

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark one)  
 **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-12209

**RANGE RESOURCES CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**100 Throckmorton Street, Suite 1200**  
**Fort Worth, Texas**  
(Address of Principal Executive Offices)

**34-1312571**  
(IRS Employer  
Identification No.)

**76102**  
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, (Par Value \$0.01)	RRC	New York Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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

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

Yes  No

251,426,800 Common Shares were outstanding on October 21, 2019

**RANGE RESOURCES CORPORATION**  
**FORM 10-Q**  
**Quarter Ended September 30, 2019**

*Unless the context otherwise indicates, all references in this report to “Range Resources,” “Range,” “we,” “us,” or “our” are to Range Resources Corporation and its directly and indirectly owned subsidiaries. For certain industry specific terms used in this Form 10-Q, please see “Glossary of Certain Defined Terms” in our 2018 Annual Report on Form 10-K.*

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**RANGE RESOURCES CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share data)

	September 30, 2019 (Unaudited)	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 354	\$ 545
Accounts receivable, less allowance for doubtful accounts of \$4,274 and \$6,118	249,190	490,723
Derivative assets	137,019	87,953
Inventory and other	25,895	22,964
Total current assets	<u>412,458</u>	<u>602,185</u>
Derivative assets	19,828	4,842
Natural gas and oil properties, successful efforts method	12,339,782	13,085,206
Accumulated depletion and depreciation	<u>(4,044,212)</u>	<u>(4,062,021)</u>
	8,295,570	9,023,185
Other property and equipment	102,187	111,908
Accumulated depreciation and amortization	<u>(95,876)</u>	<u>(102,132)</u>
	6,311	9,776
Operating lease right-of-use assets	47,214	—
Other assets	72,818	68,166
<b>Total assets</b>	<u><u>\$ 8,854,199</u></u>	<u><u>\$ 9,708,154</u></u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 163,327	\$ 227,344
Asset retirement obligations	5,485	5,485
Accrued liabilities	351,981	475,848
Accrued interest	35,116	41,990
Derivative liabilities	1,521	4,144
Total current liabilities	<u>557,430</u>	<u>754,811</u>
Bank debt	318,919	932,018
Senior notes	2,766,322	2,856,166
Senior subordinated notes	48,749	48,677
Deferred tax liabilities	661,216	666,668
Derivative liabilities	296	3,462
Deferred compensation liabilities	58,329	67,542
Operating lease liabilities	40,350	—
Asset retirement obligations and other liabilities	244,396	319,379
Total liabilities	<u>4,696,007</u>	<u>5,648,723</u>
Commitments and contingencies		
<b>Stockholders' Equity</b>		
Preferred stock, \$1 par, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par, 475,000,000 shares authorized, 251,425,437 issued at September 30, 2019 and 249,519,687 issued at December 31, 2018	2,514	2,495
Common stock held in treasury, 8,133 shares at September 30, 2019 and 9,665 shares at December 31, 2018	(328)	(391)
Additional paid-in capital	5,653,005	5,628,447
Accumulated other comprehensive loss	(478)	(658)
Retained deficit	<u>(1,496,521)</u>	<u>(1,570,462)</u>
Total stockholders' equity	4,158,192	4,059,431
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 8,854,199</u></u>	<u><u>\$ 9,708,154</u></u>

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

**RANGE RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited, in thousands, except per share data)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues and other income:</b>				
Natural gas, NGLs and oil sales	\$ 474,754	\$ 736,431	\$ 1,709,987	\$ 2,094,450
Derivative fair value income (loss)	74,676	(34,591)	208,190	(151,890)
Brokered natural gas, marketing and other	73,015	109,385	303,834	267,448
Total revenues and other income	<u>622,445</u>	<u>811,225</u>	<u>2,222,011</u>	<u>2,210,008</u>
<b>Costs and expenses:</b>				
Direct operating	35,276	30,926	102,484	104,136
Transportation, gathering, processing and compression	295,912	304,562	899,786	819,100
Production and ad valorem taxes	7,805	9,427	29,004	29,493
Brokered natural gas and marketing	79,938	116,080	313,360	274,421
Exploration	11,013	8,299	27,333	23,517
Abandonment and impairment of unproved properties	16,202	6,549	41,631	73,244
General and administrative	41,047	43,722	138,316	159,722
Termination costs	819	(336)	3,025	(373)
Deferred compensation plan	(8,871)	223	(16,432)	(559)
Interest	46,997	54,801	150,261	161,048
Gain on early extinguishment of debt	(2,985)	—	(2,985)	—
Depletion, depreciation and amortization	137,751	164,266	417,974	487,558
Impairment of proved properties	—	—	—	22,614
Loss (gain) on the sale of assets	36,341	30	30,663	(149)
Total costs and expenses	<u>697,245</u>	<u>738,549</u>	<u>2,134,420</u>	<u>2,153,772</u>
<b>(Loss) income before income taxes</b>	<u>(74,800)</u>	<u>72,676</u>	<u>87,591</u>	<u>56,236</u>
Income tax (benefit) expense:				
Current	4,079	—	4,079	—
Deferred	(51,298)	24,137	(5,511)	38,295
	<u>(47,219)</u>	<u>24,137</u>	<u>(1,432)</u>	<u>38,295</u>
<b>Net (loss) income</b>	<u>\$ (27,581)</u>	<u>\$ 48,539</u>	<u>\$ 89,023</u>	<u>\$ 17,941</u>
<b>Net (loss) income per common share:</b>				
Basic	<u>\$ (0.11)</u>	<u>\$ 0.19</u>	<u>\$ 0.35</u>	<u>\$ 0.07</u>
Diluted	<u>\$ (0.11)</u>	<u>\$ 0.19</u>	<u>\$ 0.35</u>	<u>\$ 0.07</u>
Dividends paid per common share	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>
<b>Weighted average common shares outstanding:</b>				
Basic	248,082	246,451	247,878	246,016
Diluted	248,082	247,166	248,823	246,879

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

**RANGE RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
(Unaudited, in thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Net (loss) income</b>	\$ (27,581)	\$ 48,539	\$ 89,023	\$ 17,941
Other comprehensive income				
Postretirement benefits:				
Amortization of prior service cost	92	91	276	276
Amortization of actuarial gain	(12)	—	(37)	—
Income tax expense	(20)	(22)	(59)	(68)
<b>Total comprehensive (loss) income</b>	<u>\$ (27,521)</u>	<u>\$ 48,608</u>	<u>\$ 89,203</u>	<u>\$ 18,149</u>

