpreted differently by regulators and/or courts of law. Management closely monitors known and potential legal, environmental and other contingent matters, and makes its best estimate of when the Company should record losses for these based on available information.

Other significant accounting policies requiring estimates include the following: The Company recognizes revenues from the sale of products and services in the period delivered. Revenues at IPF are recognized as earned. An allowance for doubtful accounts is provided for specific receivables which is unlikely to be collected. At IPF, all receivables are evaluated quarterly and provisions for uncollectible amounts are established. Such provisions for uncollectible amounts are recorded when management believes that a related receivable is not recoverable based on current estimates of expected discounted cash flows. The Company records a write down of marketable securities when the decline in market value is considered to be other than temporary. Change in the value of the ineffective position of all open hedges is recognized in earnings quarterly. The fair value of open hedging contracts is an estimated amount that could be realized upon termination. The Company stock held in the deferred compensation plan is treated as treasury stock and the carrying value of the deferred compensation is adjusted to fair value each reporting period by a charge or credit to operations in general and administrative expense.

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 2003, the Company spent \$28.0 million on development, exploration and acquisitions. During the period, debt and Trust Preferred increased by \$6.7 million. At March 31, 2003, the Company had \$1.4 million in cash, total assets of \$742.3 million and, including the Trust Preferred as debt, a debt to capitalization (including debt, deferred taxes and stockholders' equity) ratio of 65%. Excluding the Trust Preferred from debt and equity, the debt to capitalization ratio was 59%. Available borrowing capacity on

the Company's bank lines at March 31, 2003 was \$25.2 million at the parent and \$24.0 million at Great Lakes. Long-term debt at March 31, 2003 totaled \$374.8 million. This included \$121.8 million of Parent bank borrowings, a net \$78.5 million at Great Lakes, \$69.3 million of 8.75% Notes, \$20.7 million of 6% Debentures and \$84.4 million of Trust Preferred.

During the three months ended March 31, 2003, 129,000 shares of common stock were exchanged for \$880,000 of 6% Debentures. In addition, \$400,000 face amount of 5.75% Trust Preferred was repurchased for cash. A \$150,000 gain on retirement was recorded on the cash repurchase as the securities were acquired at a discount and a conversion expense of \$465,000 was recorded on the exchange.

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.

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 80%, 70%, and 40% of anticipated production from proved reserves on a mcfe basis for the remainder of 2003, 2004 and 2005, respectively. The \$27.0 million of capital expenditures in the three months ended March 31, 2003 was funded with internal cash flow and bank borrowings. Net cash provided by operations for the three months ended March 31, 2002 and 2003 was \$20.7 million and \$18.1 million, respectively. Cash flow from operations was lower than the prior year with significantly higher prices and volumes, lower exploration expense being somewhat offset by higher direct operating expenses. Accounts receivable increased \$18.5 million from December 31, 2002 due to higher prices and volumes. These receivables will be collected in the second quarter of 2003. Net cash used in investing for the three months ended March 31, 2002 and 2003 was \$24.4 million and \$26.0 million, respectively. The 2002 period included \$18.6 million of additions to oil and gas properties. The 2003 period included \$25.8 million of additions to oil and gas properties partially offset by \$3.1 million of IPF receipts (net of fundings) and lower exploration expenditures. Net cash provided by financing for the three months ended March 31, 2002 and 2003 was \$942,000 and \$7.9 million, respectively. During the first three months of March 2003, total debt, including Trust Preferred increased \$6.7 million. Parent bank debt and non-recourse bank debt increased \$8.0 million, Subordinated Notes (8.75% Notes and 6% Debentures) decreased \$880,000 and the Trust Preferred decreased \$400,000. The net increase in debt was the result of timing of cash flows.

Capital Requirements

During the three months ended March 31, 2003, \$27.0 million of capital expenditures was funded with internal cash flow and bank borrowings. The Company seeks to entirely fund its capital budget with internal cash flow. Based on the 2003 capital budget of \$110.0 million, the Company will seek to increase production and expand the reserve base.

Banking

The Company maintains two separate revolving bank credit facilities: a \$225.0 million Parent facility and a \$275.0 million Great Lakes facility (of which 50% is consolidated at Range). Each facility is secured by substantially all the borrowers' assets. The Great Lakes facility is non-recourse to the Company. As Great Lakes is 50% owned, half its borrowings are consolidated in the Company's financial statements. Availability under the facilities is subject to borrowing bases set by the banks semi-annually and in certain other circumstances. The borrowing bases are dependent on a number of factors, primarily the lenders' assessment of the future cash flows. Redeterminations, other than increases, require approval of 75% of the lenders, increases require unanimous approval.

At April 30, 2003, the Parent had a \$170.0 million borrowing base of which \$58.2 million was available. Great Lakes, half of which is consolidated at Range, had a \$225.0 million borrowing base, of which \$77.0 million was available.

HEDGING

Oil and Gas Prices

The Company regularly enters into hedging agreements to reduce the impact of oil and gas price fluctuations. The Company's current policy, when futures prices justify, is to hedge 50% to 75% of projected production on a rolling 12 to 24 month basis. At March 31, 2003, hedges were in place covering 76.7 Bcf of gas at prices averaging \$4.05 per Mmbtu and 1.9 million barrels of oil at prices averaging \$24.82 per barrel. Their fair value at March 31, 2003 (the estimated amount that would be realized on termination based on contract versus NYMEX prices) was a net unrealized pre-tax loss of \$56.0 million. The contracts expire monthly and cover approximately 80%, 70% and 40% of anticipated production from proved reserves on a mcfe basis for the remainder of 2003, 2004 and 2005, respectively. Gains or losses on open and closed hedging transactions are determined based on the difference between the contract price and a reference price, generally closing prices on the NYMEX. 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. An ineffective portion (changes in contract prices that do not match changes in the hedge price) of open hedge contracts is recognized in earnings as it occurs. Net decreases to oil and gas revenues from hedging for the three months ended 2003 were \$25.9 million and oil and gas revenues were increased by \$11.7 million from hedging for the three months ended March 31, 2002.