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

**RANGE RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating activities:</b>		
Net income	\$ 89,023	\$ 17,941
Adjustments to reconcile net income to net cash provided from operating activities:		
Deferred income tax (benefit) expense	(5,511)	38,295
Depletion, depreciation and amortization and impairment	417,974	510,172
Exploration dry hole costs	—	4
Abandonment and impairment of unproved properties	41,631	73,244
Derivative fair value (income) loss	(208,190)	151,890
Cash settlements on derivative financial instruments	138,349	(40,272)
Allowance for doubtful accounts	(141)	(1,250)
Amortization of deferred financing costs and other	4,862	4,163
Deferred and stock-based compensation	14,410	41,252
Loss (gain) on the sale of assets	30,663	(149)
Gain on extinguishment of debt	(2,985)	—
Changes in working capital:		
Accounts receivable	241,514	(49,713)
Inventory and other	(4,024)	(822)
Accounts payable	(52,645)	(6,529)
Accrued liabilities and other	(155,499)	36,721
Net cash provided from operating activities	<u>549,431</u>	<u>774,947</u>
<b>Investing activities:</b>		
Additions to natural gas and oil properties	(550,355)	(781,554)
Additions to field service assets	(803)	(1,230)
Acreage purchases	(39,795)	(50,461)
Proceeds from disposal of assets	784,527	24,339
Purchases of marketable securities held by the deferred compensation plan	(16,741)	(34,953)
Proceeds from the sales of marketable securities held by the deferred compensation plan	21,344	37,311
Net cash provided from (used in) investing activities	<u>198,177</u>	<u>(806,548)</u>
<b>Financing activities:</b>		
Borrowings on credit facilities	1,730,000	1,602,000
Repayments on credit facilities	(2,345,000)	(1,547,000)
Repayment of senior notes	(90,274)	—
Dividends paid	(15,077)	(14,950)
Taxes paid for shares withheld	(3,371)	(3,143)
Debt issuance costs	—	(8,257)
Change in cash overdrafts	(24,744)	(5,653)
Proceeds from the sales of common stock held by the deferred compensation plan	667	8,513
Net cash (used in) provided from financing activities	<u>(747,799)</u>	<u>31,510</u>
<b>Decrease in cash and cash equivalents</b>	<u>(191)</u>	<u>(91)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>545</u>	<u>448</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 354</u>	<u>\$ 357</u>

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

**RANGE RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited, in thousands, except per share data)

**Fiscal Year 2019**

	Common stock		Common stock held in treasury	Additional paid-in capital	Retained deficit	Accumulated other comprehensive loss	Total
	Shares	Par value					
<b>Balance as of December 31, 2018</b>	<u>249,520</u>	<u>\$ 2,495</u>	<u>\$ (391)</u>	<u>\$ 5,628,447</u>	<u>\$ (1,570,462)</u>	<u>\$ (658)</u>	<u>\$ 4,059,431</u>
Issuance of common stock	1,628	17	—	(2,396)	—	—	(2,379)
Issuance of common stock upon vesting of PSUs	—	—	—	4	(4)	—	—
Stock-based compensation expense	—	—	—	9,155	—	—	9,155
Cash dividends paid (\$0.02 per share)	—	—	—	—	(5,023)	—	(5,023)
Other comprehensive income	—	—	—	—	—	60	60
Net income	—	—	—	—	1,419	—	1,419
<b>Balance as of March 31, 2019</b>	<u>251,148</u>	<u>2,512</u>	<u>(391)</u>	<u>5,635,210</u>	<u>(1,574,070)</u>	<u>(598)</u>	<u>4,062,663</u>
Issuance of common stock	206	2	—	1,547	—	—	1,549
Issuance of common stock upon vesting of PSUs	—	—	—	1	(1)	—	—
Stock-based compensation expense	—	—	—	7,822	—	—	7,822
Cash dividends paid (\$0.02 per share)	—	—	—	—	(5,026)	—	(5,026)
Other comprehensive income	—	—	—	—	—	60	60
Net income	—	—	—	—	115,185	—	115,185
<b>Balance as of June 30, 2019</b>	<u>251,354</u>	<u>2,514</u>	<u>(391)</u>	<u>5,644,580</u>	<u>(1,463,912)</u>	<u>(538)</u>	<u>4,182,253</u>
Issuance of common stock	71	—	—	1,170	—	—	1,170
Stock-based compensation expense	—	—	—	7,318	—	—	7,318
Cash dividends paid (\$0.02 per share)	—	—	—	—	(5,028)	—	(5,028)
Treasury stock issuance	—	—	63	(63)	—	—	—
Other comprehensive income	—	—	—	—	—	60	60
Net loss	—	—	—	—	(27,581)	—	(27,581)
<b>Balance as of September 30, 2019</b>	<u>251,425</u>	<u>\$ 2,514</u>	<u>\$ (328)</u>	<u>\$ 5,653,005</u>	<u>\$ (1,496,521)</u>	<u>\$ (478)</u>	<u>\$ 4,158,192</u>

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

**RANGE RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited, in thousands, except per share data)

**Fiscal Year 2018**

	Common stock		Common stock held in treasury	Additional paid- in capital	Retained (deficit)/earnings	Accumulated other comprehensive loss	Total
	Shares	Par value					
<b>Balance as of December 31, 2017</b>	<b>248,144</b>	<b>\$ 2,481</b>	<b>\$ (599)</b>	<b>\$ 5,577,732</b>	<b>\$ 195,990</b>	<b>\$ (1,332)</b>	<b>\$ 5,774,272</b>
Issuance of common stock	1,092	11	—	(1,228)	—	—	(1,217)
Stock-based compensation expense	—	—	—	17,201	—	—	17,201
Cash dividends paid (\$0.02 per share)	—	—	—	—	(4,971)	—	(4,971)
Treasury stock issuance	—	—	30	(30)	—	—	—
Other comprehensive income	—	—	—	—	—	69	69
Net income	—	—	—	—	49,238	—	49,238
<b>Balance as of March 31, 2018</b>	<b>249,236</b>	<b>2,492</b>	<b>(569)</b>	<b>5,593,675</b>	<b>240,257</b>	<b>(1,263)</b>	<b>5,834,592</b>
Issuance of common stock	201	2	—	6,543	—	—	6,545
Stock-based compensation expense	—	—	—	7,654	—	—	7,654
Cash dividends paid (\$0.02 per share)	—	—	—	—	(4,989)	—	(4,989)
Treasury stock issuance	—	—	165	(165)	—	—	—
Other comprehensive income	—	—	—	—	—	69	69
Net loss	—	—	—	—	(79,836)	—	(79,836)
<b>Balance as of June 30, 2018</b>	<b>249,437</b>	<b>2,494</b>	<b>(404)</b>	<b>5,607,707</b>	<b>155,432</b>	<b>(1,194)</b>	<b>5,764,035</b>
Issuance of common stock	65	1	—	3,438	—	—	3,439
Issuance of common stock upon vesting of PSUs	2	—	—	31	(31)	—	—
Stock-based compensation expense	—	—	—	6,195	—	—	6,195
Cash dividends paid (\$0.02 per share)	—	—	—	—	(4,990)	—	(4,990)
Other comprehensive income	—	—	—	—	—	70	70
Net income	—	—	—	—	48,539	—	48,539
<b>Balance as of September 30, 2018</b>	<b>249,504</b>	<b>\$ 2,495</b>	<b>\$ (404)</b>	<b>\$ 5,617,371</b>	<b>\$ 198,950</b>	<b>\$ (1,124)</b>	<b>\$ 5,817,288</b>

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

**RANGE RESOURCES CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**(1) SUMMARY OF ORGANIZATION AND NATURE OF BUSINESS**

Range Resources Corporation is a Fort Worth, Texas-based independent natural gas, natural gas liquids (“NGLs”) and oil company primarily engaged in the exploration, development and acquisition of natural gas and oil properties in the Appalachian and the North Louisiana regions of the United States. Our objective is to build stockholder value through consistent returns focused development, on a per share debt-adjusted basis, of both reserves and production on a cost-efficient basis. Range is a Delaware corporation with our common stock listed and traded on the New York Stock Exchange under the symbol “RRC”.

**(2) BASIS OF PRESENTATION**

These consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments necessary for a fair statement of the results for the periods reported. All adjustments are of a normal recurring nature unless otherwise disclosed. These consolidated financial statements, including selected notes, have been prepared in accordance with the applicable rules of the SEC and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements.

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 25, 2019. The results of operations for the third quarter and the nine months ended September 30, 2019 are not necessarily indicative of the results to be expected for the full year.

*Inventory.* As of September 30, 2019, we had \$9.5 million of material and supplies inventory compared to \$8.0 million at December 31, 2018. Material and supplies inventory consists of primarily tubular goods and equipment used in our operations and is stated at lower of specific cost of each inventory item or net realized value, on a first-in, first-out basis. At September 30, 2019, we also had commodity inventory of \$836,000 compared to \$965,000 at December 31, 2018. Commodity inventory as of September 30, 2019 consists of NGLs held in storage or as line fill in pipelines.

**(3) NEW ACCOUNTING STANDARDS**

**Not Yet Adopted**

*Financial Instruments – Credit Losses*

In June 2016, an accounting standards update was issued that changes the impairment model for trade receivables, net investments in leases, debt securities, loans and certain other instruments. The standards update requires the use of a forward-looking “expected loss” model as opposed to the current “incurred loss” model. This standards update is effective for us in first quarter 2020 and will be adopted on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the adoption period. Early adoption was permitted starting January 2019. We are continuing to evaluate the provisions of this accounting standards update but we currently do not expect it will have a material impact on our results of operations, financial position and financial disclosures.

*Fair Value Measurement*

In August 2018, an accounting standards update was issued which provides additional disclosure requirements for fair value measurements. This new standards update eliminates the requirement to disclose transfers between Level 1 and Level 2 of the fair value hierarchy and provides for additional disclosures for Level 3 fair value measurements. This new standards update is effective for us in first quarter 2020 and will be adopted on a prospective or retrospective basis depending on the changes that apply. We are evaluating the provisions of this standards update and assessing the impact, if any, it may have on our financial disclosures.

## Recently Adopted

### Lease Accounting Standard

In February 2016, an accounting standards update was issued that requires an entity to recognize a right-of-use (“ROU”) asset and lease liability for all leases. Classification of leases as either a finance or operating lease determines the recognition, measurement and presentation of expenses. This accounting standards update also requires certain quantitative and qualitative disclosures about leasing arrangements.

The new standard was effective for us in first quarter 2019 and we adopted the new standard using a modified retrospective approach, with the date of initial application effective on January 1, 2019. Consequently, upon transition, we recognized a ROU asset (or operating lease right-of-use asset) and a lease liability with no retained earnings impact. We are applying the following practical expedients as provided in the standards update which provide elections to:

- not apply the recognition requirements to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not contain a purchase option);
- not reassess whether a contract contains a lease, lease classification and initial direct costs; and
- not reassess certain land easements in existence prior to January 1, 2019.

Through our implementation process, we evaluated each of our lease arrangements and enhanced our systems to track and calculate additional information required upon adoption of this standards update. Our adoption did not have a material impact on our consolidated balance sheet as of January 1, 2019, with the primary impact relating to the recognition of ROU assets and operating lease liabilities for operating leases which represents approximately a 1% change to total assets and total liabilities. The impact of adoption of this new standards update was as follows (in thousands):

	January 1, 2019		
	Adoption	Reclassification (1)	Total Adjustment
<b>Balance Sheet:</b>			
Operating lease right-of-use assets	\$ 59,300	\$ (7,925)	\$ 51,375
Accrued liabilities – current	\$ (14,811)	\$ —	\$ (14,811)
Operating lease liabilities – long-term	\$ (44,489)	\$ —	\$ (44,489)
Asset retirement obligations and other liabilities	\$ —	\$ 7,925	\$ 7,925

(1) As of December 31, 2018, we had \$7.9 million of operating lease liabilities recorded as part of purchase price accounting for building leases acquired because we did not expect to occupy the space or receive payments from our subleases. Lease incentives related to other buildings were also included. Upon adoption of the new standards update, these leases were included as part of our adoption. The ROU asset is reduced because we do not expect to use the asset.

Adoption of the new standard did not impact our consolidated statements of operations, cash flows or stockholders’ equity. Leases acquired to explore for or use minerals, oil or natural gas resources, including the right to explore for those natural resources and rights to use the land in which those natural resources are contained, are not within the scope of the standards update.