Interest Rates

At March 31, 2003, Range had \$374.8 million of debt (including Trust Preferred) outstanding. Of this amount, \$174.5 million bore interest at fixed rates averaging 7.0%. Senior debt and non-recourse debt totaling \$200.3 million bore interest at floating rates which averaged 3.3% at March 31, 2003. At times, the Company enters into interest rate swap agreements to limit the impact of interest rate fluctuations on its floating rate debt. At March 31, 2003, Great Lakes had interest rate swap agreements totaling \$100.0 million, 50% of which is consolidated at the Company. These swaps consist of five agreements totaling \$35.0 million at rates averaging 4.6% which expire in June 2003, two agreements totaling \$45.0 million at 7.1% which expire in May 2004, and two agreements totaling \$20.0 million at rates averaging 2.3% which expire in December 2004. The values of these swaps are marked to market quarterly. The fair value of the swaps, based on then current quotes for equivalent agreements at March 31, 2003 was a net loss of \$3.6 million, of which 50% is consolidated at the Company. The 30 day LIBOR rate on March 31, 2003 was 1.3%. A 1% increase or decrease in short-term interest rates would cost or save the Company approximately \$1.5 million in annual interest expense.

Capital Restructuring Program

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 from \$365.2 million to \$121.8 million and total debt (including Trust Preferred) from \$727.2 million to \$374.8 million at March 31, 2003. While the Company's financial position has improved, management believes debt remains too high. The Company believes it should further reduce debt as a percentage of its capitalization. The Company currently believes it has sufficient liquidity and cash flow to meet its obligations for the next twelve months; however, a significant 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 the first three months of 2003, the Company received an average of \$23.64 per barrel of oil and \$3.95 per mcf of gas after hedging compared to \$22.66 per barrel of oil and \$3.26 per mcf of gas in the same period of the prior year. 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. During 2002, the Company experienced a slight decline in certain drilling and operational costs when compared to the prior year. Increases in commodity prices can cause inflationary pressures specific to the industry to also increase certain costs. The Company expects an increase in these costs in 2003.

RESULTS OF OPERATIONS

VOLUMES AND SALES DATA:

	Three Months Ended March 31,	
	2002	2003
Production:		
Crude oil and liquid (bbls)	534,165	583,140
Natural gas (mcfs)	10,214,311	10,358,359
Average daily production:		
Crude oil (bbls)	4,890	5,434
NGLs (per bbls)	1,045	1,045
Natural gas (mcfs)	113,492	115,093
Total (mcfes)	149,103	153,969
Average sales prices (excluding hedging):		
Crude oil (bbls)	\$ 18.80	\$ 31.44
NGLs (bbls)	\$ 10.92	\$ 20.17
Natural gas (mcfs)	\$ 2.28	\$ 6.08
Average sales price (including hedging):		
Crude oil (bbls)	\$ 22.66	\$ 23.64
NGLs (bbls)	\$ 10.92	\$ 20.17
Natural gas (mcfs)	\$ 3.26	\$ 3.95
Total (mcfes)	\$ 3.30	\$ 3.92

The following table identifies certain items included in the results of operations and is presented to assist in comparison of the first quarter of 2003 to the same period of the prior year. The table should be read in conjunction with the following discussions of results of operations (in thousands):

	Three Months Ended March 31,	
	2002	2003
	-----	-----
Increase (decrease) in revenues:		
Write-down of marketable securities	\$ (369)	\$ --
Ineffective portion of hedges	(1,699)	804
Gain (loss) from sales of assets	(1)	88
Realized hedging gains (losses)	11,726	(25,890)
	-----	-----
	\$ 9,657	\$(24,998)
	=====	=====
Increase (decrease) to expenses:		
Fair value deferred compensation adjustment	\$ 782	\$ 385
Bad debt expense accrual	--	75
Adjustment to IPF valuation allowance	1,126	259
Ineffective portion of interest rate hedges	372	(71)
	-----	-----
	\$ 2,280	\$ 648
	=====	=====
Cumulative effect of change in accounting principle (net of tax)	\$ --	\$ 4,491
	=====	=====

Comparison of 2003 to 2002

Quarters Ended March 31, 2003 and 2002

Net income in the first quarter of 2003 totaled \$9.5 million, compared to \$4.3 million in the prior year period. 2003 includes a favorable effect of \$4.5 million on adoption of a new accounting principle (see footnote 3) in addition to a tax expense of \$4.1 million versus a tax benefit in the prior year of \$3.1 million. Production increased to 154.0 Mmcfe per day, a 3% increase from the prior year period. Production increased when compared to the prior year due to higher production in the Appalachia and Southwest divisions and higher production at West Cameron 45 somewhat offsetting the natural production declines in other Gulf Coast wells. Revenues increased primarily due to an increase in average prices per mcfe to \$3.92. The average prices received for oil increased 4% to \$23.64 per barrel, increased 21% for gas to \$3.95 per mcf and increased 85% for NGLs to \$20.17 per barrel. Production expenses increased 42% to \$13.0 million as a result of significantly higher production taxes, increased costs from new wells and higher other operating costs. Production taxes averaged \$0.08 per mcfe in 2002 versus \$0.20 per mcfe in 2003. Operating cost, including production taxes, per mcfe produced averaged \$0.69 in 2002 versus \$0.94 in 2003.

Transportation and processing revenues increased 33% to \$1.0 million in 2003 with higher oil trading margins and higher gas prices. IPF recorded income of \$539,000, a decrease of \$632,000 from the 2002 period. 2002 IPF expenses included a \$1.1 million unfavorable valuation allowance adjustment. IPF expenses in 2003 include a \$259,000 unfavorable valuation allowance. IPF revenue declined from the previous year due to a smaller portfolio balance. During the quarter ended March 31, 2003, IPF expenses included \$258,000 of administrative costs and \$82,000 of interest, compared to prior year period administrative expenses of \$394,000 and interest of \$253,000.

Exploration expense decreased \$2.8 million to \$2.5 million in 2003, primarily due to lower dry hole costs of \$3.1 million somewhat offset by higher seismic costs. General and administrative expenses increased 8% or \$376,000 to \$4.8 million in the quarter with higher legal fees, accounting and engineering technical consulting costs, bad debt expenses and salary related expenses offset by a lower deferred compensation adjustment. The fair value deferred compensation adjustment included in general and administrative expense is expense of \$385,000 in

the three months ended 2003 and an expense of \$782,000 in the same period of the prior year. (See Note 11 to the consolidated financial statements).