### Revenue Recognition Standard

In May 2014, an accounting standards update was issued that superseded the existing revenue recognition requirements. This standard included a five-step revenue recognition model to depict the transfer of goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Among other things, the standard also eliminated industry-specific revenue guidance, required enhanced disclosures about revenue, provided guidance for transactions that were not previously addressed comprehensively and improved guidance for multiple-element arrangements. This standard was effective for us in first quarter 2018 and we adopted the new standards update using the modified retrospective method to all open contracts as of January 1, 2018. Our implementation of this standard did not result in a cumulative-effect adjustment on date of adoption; however, our financial statement presentation related to revenue received from certain gas processing contracts changed. Based on previous accounting guidance, certain of our gas processing contracts were reported in revenue at the net price (net of processing costs) we receive. Upon adoption of this accounting standards update, these contracts are now reported as a gross price received at a delivery point and separate transportation, marketing and processing expense.

In March 2017, an accounting standards update was issued which provides additional guidance on the presentation of net benefit cost in the statement of operations. Employers will present the service cost component of net periodic benefit cost in the same consolidated results of operations line item as other employee compensation costs arising from services rendered during the period. This new standards update was effective for annual reporting periods in first quarter 2018 and must be applied retrospectively. We adopted this standards update in first quarter 2018. The adoption did not impact our consolidated results of operations, financial position, cash flows or disclosures. In 2018 and 2019, our service cost is recorded in general and administrative expense.

*Modification of Share – Based Awards*

In May 2017, an accounting standards update was issued which clarifies what constitutes a modification of a share-based award. This standards update is intended to provide clarity and reduce both diversity in practice and cost and complexity to a change to the terms or conditions of a share-based payment award. We adopted this standards update in first quarter 2018. The adoption of this standard did not have a material impact on our consolidated financial position or results of operations.

**(4) DISPOSITIONS**

We recognized a pretax net loss of \$36.3 million on the sale of assets in third quarter 2019 compared to a pretax net loss of \$30,000 in third quarter 2018 and a pretax net loss of \$30.7 million in first nine months 2019 compared to a pretax net gain of \$149,000 in first nine months 2018. See discussion below for further details.

**2019 Dispositions**

*Pennsylvania.* In third quarter 2019, we sold a proportionately reduced 2.5% overriding royalty in three separate transactions primarily covering our Washington County, Pennsylvania leases for gross proceeds of \$750.0 million. We recorded a loss of \$36.5 million which represents closing adjustments and transaction fees. In second quarter 2019, we sold natural gas and oil property, primarily representing over 20,000 unproved acres, for proceeds of \$34.0 million and recognized a pretax gain of \$5.9 million.

*Other.* In third quarter 2019, we sold miscellaneous inventory and other assets for proceeds of \$161,000, resulting in a pretax gain of \$117,000. In first six months 2019, we sold miscellaneous inventory and other assets for proceeds of \$366,000, resulting in a pretax loss of \$187,000.

**2018 Dispositions**

*Northern Oklahoma.* In third quarter 2018, we sold properties in Northern Oklahoma for proceeds of \$23.3 million and we recorded a net loss of \$39,000 related to this sale, after closing adjustments.

*Other.* In third quarter 2018, we sold miscellaneous inventory and other assets for proceeds of \$673,000 resulting in a pretax gain of \$9,000. In first six months 2018, we sold miscellaneous inventory and other assets for proceeds of \$366,000, resulting in a pretax gain of \$179,000.

**(5) REVENUES FROM CONTRACTS WITH CUSTOMERS**

**Revenue Recognition**

Natural gas, NGLs and oil sales revenues are generally recognized when control of the product is transferred to the customer and collectability is reasonably assured.

## Disaggregation of Revenue

We have three material revenue streams in our business: natural gas sales, NGLs sales and oil sales. Revenues on sales of natural gas, NGLs, oil and purchased natural gas and NGLs are recognized when control of the product is transferred to the purchaser and payment can be reasonably assured. Sales prices are negotiated based on factors normally considered in the industry, such as index or spot price, distance from the well to the pipeline or market, commodity quality and prevailing supply and demand conditions. We enter into purchase transactions with third parties and separate sale transactions to make use of unused gas pipeline capacity commitments. Revenues and expenses from these transactions are presented on a gross basis as we act as a principal in the transaction by assuming control of the commodities purchased and the responsibility to deliver the commodities sold. The majority of our product sale commitments are short-term in nature with a contract term of one year or less. Our product sales that have a contractual term greater than one year have no long-term fixed consideration. Accounts receivable attributable to our revenue contracts with customers was \$209.1 million at September 30, 2019 and \$438.3 million at December 31, 2018. Revenue attributable to each of our identified revenue streams is disaggregated below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Natural gas sales	\$ 284,980	\$ 390,656	\$ 1,063,323	\$ 1,182,580
NGLs sales	143,195	278,563	508,035	705,793
Oil sales	46,579	67,212	138,629	206,077
Total natural gas, NGLs and oil sales	474,754	736,431	1,709,987	2,094,450
Sales of purchased natural gas	70,404	105,840	293,209	255,134
Sales of purchased NGLs	(183)	(154)	1,425	879
Other marketing revenue	2,794	3,699	9,200	11,435
Total	<u>\$ 547,769</u>	<u>\$ 845,816</u>	<u>\$ 2,013,821</u>	<u>\$ 2,361,898</u>

## (6) INCOME TAXES

We evaluate and update our annual effective income tax rate on a quarterly basis based on current and forecasted operating results and tax laws. Consequently, based upon the mix and timing of our actual earnings compared to annual projections, our effective tax rate may vary quarterly and may make comparisons not meaningful. Income tax (benefit) expense was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Income tax (benefit) expense	\$ (47,219)	\$ 24,137	\$ (1,432)	\$ 38,295
Effective tax rate	63.1%	33.2%	(1.6%)	68.1%

Income taxes for discrete items are computed and recorded in the period that the specific transaction occurs. For the three and nine months ended September 30, 2019 and 2018, our overall effective tax rate was different than the federal statutory rate due primarily to state income taxes (including adjustments to state income tax valuation allowances), equity compensation and other tax items which are detailed below (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Total (loss) income before income taxes	\$ (74,800)	\$ 72,676	\$ 87,591	\$ 56,236
U.S. federal statutory rate	21%	21%	21%	21%
Total tax (benefit) expense at statutory rate	(15,708)	15,262	18,394	11,810
State and local income taxes, net of federal benefit	(2,721)	2,691	3,822	3,439
State apportionment rate change	(44,203)	—	(44,203)	—
Equity compensation	286	6	4,174	2,146
Change in valuation allowances:				
Federal net operating loss carryforwards	916	—	—	—
State net operating loss carryforwards and other	14,952	5,558	15,568	19,194
Other	(481)	100	(782)	1,499
Permanent differences and other	(260)	520	1,595	207
Total (benefit) expense for income taxes	\$ (47,219)	\$ 24,137	\$ (1,432)	\$ 38,295
Effective tax rate	63.1%	33.2%	(1.6%)	68.1%