Other income was \$928,000 in 2003 and a loss of \$2.1 million in 2002. The 2003 period included \$804,000 of ineffective hedging gains and \$88,000 of gains on asset sales. The 2002 period included \$1.7 million of ineffective hedging losses and a \$369,000 write down of marketable securities. Interest expense increased 3% to \$5.5 million with higher mark to market swap interest expense and amortization costs somewhat offset by falling interest rates and lower outstanding debt balances. Total debt was \$388.3 million and \$374.8 million at March 31, 2002 and 2003, respectively. The average interest rates (excluding hedging) were 5.3% and 5.0%, respectively, at March 31, 2002 and 2003 including fixed and variable rate debt.

Depletion, depreciation and amortization ("DD&A") increased 15% from the first quarter of 2002. The per mcfe DD&A rate for the first quarter of 2003 was \$1.51, a \$0.16 increase from the rate for the first quarter of 2002 with higher rates and an additional \$1.1 million of accretion expense related to the adoption of the new accounting principle (see footnote 3). The DD&A rate is determined based on year-end reserves and the net book value associated with them and, to a lesser extent, depreciation on other assets owned. The Company currently expects its DD&A rate for the remainder of 2003 to approximate \$1.50 per mcfe. The high DD&A rate will make it difficult for the Company to remain profitable if commodity prices fall materially.

Income taxes were a benefit of \$3.1 million in the first quarter of 2002 versus a tax expense of \$4.1 million in the three months ended March 31, 2003. The quarter ended March 31, 2003 includes a \$917,000 deferred tax expense associated with prior periods' percentage depletion carryover.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about the Company'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 indicators of expected future losses, but rather an indicator of reasonably possible losses. This forward-looking information provides indicators of how the Company views and manages its ongoing market-risk exposures. All of the Company's market-risk sensitive instruments were entered into for purposes other than trading.

Commodity Price Risk. The Company's major market risk exposure is to oil and gas prices. Realized prices are 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 into hedging arrangements with respect to its oil and gas production. Pursuant to these swaps, Range receives a fixed price for its production and pays market prices to the counterparty. Hedging is intended to reduce the impact of oil and gas price fluctuations. Realized gains or 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. Of the \$56.0 million unrealized pre-tax loss included in OCI at March 31, 2003, \$41.8 million of losses would be reclassified to earnings over the next twelve month period if prices remained constant. The actual amounts that will be reclassified will vary as a result of changes in prices. Range does not hold or issue derivative instruments for trading purposes.

As of March 31, 2003, the Company had oil and gas hedges in place covering 76.7 Bcf of gas and 1.9 million barrels of oil. Their fair value, represented by the estimated amount that would be realized on termination, based on contract versus NYMEX prices, approximated a net unrealized pre-tax loss of \$56.0 million at that date. These contracts expire monthly through December 2005 and cover approximately 80%, 70% and 40% of anticipated production from proved reserves on a mcfe basis for the remainder of 2003, 2004 and 2005, respectively. 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 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 realized losses relating to these derivatives for the three months ended March 31, 2003 were \$25.9 million and net realized gains were \$11.7 million for the three months ended March 31, 2002.

In the first three months of 2003, a 10% reduction in oil and gas prices, excluding amounts fixed through hedging transactions, would have reduced revenue by \$7.9 million. If oil and gas future prices at March 31, 2003 had declined 10%, the unrealized hedging loss at that date would have decreased \$40.1 million.

Interest rate risk. At March 31, 2003, the Company had \$374.8 million of debt (including Trust Preferred) outstanding. Of this amount, \$174.5 million bore interest at fixed rates averaging 7.0%. Senior debt and non-recourse debt totaling \$200.3 million bore interest at floating rates averaging 3.3%. At March 31, 2003 Great Lakes had interest rate swap agreements totaling \$100.0 million (See Note 7), 50% of which is consolidated at Range, which had a fair value loss (Range's share) of \$1.8 million at that date. A 1% increase or decrease in short-term interest rates would cost or save the Company approximately \$1.5 million in annual interest expense.

ITEM 4. CONTROLS AND PROCEDURES.

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filings with the Securities and Exchange Commission. No significant changes in the Company's internal controls or other factors that could affect these controls have occurred subsequent to the date of such evaluation.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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 its financial position or results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

- (a) Not applicable
- (b) Not applicable
- (c) At various times during the three months ended March 31, 2003, the Company issued common stock in exchange for fixed income securities. Shares of common stock issued in such exchanges were exempt from registration under Section 3(a) (9) of the Securities Act of 1933. The following table summarizes exchanges during the three months ended March 31, 2003:

Security Exchanged	Face Amount (\$000)	Common Stock Issued (000's)
	Three Months Ended March 31, 2003	Three Months Ended March 31, 2003
6% Debentures	\$880	129

- (d) Not applicable.