## (7) INCOME (LOSS) PER COMMON SHARE

Basic income or loss per share attributable to common shareholders is computed as (1) income or loss attributable to common shareholders (2) less income allocable to participating securities (3) divided by weighted average basic shares outstanding. Diluted income or loss per share attributable to common shareholders is computed as (1) basic income or loss attributable to common shareholders (2) plus diluted adjustments to income allocable to participating securities (3) divided by weighted average diluted shares outstanding. The following sets forth a reconciliation of income or loss attributable to common shareholders to basic income or loss attributable to common shareholders to diluted income or loss attributable to common shareholders (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net (loss) income, as reported	\$ (27,581)	\$ 48,539	\$ 89,023	\$ 17,941
Participating earnings (a)	(67)	(590)	(1,105)	(224)
Basic net (loss) income attributed to common shareholders	(27,648)	47,949	87,918	17,717
Reallocation of participating earnings (a)	—	2	3	—
Diluted net (loss) income attributed to common shareholders	\$ (27,648)	\$ 47,951	\$ 87,921	\$ 17,717
Net (loss) income per common share:				
Basic	\$ (0.11)	\$ 0.19	\$ 0.35	\$ 0.07
Diluted	\$ (0.11)	\$ 0.19	\$ 0.35	\$ 0.07

(a) Restricted Stock Awards represent participating securities because they participate in nonforfeitable dividends or distributions with common equity owners. Income allocable to participating securities represents the distributed and undistributed earnings attributable to the participating securities. Participating securities, however, do not participate in undistributed net losses.

The following provides a reconciliation of basic weighted average common shares outstanding to diluted weighted average common shares outstanding (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Weighted average common shares outstanding – basic	248,082	246,451	247,878	246,016
Effect of dilutive securities:				
Director and employee restricted stock and performance based equity awards	—	715	945	863
Weighted average common shares outstanding – diluted	248,082	247,166	248,823	246,879

Weighted average common shares outstanding-basic for third quarter 2019 excludes 3.3 million shares of restricted stock held in our deferred compensation plan compared to 3.0 million shares in third quarter 2018 (although all awards are issued and outstanding upon grant). Weighted average common shares outstanding-basic for both the first nine months 2019 and 2018 excludes 3.1 million shares of restricted stock. Due to our net loss in third quarter 2019, all outstanding equity grants have been excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive to the computations. For first nine months 2019, equity grants of 1.6 million were outstanding but not included in the computation of diluted net income per share because the grant prices were greater than the average market price of our common shares and would be anti-dilutive to the computation. For third quarter 2018, equity grants of 506,000 and for first nine months 2018, equity grants of 755,000 were outstanding but not included in the computations because the effect would have been anti-dilutive.

## **(8) LEASES**

We determine if an arrangement is a lease at inception of the arrangement. To the extent that we determine an arrangement represents a lease, we classify that lease as an operating lease or a finance lease. We currently do not have any finance leases. We capitalize our operating leases on our consolidated balance sheet through a ROU asset and a corresponding lease liability. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Short-term leases that have an initial term of one year or less are not capitalized but are disclosed below. Short-term lease costs exclude expenses related to leases with a lease term of one month or less.

Our operating leases are reflected as operating lease ROU assets, accrued liabilities-current and operating lease liabilities on our consolidated balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. In addition to the present value of lease payments, the operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement less any lease incentives and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

### **Nature of Leases**

We lease certain office space, field equipment, vehicles and other equipment under cancelable and non-cancelable leases to support our operations. A more detailed description of our significant lease types is included below.

#### *Office Agreements and Subleases*

We rent office space from third parties for our corporate and field locations. Our office agreements are typically structured with non-cancelable terms of one to fifteen years. We have concluded our office agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. Upon completion of the primary term, both parties have substantive rights to terminate the lease. As a result, enforceable rights and obligations do not exist under the rental agreements subsequent to the primary term.

We also sublease some of our office space to third parties. All of our subleases have terms that end in 2020 or 2022. The sublease agreements are non-cancelable through the end of the term and both parties have substantive rights to terminate the lease when the term is complete. Our sublease agreements are not capitalized and are recorded as sublease income (as a component of lease costs) in the period the rent is received.

#### *Field Equipment*

We rent compressors and coolers from third parties in order to facilitate the downstream movement of our production to market. Our compressor and cooler arrangements are typically structured with a non-cancelable primary term of one to two years and continue thereafter on a month-to-month basis subject to termination by either party with thirty days notice. We have concluded that our compressor and cooler rental agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. Upon completion of the primary term, both parties have substantive rights to terminate the lease. As a result, enforceable rights and obligations do not exist under the rental agreement subsequent to the primary term.

We enter into daywork contracts for drilling rigs with third parties to support our drilling activities. Our drilling rig arrangements are typically structured with a term that is in effect until drilling operations are completed on a contractually specified well or well pad. Upon mutual agreement with the contractor, we typically have the option to extend the contract term for additional wells or well pads by providing thirty days notice prior to the end of the original contract term. We have concluded that our drilling rig arrangements represent short-term operating leases. The accounting guidance requires us to make an assessment at contract commencement if we are reasonably certain that we will exercise the option to extend the term. Due to the continuously evolving nature of our drilling schedules and the potential volatility in commodity prices in an annual

period, our strategy to enter into shorter term drilling rig arrangements allows us the flexibility to respond to changes in our operating and economic environment. We exercise our discretion in choosing to extend or not extend contracts on a rig by rig basis depending on the conditions present at the time the contract expires. At the time of contract commencement, we have determined we cannot conclude with reasonable certainty if we will choose to extend the contract beyond its original term. Pursuant to the successful efforts method of accounting, these costs are capitalized as part of natural gas and oil properties on our balance sheet when paid. See also short-term lease costs below.

#### *Vehicles*

We rent our vehicle fleet from a third party for our drilling and operations personnel. Our vehicle agreements are non-cancelable for a minimum of one year and a maximum term of four to eight years depending on the type of vehicle. However, we have assumed a term of three years based on the period covered by options to terminate that we are reasonably certain to exercise. We have concluded our vehicle commitments are operating leases.