ITEM 3. NOT APPLICABLE

ITEM 4. NOT APPLICABLE

ITEM 5. NOT APPLICABLE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

- 3.1.1 Certificate of Incorporation of Lomak dated March 24, 1980 (incorporated by reference to Exhibit 3.1.1 to the Company's Registration Statement (File No. 33-31558)).
- 3.1.2 Certificate of Amendment of Certificate of Incorporation dated July 22, 1981 (incorporated by reference to Exhibit 3.1.2 to the Company's Registration Statement (File No. 33-31558)).
- 3.1.3 Certificate of Amendment of Certificate of Incorporation dated September 8, 1982 (incorporated by reference to Exhibit 3.1.3 to the Company's Registration Statement (File No. 33-31558)).
- 3.1.4 Certificate of Amendment of Certificate of Incorporation dated December 28, 1988 (incorporated by reference to Exhibit 3.1.4 to the Company's Registration Statement (File No. 33-31558)).
- 3.1.5 Certificate of Amendment of Certificate of Incorporation dated August 31, 1989 (incorporated by reference to Exhibit 3.1.5 to the Company's Registration Statement (File No. 33-31558)).
- 3.1.6 Certificate of Amendment of Certificate of Incorporation dated May 30, 1991 (incorporated by reference to Exhibit 3.1.6 to the Company's Registration Statement (File No. 333-20259)).
- 3.1.7 Certificate of Amendment of Certificate of Incorporation dated November 20, 1992 (incorporated by reference to Exhibit 3.1.7 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
- 3.1.8 Certificate of Amendment of Certificate of Incorporation dated May 24, 1996 (incorporated by reference to Exhibit 3.1.8 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
- 3.1.9 Certificate of Amendment of Certificate of Incorporation dated October 2, 1996 (incorporated by reference to Exhibit 3.1.9 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
- 3.1.10 Restated Certificate of Incorporation as required by Item 102 of Regulation S-T (incorporated by reference to Exhibit 3.1.10 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
- 3.1.11 Certificate of Amendment of Certificate of Incorporation dated August 25, 1998 (incorporated by reference to Exhibit 3.1.11 to the Company's Registration Statement (File No. 333-62439) as filed with the SEC on August 28, 1998).
- 3.1.12* Certificate of Amendment of Certificate of Incorporation dated May 25, 2000.
- 3.2.1 By-Laws of the Company (incorporated by reference to Exhibit 3.2.1 to the Company's Registration Statement (File No. 33-31558)).
- 3.2.2 Amended and Restated By-laws of the Company dated May 24, 2001 (incorporated by reference to Exhibit 3.2.2 to the Company's Form 10K (File No. 001-12209) as filed with the SEC on March 5, 2002).
- 10.1* \$225,000,000 Second Amendment to Credit Agreement among Range Resources Corporation, as Borrowers, certain parties, as lenders, Bank One, Texas, N.A., as Administrative Agent, JP Morgan Chase Bank and Credit Lyonnais, New York Branch, as Co-Syndication Agents and Fleet National Bank and Fortis Capital Corporation as Co-Documentation Agents dated January 24, 2003.
- 10.2* 225,000,000 Third Amendment to Credit Agreement among Range Resources Corporation, as Borrowers, certain parties as Lenders, Bank One Texas, N.A., as Administrative Agent, Chase JP Morgan Chase Bank and Credit Lyonnais New York Branch as Co-Syndication Agents and Fleet National Bank and Fortis Capital Corporation, as Co-Documentation Agents dated April 1, 2003.

* filed herewith

(b) Reports on Form 8/K

On March 5, 2003, the Company filed a Current Report on Form 8-K, pursuant to Item 9 of Form 8-K, regarding the filing of the Company's Form 10-K and the submission of certificates to the SEC by the President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RANGE RESOURCES CORPORATION

By: /s/ EDDIE M. LEBLANC

Eddie M. LeBlanc
Chief Financial Officer

Date: May 7, 2003

I, John H. Pinkerton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Range Resources Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 7, 2003

/s/ JOHN H. PINKERTON

John H. Pinkerton, President

I, Eddie M. LeBlanc, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Range Resources Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - d) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - e) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 7, 2003

/s/ EDDIE M. LEBLANC

Eddie M. LeBlanc, Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1.1	Certificate of Incorporation of Lomak dated March 24, 1980 (incorporated by reference to Exhibit 3.1.1 to the Company's Registration Statement (File No. 33-31558)).
3.1.2	Certificate of Amendment of Certificate of Incorporation dated July 22, 1981 (incorporated by reference to Exhibit 3.1.2 to the Company's Registration Statement (File No. 33-31558)).
3.1.3	Certificate of Amendment of Certificate of Incorporation dated September 8, 1982 (incorporated by reference to Exhibit 3.1.3 to the Company's Registration Statement (File No. 33-31558)).
3.1.4	Certificate of Amendment of Certificate of Incorporation dated December 28, 1988 (incorporated by reference to Exhibit 3.1.4 to the Company's Registration Statement (File No. 33-31558)).
3.1.5	Certificate of Amendment of Certificate of Incorporation dated August 31, 1989 (incorporated by reference to Exhibit 3.1.5 to the Company's Registration Statement (File No. 33-31558)).
3.1.6	Certificate of Amendment of Certificate of Incorporation dated May 30, 1991 (incorporated by reference to Exhibit 3.1.6 to the Company's Registration Statement (File No. 333-20259)).
3.1.7	Certificate of Amendment of Certificate of Incorporation dated November 20, 1992 (incorporated by reference to Exhibit 3.1.7 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
3.1.8	Certificate of Amendment of Certificate of Incorporation dated May 24, 1996 (incorporated by reference to Exhibit 3.1.8 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
3.1.9	Certificate of Amendment of Certificate of Incorporation dated October 2, 1996 (incorporated by reference to Exhibit 3.1.9 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
3.1.10	Restated Certificate of Incorporation as required by Item 102 of Regulation S-T (incorporated by reference to Exhibit 3.1.10 to the Company's Registration Statement (File No. 333-20257) as filed with the SEC on January 23, 1997).
3.1.11	Certificate of Amendment of Certificate of Incorporation dated August 25, 1998 (incorporated by reference to Exhibit 3.1.11 to the Company's Registration Statement (File No. 333-62439) as filed with the SEC on August 28, 1998).
3.1.12*	Certificate of Amendment of Certificate of Incorporation dated May 25, 2000.
3.2.1	By-Laws of the Company (incorporated by reference to Exhibit 3.2.1 to the Company's Registration Statement (File No. 33-31558)).
3.2.2	Amended and Restated By-laws of the Company dated May 24, 2001 (incorporated by reference to Exhibit 3.2.2 to the Company's Form 10K (File No. 001-12209) as filed with the SEC on March 5, 2002).
10.1*	\$225,000,000 Second Amendment to Credit Agreement among Range Resources Corporation, as Borrowers, certain parties, as lenders, Bank One, Texas, N.A., as Administrative Agent, JP Morgan Chase Bank and Credit Lyonnais, New York Branch, as Co-Syndication Agents and Fleet National Bank and Fortis Capital Corporation as Co-Documentation Agents dated January 24, 2003.
10.2*	225,000,000 Third Amendment to Credit Agreement among Range Resources Corporation, as Borrowers, certain parties as Lenders, Bank One Texas, N.A., as Administrative Agent, Chase JP Morgan Chase Bank and Credit Lyonnais New York Branch as Co-Syndication Agents and Fleet National Bank and Fortis Capital Corporation, as Co-Documentation Agents dated April 1, 2003.