### **Significant Judgments**

#### *Transportation, Gathering and Processing Arrangements*

We engage in various types of transactions in which midstream entities transport, gather and/or process our product leveraging integrated systems and facilities wholly owned and operated by the midstream counterparty. Under most of these arrangements, we do not utilize substantially all of the third party's underlying pipeline, gathering system or processing facilities, and thus, we have concluded that those underlying assets do not meet the definition of an identified asset. However, in limited circumstances, we do utilize substantially all of the capacity of a portion of the midstream system under our transportation, gathering and/or processing service contract. These arrangements require judgment to determine whether our capacity of the underlying midstream asset represents a lease. Under all of these arrangements, we have concluded that (i) the midstream entity maintains control of and has the ability to optimize and/or expand the underlying system throughout the duration of the contract term and (ii) the portion of the system or facility we utilize is highly integrated and interconnected to a broader system servicing a diverse set of customers. Consequently, the transportation, gathering and/or processing contract does not represent a lease of the underlying portion of the midstream system or facilities. We currently have not identified any of these commitments as leases.

#### *Discount Rate*

Our leases typically do not provide an implicit rate. Accordingly, we are required to use our incremental borrowing rate in determining the present value of lease payments based on the information available at commencement date. Our incremental borrowing rate reflects the estimated rate of interest that we would pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. We use the implicit rate in the limited circumstances in which that rate is readily determinable.

#### *Practical Expedients and Accounting Policy Elections*

Certain of our lease agreements include lease and non-lease components. For all existing asset classes with multiple component types, we have utilized the practical expedient that exempts us from separating lease components from non-lease components. Accordingly, we account for the lease and non-lease components in an arrangement as a single lease component.

In addition, for all of our existing asset classes, we have made an accounting policy election not to apply the lease recognition requirements to our short-term leases (that is, a lease that, at commencement, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that we are reasonably certain to exercise). Accordingly, we recognize lease payments related to our short-term leases in our statement of operations on a straight-line basis over the lease term which has not changed from our prior recognition. To the extent that there are variable lease payments, we recognize those payments in our statement of operations in the period in which the obligation for those payments is incurred. Refer to "Nature of Leases" above for further information regarding those asset classes that include material short-term leases.

The components of our total lease expense for the three and nine months ended September 30, 2019, the majority of which is included in general and administrative expense, are as follows (in thousands):

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost	\$ 3,382	\$ 9,671
Variable lease expense (1)	1,369	3,723
Short-term lease expense (2)	918	2,088
Sublease income	(874)	(2,622)
Total lease expense	<u>\$ 4,795</u>	<u>\$ 12,860</u>
Short-term lease costs (3)	<u>\$ 6,085</u>	<u>\$ 23,177</u>

(1) Variable lease payments that are not dependent on an index or rate are not included in the lease liability or ROU assets.

(2) Short-term lease expense represents expense related to leases with a contract term of one year or less.

(3) These short-term lease costs are related to leases with a contract term of one year or less and the majority of which are related to drilling rigs and are capitalized as part of natural gas and oil properties on our balance sheets.

Supplemental cash flow information related to our operating leases is included in the table below (in thousands):

	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities	\$ 11,752
ROU assets added in exchange for lease obligations (since adoption)	\$ 2,971

Supplemental balance sheet information related to our operating leases is included in the table below (in thousands):

	September 30, 2019
Operating lease ROU assets	\$ 47,214
Accrued liabilities – current	\$ (12,683)
Operating lease liabilities – long-term	\$ (40,350)

Our weighted average remaining lease term and weighted average discount rate for our operating leases are as follows:

	September 30, 2019
Weighted average remaining lease term	6.0 years
Weighted average discount rate	6.3%

Our lease liabilities with enforceable contract terms that are greater than one year mature as follows (in thousands):

	Operating Leases
Remainder of 2019	\$ 3,936
2020	14,699
2021	11,208
2022	6,990
2023	6,500
Thereafter	21,730
Total lease payments	<u>65,063</u>
Less effects of discounting	<u>(12,030)</u>
Total lease liability	<u>\$ 53,033</u>

**(9) CAPITALIZED COSTS AND ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION (a)**

	September 30, 2019	December 31, 2018
	(in thousands)	
Natural gas and oil properties:		
Properties subject to depletion	\$ 10,277,879	\$ 10,974,929
Unproved properties	2,061,903	2,110,277
Total	<u>12,339,782</u>	<u>13,085,206</u>
Accumulated depreciation, depletion and amortization	(4,044,212)	(4,062,021)
Net capitalized costs	<u>\$ 8,295,570</u>	<u>\$ 9,023,185</u>

(a) Includes capitalized asset retirement costs and the associated accumulated amortization.

**(10) INDEBTEDNESS**

We had the following debt outstanding as of the dates shown below (bank debt interest rate at September 30, 2019 is shown parenthetically). No interest was capitalized during the three and nine months ended September 30, 2019 or the year ended December 31, 2018 (in thousands).

	September 30, 2019	December 31, 2018
<b>Bank debt (3.3%)</b>	\$ 328,000	\$ 943,000
<b>Senior notes:</b>		
4.875% senior notes due 2025	750,000	750,000
5.00% senior notes due 2023	741,531	741,531
5.00% senior notes due 2022	547,110	580,032
5.75% senior notes due 2021	421,425	475,952
5.875% senior notes due 2022	323,077	329,244
Other senior notes due 2022	590	590
Total senior notes	<u>2,783,733</u>	<u>2,877,349</u>
<b>Senior subordinated notes:</b>		
5.00% senior subordinated notes due 2023	7,712	7,712
5.00% senior subordinated notes due 2022	19,054	19,054
5.75% senior subordinated notes due 2021	22,214	22,214
Total senior subordinated notes	<u>48,980</u>	<u>48,980</u>
Total debt	3,160,713	3,869,329
Unamortized premium	3,580	4,741
Unamortized debt issuance costs	(30,303)	(37,209)
<b>Total debt net of debt issuance costs</b>	<u>\$ 3,133,990</u>	<u>\$ 3,836,861</u>

**Bank Debt**

In April 2018, we entered into an amended and restated revolving bank facility, which we refer to as our bank debt or our bank credit facility, which is secured by substantially all of our assets and has a maturity date of April 13, 2023. The bank credit facility provides for a maximum facility amount of \$4.0 billion and an initial borrowing base of \$3.0 billion. The bank credit facility also provides for a borrowing base subject to redeterminations annually by May and for event-driven unscheduled redeterminations. As part of our annual redetermination completed on March 27, 2019, our borrowing base was reaffirmed for \$3.0 billion and our bank commitment was also reaffirmed at \$2.0 billion. As of September 30, 2019, our bank group was composed of twenty-seven financial institutions with no one bank holding more than 5.8% of the total facility. The borrowing base may be increased or decreased based on our request and sufficient proved reserves, as determined by the bank group. The commitment amount may be increased to the borrowing base, subject to payment of a mutually acceptable commitment fee to those banks agreeing to participate in the facility increase. On September 30, 2019, bank commitments totaled \$2.0 billion and the outstanding balance under our bank credit facility was \$328.0 million, before deducting debt issuance costs. Additionally, we had \$255.2 million of undrawn letters of credit leaving \$1.4 billion of committed borrowing capacity available under the facility. During a non-investment grade period, borrowings under the bank credit facility can either be at the alternate base rate ("ABR," as defined in the bank credit facility agreement) plus a spread ranging from 0.25% to 1.25% or LIBOR borrowings at the LIBOR Rate (as defined in the bank credit facility agreement) plus a spread ranging from 1.25% to 2.25%. The applicable spread is dependent upon borrowings relative to the borrowing base. We may elect, from time to time, to convert all or any part of our LIBOR loans to base rate loans or to convert all or any of the base rate loans to LIBOR.

loans. The weighted average interest rate was 3.8% for third quarter 2019 compared to 3.9% for third quarter 2018. The weighted average interest rate was 4.0% for first nine months 2019 compared to 3.7% for first nine months 2018. A commitment fee is paid on the undrawn balance based on an annual rate of 0.30% to 0.375%. At September 30, 2019, the commitment fee was 0.30% and the interest rate margin was 1.25% on our LIBOR loans and 0.25% on our base rate loans.

In October 2019, we increased our bank commitment amount to \$2.4 billion. Our bank group continues to be composed of twenty-seven financial institutions. As part of the negotiation of the increase in the bank commitment, an additional fee was paid to those banks agreeing to participate in the facility increase and there was a revision to the limitation on restricted payments as defined in the credit facility agreement.

At any time during which we have an investment grade debt rating from Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and we have elected, at our discretion, to effect the investment grade rating period, certain collateral security requirements, including the borrowing base requirement and restrictive covenants, will cease to apply and an additional financial covenant (as defined in the bank credit facility) will be imposed. During the investment grade period, borrowings under the credit facility can either be at the ABR plus a spread ranging from 0.125% to 0.75% or at the LIBOR Rate plus a spread ranging from 1.125% to 1.75% depending on our debt rating. The commitment fee paid on the undrawn balance would range from 0.15% to 0.30%. We currently do not have an investment grade debt rating.

### **Early Extinguishment of Debt**

In third quarter 2019, we purchased in the open market \$32.9 million principal amount of our 5.00% senior notes due 2022, \$6.2 million principal amount of our 5.875% senior notes due 2022 and \$54.5 million principal amount of our 5.75% senior notes due 2021. We recognized a gain on early extinguishment of debt, including transaction costs and the expensing of the remaining deferred financing costs on the repurchased debt.

### **Senior Notes and Senior Subordinated Notes**

If we experience a change of control, noteholders may require us to repurchase all or a portion of our senior notes and senior subordinated notes at 101% of the aggregate principal amount plus accrued and unpaid interest, if any. All of the senior subordinated notes and the guarantees by our subsidiary guarantors are general, unsecured obligations and are subordinated to our bank debt and to existing and future senior debt that we or our subsidiary guarantors are permitted to incur.

### **Guarantees**

Range is a holding company which owns no operating assets and has no significant operations independent of its subsidiaries. The guarantees by our subsidiaries, which are directly or indirectly owned by Range, of our senior notes, senior subordinated notes and our bank credit facility are full and unconditional and joint and several, subject to certain customary release provisions. A subsidiary guarantor may be released from its obligations under the guarantee:

- in the event of a sale or other disposition of all or substantially all of the assets of the subsidiary guarantor or a sale or other disposition of all the capital stock of the subsidiary guarantor, to any corporation or other person (including an unrestricted subsidiary of Range) by way of merger, consolidation, or otherwise; or
- if Range designates any restricted subsidiary that is a guarantor to be an unrestricted subsidiary in accordance with the terms of the indenture.

### **Debt Covenants**

Our bank credit facility contains negative covenants that limit our ability, among other things, to pay cash dividends, incur additional indebtedness, sell assets, enter into certain hedging contracts, change the nature of our business or operations, merge, consolidate or make certain investments. In addition, we are required to maintain a ratio of EBITDAX (as defined in the bank credit facility agreement) to cash interest expense of equal to or greater than 2.5 and a current ratio (as defined in the bank credit facility agreement) of no less than 1.0. In addition, the ratio of the present value of proved reserves (as defined in the credit agreement) to total debt must be equal to or greater than 1.5 until Range has two investment grade ratings. We were in compliance with applicable covenants under the bank credit facility at September 30, 2019.

**(11) ASSET RETIREMENT OBLIGATIONS**

Our asset retirement obligations primarily represent the estimated present value of the amounts we will incur to plug, abandon and remediate our producing properties at the end of their productive lives. Significant inputs used in determining such obligations include estimates of plugging and abandonment costs, estimated future inflation rates and well lives. The inputs are calculated based on historical data as well as current estimated costs. A reconciliation of our liability for plugging and abandonment costs for the nine months ended September 30, 2019 and the year ended December 31, 2018 is as follows (in thousands):

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018
Beginning of period	\$ 312,754	\$ 276,855
Liabilities incurred	3,059	3,376
Acquisitions	—	13,438
Liabilities settled	(5,091)	(5,052)
Disposition of wells (a)	(80,014)	(13,332)
Accretion expense	12,289	25,456
Change in estimate	(2,247)	12,013
End of period	240,750	312,754
Less current portion	(5,485)	(5,485)
Long-term asset retirement obligations	<u>\$ 235,265</u>	<u>\$ 307,269</u>

(a) The nine months ended September 30, 2019 represents the completion of the sale of approximately 1,300 shallow, non-core wells in Pennsylvania.

Accretion expense is recognized as a component of depreciation, depletion and amortization expense in the accompanying consolidated statements of operations.