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* filed herewith

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION OF
RANGE RESOURCES CORPORATION

(PURSUANT TO SECTION 242 OF THE DELAWARE GENERAL CORPORATION LAW)

Range Resources Corporation, a Delaware corporation (the "Corporation"), DOES
HEREBY CERTIFY:

FIRST: The name of the Corporation is RANGE RESOURCES CORPORATION.

SECOND: The amendment to the Certificate of Incorporation of the
Corporation effected by this certificate shall provide:

that the number of authorized shares of the Corporation's
Common Stock be increased from 50 million shares to 100
million shares.

THIRD: To accomplish the foregoing amendment, the present Article
FOURTH is hereby amended to read in its entirety as follows:

FOURTH: (1) The total number of shares of all classes of
stock that the Corporation shall have authority
to issue is 110 million shares, divided into
classes as follows:

100 million Common shares having a par
value of \$.01 per share; and

10 million Preferred shares having a par
value of \$1.00 per share.

(2) No holder of shares of the Corporation shall
have any preemptive right to subscribe for or to
purchase any shares of the Corporation of any
class whether now or hereafter authorized.

FOURTH: The above amendment to the Certificate of Incorporation of the
Corporation was duly adopted by the unanimous approval of the
Board of Directors of the Corporation and has been duly
approved by the stockholders owning more than a majority of
the Corporation's outstanding shares of stock entitled to vote
in accordance with the provisions of Section 242 of the
General Corporation Law of the State of Delaware or otherwise.

IN WITNESS WHEREOF, said Range Resources Corporation has caused the Certificate to be signed by John H. Pinkerton, President and Chief Executive Officer, and attested by Rodney L. Waller, its Senior Vice President and Secretary, as of the 24th day of May, 2000.

RANGE RESOURCES CORPORATION

By: /s/ JOHN H. PINKERTON

John H. Pinkerton
President and Chief Executive Officer

ATTEST:

By: /s/ RODNEY L. WALLER

Rodney L. Waller
Senior Vice President and Secretary

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Second Amendment") executed as of the 24 day of January, 2003, by and among RANGE RESOURCES CORPORATION, a Delaware corporation ("Borrower") and BANK ONE, NA, a national banking association ("Bank One"), and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Amendment) or which may from time to time become a party hereto pursuant to the provisions of Section 29 of the Credit Agreement or any successor or assignee thereof (hereinafter collectively referred to as "Lenders", and individually, "Lender") and Bank One, as Administrative Agent ("Agent"), Fleet National Bank, as Co-Documentation Agent, Fortis Capital Corp., as Co-Documentation Agent, JPMorgan Chase Bank, as Co-Syndication Agent, Credit Lyonnais, New York Branch, as Co-Syndication Agent, Banc One Capital Markets, Inc., as Joint Lead Arranger and Joint Bookrunner and JPMorgan Chase Bank, as Joint Lead Arranger and Joint Bookrunner.

WITNESSETH:

WHEREAS, as of May 2, 2002, Borrower, Agent and the Lenders entered into an Amended and Restated Credit Agreement pursuant to which the Lenders made a credit facility available to Borrower (the "Credit Agreement"); and

WHEREAS, as of December 27, 2002, Borrower and all the Lenders entered into a First Amendment to Amended and Restated Credit Agreement (the "First Amendment").

WHEREAS, the Borrower has requested that the Lenders agree to make certain amendments to the Credit Agreement and the Lenders have agreed to do so on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties agree to amend the Credit Agreement as follows:

1. Unless otherwise defined herein all defined terms used herein shall have the same meaning as ascribed to such terms in the Credit Agreement.

2. Section 1 of the Credit Agreement is hereby amended by adding the following new sentence to the end of the definition of "Pre-Approved Contract:"

"Provided; however, that Borrower may hedge, provide a floor price for, or swap either crude oil or natural gas for periods up to sixty (60) months if all such hedges covering any portion of the period from the end of the thirty-sixth (36th) month to the end of the sixtieth (60th) month do not cover more than fifty percent (50%) of Borrower's anticipated production from approved, developed producing reserves of crude oil or natural gas, as the case may be."

3. Except to the extent its provisions are specifically amended, modified or superseded by this Second Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Second Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the Borrower and the Lenders.

4. This Second Amendment shall be effective as of the date first above written, but only upon the satisfaction of the conditions precedent set forth in Paragraph 6 hereof (the "Second Amendment Effective Date").

5. The obligations of Lenders under this Second Amendment shall be subject to the following conditions precedent:

(a) Execution and Delivery. The Borrower and each Guarantor shall have executed and delivered this Second Amendment, and other required documents, all in form and substance satisfactory to the Agent;

(b) Representations and Warranties. The representations and warranties of the Borrowers under this Second Amendment are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

(c) No Event of Default. No Event of Default shall have occurred and be continuing nor shall any event have occurred or failed to occur which, with the passage of time or service of notice, or both, would constitute an Event of Default;

(d) Other Documents. The Agent shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as the Agent or its counsel may reasonably request, and all such documents shall be in form and substance satisfactory to the Agent;

(e) Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be reasonably satisfactory to special counsel for the Agent retained at the expense of Borrower.

6. Borrower hereby represents and warrants that all factual information heretofore and contemporaneously furnished by or on behalf of Borrower to Agent for purposes of or in connection with this Second Amendment does not contain any untrue statement of a material fact or omit to state any material fact necessary to keep the statements contained herein or therein from being misleading. Each of the foregoing representations and warranties shall constitute a representation and warranty of Borrower made under the Credit Agreement, and it shall be an

Event of Default if any such representation and warranty shall prove to have been incorrect or false in any material respect at the time given. Each of the representations and warranties made under the Credit Agreement (including those made herein) shall survive and not be waived by the execution and delivery of this Second Amendment or any investigation by Lenders.

7. The Borrower agrees to indemnify and hold harmless the Lenders and their respective officers, employees, agents, attorneys and representatives (singularly, an "Indemnified Party", and collectively, the "Indemnified Parties") from and against any loss, cost, liability, damage or expense (including the reasonable fees and out-of-pocket expenses of counsel to the Lender, including all local counsel hired by such counsel) ("Claim") incurred by the Lenders in investigating or preparing for, defending against, or providing evidence, producing documents or taking any other action in respect of any commenced or threatened litigation, administrative proceeding or investigation under any federal securities law, federal or state environmental law, or any other statute of any jurisdiction, or any regulation, or at common law or otherwise, which is alleged to arise out of or is based upon any acts, practices or omissions or alleged acts, practices or omissions of the Borrower or its agents or arises in connection with the duties, obligations or performance of the Indemnified Parties in negotiating, preparing, executing, accepting, keeping, completing, countersigning, issuing, selling, delivering, releasing, assigning, handling, certifying, processing or receiving or taking any other action with respect to the Loan Documents and all documents, items and materials contemplated thereby even if any of the foregoing arises out of an Indemnified Party's ordinary negligence. The indemnity set forth herein shall be in addition to any other obligations or liabilities of the Borrower to the Lenders hereunder or at common law or otherwise, and shall survive any termination of this Second Amendment, the expiration of the Loan and the payment of all indebtedness of the Borrower to the Lenders hereunder and under the Notes, provided that the Borrower shall have no obligation under this section to the Lenders with respect to any of the foregoing arising out of the gross negligence or willful misconduct of the Lenders. If any Claim is asserted against any Indemnified Party, the Indemnified Party shall endeavor to notify the Borrower of such Claim (but failure to do so shall not affect the indemnification herein made except to the extent of the actual harm caused by such failure). The Indemnified Party shall have the right to employ, at the Borrower's expense, counsel of the Indemnified Parties' choosing and to control the defense of the Claim. The Borrower may at its own expense also participate in the defense of any Claim. Each Indemnified Party may employ separate counsel in connection with any Claim to the extent such Indemnified Party believes it reasonably prudent to protect such Indemnified Party. THE PARTIES INTEND FOR THE PROVISIONS OF THIS SECTION TO APPLY TO AND PROTECT EACH INDEMNIFIED PARTY FROM THE CONSEQUENCES OF STRICT LIABILITY IMPOSED OR THREATENED TO BE IMPOSED ON ANY INDEMNIFIED PARTY AS WELL AS FROM THE CONSEQUENCES OF ITS OWN NEGLIGENCE, WHETHER OR NOT THAT NEGLIGENCE IS THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF ANY CLAIM.

8. This Second Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

9. WRITTEN CREDIT AGREEMENT. THE CREDIT AGREEMENT, AS AMENDED BY THE FIRST AMENDMENT AND THIS SECOND AMENDMENT REPRESENTS THE FINAL AGREEMENT BETWEEN AND AMONG THE PARTIES AND

MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN AND AMONG THE PARTIES.

10. The Guarantors hereby consent to the execution of this Second Amendment by the Borrower and reaffirms their guaranties of all of the obligations of the Borrower to the Lenders. Borrower and Guarantors acknowledge and agree that the renewal, extension and amendment of the Credit Agreement shall not be considered a novation of account or new contract but that all existing rights, titles, powers, and estates in favor of the Lenders constitute valid and existing obligations in favor of the Lenders. Borrower and Guarantors each confirm and agree that (a) neither the execution of this Second Amendment or any other Loan Document nor the consummation of the transactions described herein and therein shall in any way effect, impair or limit the covenants, liabilities, obligations and duties of the Borrower and the Guarantors under the Loan Documents and (b) the obligations evidenced and secured by the Loan Documents continue in full force and effect. Each Guarantor hereby further confirms that it unconditionally guarantees to the extent set forth in their respective Guaranties the due and punctual payment and performance of any and all amounts and obligations owed to the Lenders under the Credit Agreement or the other Loan Documents.

IN WITNESS WHEREOF, the parties have caused this Second Amendment to Credit Agreement to be duly executed as of the date first above written.

BORROWER:

RANGE RESOURCES CORPORATION
a Delaware corporation

By:

Eddie LeBlanc, Chief Financial Officer

GUARANTORS:

RANGE ENERGY I, INC.
a Delaware corporation

By:

Name:

Title:

RANGE HOLDCO, INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

RANGE PRODUCTION COMPANY
a Delaware corporation

By: _____
Name: _____
Title: _____

RANGE ENERGY VENTURES
CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

GULFSTAR ENERGY, INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

RANGE ENERGY FINANCE CORPORATION
a Delaware corporation

By: _____
Name: _____
Title: _____

LENDERS:

BANK ONE, NA, a national
banking association (Main
Office Chicago) as a Lender
and Administrative Agent

By:

Wm. Mark Cranmer
Director, Capital Markets

BANK OF SCOTLAND

By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK

By: _____
Name: _____
Title: _____

COMPASS BANK

By:

Kathleen J. Bowen, Vice President

CREDIT LYONNAIS, NEW YORK BRANCH

By: -----
Name: -----
Title: -----

FLEET NATIONAL BANK

By: -----
Name: -----
Title: -----

FORTIS CAPITAL CORP.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

NATEXIS BANQUES POPULAIRES

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Third Amendment") executed as of the 1st day of April, 2003, by and among RANGE RESOURCES CORPORATION, a Delaware corporation ("Borrower") and BANK ONE, NA, a national banking association ("Bank One"), and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Amendment) or which may from time to time become a party hereto pursuant to the provisions of Section 29 of the Credit Agreement or any successor or assignee thereof (hereinafter collectively referred to as "Lenders", and individually, "Lender") and Bank One, as Administrative Agent ("Agent"), Fleet National Bank, as Co-Documentation Agent, Fortis Capital Corp., as Co-Documentation Agent, JPMorgan Chase Bank, as Co-Syndication Agent, Credit Lyonnais New York Branch, as Co-Syndication Agent, Banc One Capital Markets, Inc., as Joint Lead Arranger and Joint Bookrunner and JPMorgan Securities, Inc., as Joint Lead Arranger and Joint Bookrunner.

WITNESSETH:

WHEREAS, as of May 2, 2002, Borrower, Agent and the Lenders entered into an Amended and Restated Credit Agreement pursuant to which the Lenders made a credit facility available to Borrower (the "Credit Agreement"); and

WHEREAS, Borrower and all the Lenders have heretofore entered into a First Amendment to Amended and Restated Credit Agreement and a Second Amendment to Amended and Restated Credit Agreement.

WHEREAS, the Borrowers, Lenders and Agents have agreed to amend the Credit Agreement to make certain changes thereto as set forth herein and Comerica-Bank Texas ("Comerica") has agreed to purchase an interest in the Loans concurrently with the closing of this Third Amendment.

NOW, THEREFORE, the parties agree to amend the Credit Agreement as follows:

1. Unless otherwise defined herein all defined terms used herein shall have the same meaning as ascribed to such terms in the Credit Agreement.
2. Section 1 of the Credit Agreement is hereby amended in the following respects:

(a) By deleting the definition of "EBITDAX" therefrom in its entirety and substituting the following in lieu thereof:

"EBITDA shall mean Net Income (excluding gains and losses from asset sales, extraordinary and non-recurring gains and losses) plus the sum of (i) income tax expense (but excluding income tax expense relating to the sales or other disposition of assets, including capital stock, the gains and losses from which are excluded in the determination of Net Income), plus (ii) Interest

Expense, plus (iii) depreciation, depletion and amortization expense, plus (iv) any other non-cash expenses, plus (v) all non-cash losses resulting from the application of FASB 121, minus (vi) any non-cash gains or non-cash losses resulting from the application of FASB 133 or 143, all as determined in accordance with GAAP and calculated as of the end of each fiscal quarter on a trailing four-quarter basis."

(b) By deleting the definition of "Maturity Date" therefrom in its entirety and substituting the following in lieu thereof:

"Maturity Date shall mean January 1, 2007."

3. Any and all references in the Credit Agreement to "EBITDAX" are hereby deleted and the word "EBITDA" is substituted therefor in each instance.

4. As of April 1, 2003, the Borrowing Base shall be \$170,000,000 until redetermined pursuant to Section 7(b) of the Credit Agreement.

5. The Lenders have agreed to reallocate their respective Commitments and allow Comerica to acquire an interest in the Commitments and Loans. As required by the Credit Agreement, the Agent and the Borrower, hereby consent to the sale of the portion of the Commitments to Comerica. After such reallocation of Commitments, the Lenders shall own the Commitment Percentages set forth on Schedule I hereto as of the Third Amendment Effective Date. Each Lender shall surrender it's existing Note and be issued a new Note on the face amount equal to each Lenders' Commitment Percentage times \$225,000,000. Each said Note to be in the form of Exhibit B to the Credit Agreement with appropriate insertions thereto.

6. In consideration of the Lenders' agreement to extend the Maturity Date, the Borrower hereby agrees to pay to the Lenders on the Third Amendment Effective Date an amount equal to \$232,500, to be prorated among all Lenders other than Comerica based upon their Commitment Percentages prior to the Third Amendment Effective Date. In addition and in consideration of the Lenders' agreement to increase the Borrowing Base to \$170,000,000, Borrower agrees to pay, on the Third Amendment Effective Date, a borrowing base increase fee to the Lenders equal to \$93,750, to be prorated among Lenders with new or increased Commitments as of the Third Amendment Effective Date.

7. Except to the extent its provisions are specifically amended, modified or superseded by this Third Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Third Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the Borrower and the Lenders.

8. This Third Amendment shall be effective as of the date first above written, but only upon the satisfaction of the conditions precedent set forth in Paragraph 8 hereof (the "Third Amendment Effective Date").

9. The obligations of Lenders under this Third Amendment shall be subject to the following conditions precedent:

(a) Execution and Delivery. The Borrower and each Guarantor shall have executed and delivered this Third Amendment, and other required documents, all in form and substance satisfactory to the Agent;

(b) Representations and Warranties. The representations and warranties of the Borrowers under this Third Amendment are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

(c) No Event of Default. No Event of Default shall have occurred and be continuing nor shall any event have occurred or failed to occur which, with the passage of time or service of notice, or both, would constitute an Event of Default;

(d) Other Documents. The Agent shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as the Agent or its counsel may reasonably request, and all such documents shall be in form and substance satisfactory to the Agent;

(e) Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be reasonably satisfactory to special counsel for the Agent retained at the expense of Borrower.

10. Borrower hereby represents and warrants that all factual information heretofore and contemporaneously furnished by or on behalf of Borrower to Agent for purposes of or in connection with this Third Amendment does not contain any untrue statement of a material fact or omit to state any material fact necessary to keep the statements contained herein or therein from being misleading. Each of the foregoing representations and warranties shall constitute a representation and warranty of Borrower made under the Credit Agreement, and it shall be an Event of Default if any such representation and warranty shall prove to have been incorrect or false in any material respect at the time given. Each of the representations and warranties made under the Credit Agreement (including those made herein) shall survive and not be waived by the execution and delivery of this Third Amendment or any investigation by Lenders.

11. The Borrower agrees to indemnify and hold harmless the Lenders and their respective officers, employees, agents, attorneys and representatives (singularly, an "Indemnified Party", and collectively, the "Indemnified Parties") from and against any loss, cost, liability, damage or expense (including the reasonable fees and out-of-pocket expenses of counsel to the Lender, including all local counsel hired by such counsel) ("Claim") incurred by the Lenders in investigating or preparing for, defending against, or providing evidence, producing documents or taking any other action in respect of any commenced or threatened litigation, administrative

proceeding or investigation under any federal securities law, federal or state environmental law, or any other statute of any jurisdiction, or any regulation, or at common law or otherwise, which is alleged to arise out of or is based upon any acts, practices or omissions or alleged acts, practices or omissions of the Borrower or its agents or arises in connection with the duties, obligations or performance of the Indemnified Parties in negotiating, preparing, executing, accepting, keeping, completing, countersigning, issuing, selling, delivering, releasing, assigning, handling, certifying, processing or receiving or taking any other action with respect to the Loan Documents and all documents, items and materials contemplated thereby even if any of the foregoing arises out of an Indemnified Party's ordinary negligence. The indemnity set forth herein shall be in addition to any other obligations or liabilities of the Borrower to the Lenders hereunder or at common law or otherwise, and shall survive any termination of this Third Amendment, the expiration of the Loan and the payment of all indebtedness of the Borrower to the Lenders hereunder and under the Notes, provided that the Borrower shall have no obligation under this section to the Lenders with respect to any of the foregoing arising out of the gross negligence or willful misconduct of the Lenders. If any Claim is asserted against any Indemnified Party, the Indemnified Party shall endeavor to notify the Borrower of such Claim (but failure to do so shall not affect the indemnification herein made except to the extent of the actual harm caused by such failure). The Indemnified Party shall have the right to employ, at the Borrower's expense, counsel of the Indemnified Parties' choosing and to control the defense of the Claim. The Borrower may at its own expense also participate in the defense of any Claim. Each Indemnified Party may employ separate counsel in connection with any Claim to the extent such Indemnified Party believes it reasonably prudent to protect such Indemnified Party. THE PARTIES INTEND FOR THE PROVISIONS OF THIS SECTION TO APPLY TO AND PROTECT EACH INDEMNIFIED PARTY FROM THE CONSEQUENCES OF STRICT LIABILITY IMPOSED OR THREATENED TO BE IMPOSED ON ANY INDEMNIFIED PARTY AS WELL AS FROM THE CONSEQUENCES OF ITS OWN NEGLIGENCE, WHETHER OR NOT THAT NEGLIGENCE IS THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF ANY CLAIM.

12. This Third Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

13. WRITTEN CREDIT AGREEMENT. THE CREDIT AGREEMENT, AS AMENDED BY THE FIRST AMENDMENT, THE SECOND AMENDMENT, AND THIS THIRD AMENDMENT REPRESENTS THE FINAL AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN AND AMONG THE PARTIES.

14. The Guarantors hereby consent to the execution of this Third Amendment by the Borrower and reaffirms their guaranties of all of the obligations of the Borrower to the Lenders. Borrower and Guarantors acknowledge and agree that the renewal, extension and amendment of the Credit Agreement shall not be considered a novation of account or new contract but that all existing rights, titles, powers, and estates in favor of the Lenders constitute valid and existing obligations in favor of the Lenders. Borrower and Guarantors each confirm and agree that (a) neither the execution of this Third Amendment or any other Loan Document nor the

consummation of the transactions described herein and therein shall in any way effect, impair or limit the covenants, liabilities, obligations and duties of the Borrower and the Guarantors under the Loan Documents and (b) the obligations evidenced and secured by the Loan Documents continue in Full force and effect. Each Guarantor hereby further confirms that it unconditionally guarantees to the extent set forth in their respective Guaranties the due and punctual payment and performance of any and all amounts and obligations owed to the Lenders under the Credit Agreement or the other Loan Documents.

IN WITNESS WHEREOF, the parties have caused this Third Amendment to Credit Agreement to be duly executed as of the date first above written.

BORROWER:

RANGE RESOURCES CORPORATION
a Delaware corporation

By: /s/ EDDIE LEBLANC

Eddie LeBlanc, Chief Financial Officer

GUARANTORS:

RANGE ENERGY I, INC.
a Delaware corporation

By: /s/ E.M. LEBLANC

Name: E.M. LEBLANC

Title: Senior Vice President and
Chief Financial Officer

RANGE HOLDCO, INC.
a Delaware corporation

By: /s/ E.M. LEBLANC

Name: E.M. LEBLANC

Title: Senior Vice President and
Chief Financial Officer

RANGE PRODUCTION COMPANY
a Delaware corporation

By: /s/ E.M. LEBLANC

Name: E.M. LEBLANC

Title: Senior Vice President and
Chief Financial Officer

RANGE ENERGY VENTURES
CORPORATION, a Delaware corporation

By: /s/ E.M. LEBLANC

Name: E.M. LEBLANC

Title: Senior Vice President and
Chief Financial Officer

GULFSTAR ENERGY, INC.
a Delaware corporation

By: /s/ E.M. LEBLANC

Name: E.M. LEBLANC

Title: Senior Vice President and
Chief Financial Officer

RANGE ENERGY FINANCE CORPORATION
a Delaware corporation

By: /s/ E.M. LEBLANC

Name: E.M. LEBLANC

Title: Senior Vice President and
Chief Financial Officer

LENDERS:

BANK ONE, N.A., a national
banking association (Main Office Chicago)
as a Lender and Administrative Agent

By: /s/ MARK CRANMER

Wm. Mark Cranmer
Director, Capital Markets

BANK OF SCOTLAND

By: /s/ ANNIE GLYNN

Name: Annie Glynn

Title: Senior Vice President

JPMORGAN CHASE BANK

By: /s/ ROBERT C. MERTENSOTTO

Name: Robert C. Mertensotto

Title: Managing Director

COMPASS BANK

By: /s/ JOHN M. FALBO

John M. Falbo, Senior Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ OLIVIER AUDEMARD

Name: Olivier Audemard

Title: Senior Vice President

(Range doc #1256949)

FLEET NATIONAL BANK

By: /s/ JEFFREY H. ROTHKEMP

Name: Jeffrey H. Rothkemp

Title: Vice President

FORTIS CAPITAL CORP.

By: /s/ CHRISTOPHER S. PACKARA

Name: Christopher S. Packara

Title: Vice President

By: /s/ DARRELL W. HOLLEY

Name: Darrell W. Holley

Title: Managing Director

NATEXIS BANQUES POPULAIRES

By: /s/ RENAUD J. D'HERBES

Name: Renaud J. d'Herbes

Title: Senior Vice President
and Regional Manager

By: /s/ DANIEL PAYER

Name: Daniel Payer

Title: Vice President

COMERICA BANK-TEXAS

By: /s/ MICHELE L. JONES

Name: Michele L. Jones

Title: Vice President