## (12) DERIVATIVE ACTIVITIES

We use commodity-based derivative contracts to manage exposure to commodity price fluctuations. We do not enter into these arrangements for speculative or trading purposes. We utilize commodity swaps, collars, calls or swaptions to (1) reduce the effect of price volatility of the commodities we produce and sell and (2) support our annual capital budget and expenditure plans. The fair value of our derivative contracts, represented by the estimated amount that would be realized upon termination, based on a comparison of the contract price and a reference price, generally the New York Mercantile Exchange ("NYMEX") for natural gas and crude oil or Mont Belvieu for NGLs, approximated a net gain of \$152.3 million at September 30, 2019. These contracts expire monthly through December 2021. The following table sets forth our commodity-based derivative volumes by year as of September 30, 2019, excluding our basis and freight swaps which are discussed separately below:

Period	Contract Type	Volume Hedged	Weighted Average Hedge Price
<b>Natural Gas</b>			
2019	Swaps	1,271,739 Mmbtu/day	\$ 2.82
2020	Swaps	674,208 Mmbtu/day	\$ 2.64
2019	Swaptions	140,000 Mmbtu/day	\$ 2.81 (1)
2020	Swaptions	147,568 Mmbtu/day	\$ 2.77 (1)
2021	Swaptions	30,000 Mmbtu/day	\$ 2.70 (1)
<b>Crude Oil</b>			
2019	Swaps	9,168 bbls/day	\$ 56.11
2020	Swaps	6,738 bbls/day	\$ 58.53
2019	Collars	1,000 bbls/day	\$ 63.00 – \$ 73.00
2020	Swaptions	1,000 bbls/day	\$ 57.00 (2)
2021	Swaptions	1,000 bbls/day	\$ 55.00 (2)
2020	Calls	500 bbls/day	\$ 59.00
<b>NGLs (C3-Propane)</b>			
2019	Swaps	500 bbls/day	\$ 0.53/gallon
<b>NGLs (NC4-Normal Butane)</b>			
2019	Swaps	1,000 bbls/day	\$ 0.60/gallon
<b>NGLs (iC4-Iso Butane)</b>			
2019	Swaps	500 bbls/day	\$ 0.75/gallon
<b>NGLs (C5-Natural Gasoline)</b>			
2019	Swaps	5,500 bbls/day	\$ 1.30/gallon

(1) Contains a combined derivative instrument consisting of a fixed price swap and a sold option to extend or double the volumes. We have swaps in place for 2019 for 140,000 Mmbtu/day on which the counterparty can elect to extend the contract through December 2020 at a weighted average price of \$2.81. In 2020, if the counterparty elects to double the volume, we would have additional swaps in place for 110,000 Mmbtu/day at a weighted average price of \$2.78. We also have swaps in place for 2020 for 50,000 Mmbtu/day on which the counterparty can elect to extend the contract through December 2021 at a weighted average price of \$2.75. In 2021, if the counterparty elects to double the volume, we would have additional swaps in place for 30,000 Mmbtu/day at a weighted average price of \$2.70.

(2) Contains a combined derivative instrument consisting of a fixed price swap and a sold option to extend or double the volumes. We have swaps in place for 2020 for 1,000 bbls/day on which the counterparty can elect to extend the contract through 2021 at a weighted average price of \$57.00. In 2021, if the counterparty elects to double the volume, we would have additional swaps in place for 1,000 bbls/day at a weighted average price of \$55.00.

Every derivative instrument is required to be recorded on the balance sheet as either an asset or a liability measured at its fair value. We recognize all changes in fair value of these derivatives as earnings in derivative fair value income or loss in the periods in which they occur.

### **Basis Swap Contracts**

In addition to the swaps, collars, calls and swaptions described above, at September 30, 2019, we had natural gas basis swap contracts which lock in the differential between NYMEX Henry Hub and certain of our physical pricing indices. These contracts settle monthly through December 2021 and include a total volume of 129,765,000 Mmbtu. The fair value of these contracts was a gain of \$4.6 million at September 30, 2019.

At September 30, 2019, we also had propane spread swap contracts which lock in the differential between Mont Belvieu and international propane indices. The contracts settle monthly in October through December of 2019 and monthly in 2020 and include a total volume of 1,875,000 barrels. The fair value of these contracts was a loss of \$3.3 million at September 30, 2019.

### Freight Swap Contracts

In connection with our international propane sales, we utilize propane swaps. To further hedge our propane price, at September 30, 2019, we had freight swap contracts on the Baltic Exchange which lock in the freight rate for a specific trade route. These contracts settle monthly and cover 10,000 metric tons per month through December 2019, 4,000 metric tons per month in 2020 and 5,000 metric tons per month in 2021, with the fair value of these contracts equal to a gain of \$1.4 million at September 30, 2019.

### Derivative Assets and Liabilities

The combined fair value of derivatives included in the accompanying consolidated balance sheets as of September 30, 2019 and December 31, 2018 is summarized below. The assets and liabilities are netted where derivatives with both gain and loss positions are held by a single counterparty and we have master netting arrangements. The tables below provide additional information relating to our master netting arrangements with our derivative counterparties (in thousands):

		September 30, 2019		
		Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet
<b>Derivative assets:</b>				
Natural gas	–swaps	\$ 102,076	\$ (1,106)	\$ 100,970
	–swaptions	27,309	(2,107)	25,202
	–basis swaps	6,695	(2,108)	4,587
Crude oil	–swaps	19,012	(602)	18,410
	–swaptions	2,896	(1,382)	1,514
	–calls	—	(224)	(224)
	–collars	869	—	869
NGLs	–C3 propane spread swaps	17,816	(17,816)	—
	–C3 propane swaps	132	—	132
	–iC4 iso butane swaps	—	(2)	(2)
	–NC4 normal butane swaps	160	—	160
	–C5 natural gasoline swaps	5,229	—	5,229
Freight	–swaps	1,439	(1,439)	—
		<u>\$ 183,633</u>	<u>\$ (26,786)</u>	<u>\$ 156,847</u>

September 30, 2019

		Gross Amounts of Recognized (Liabilities)	Gross Amounts Offset in the Balance Sheet	Net Amounts of (Liabilities) Presented in the Balance Sheet
<b>Derivative (liabilities):</b>				
Natural gas	–swaps	\$ (1,106)	\$ 1,106	\$ —
	–swaptions	(2,107)	2,107	—
	–basis swaps	(2,075)	2,108	33
Crude oil	–swaps	(602)	602	—
	–swaptions	(1,382)	1,382	—
	–calls	(224)	224	—
NGLs	–C3 propane spread swaps	(21,105)	17,816	(3,289)
	–iC4 iso butane swaps	(2)	2	—
Freight	–swaps	—	1,439	1,439
		<u>\$ (28,603)</u>	<u>\$ 26,786</u>	<u>\$ (1,817)</u>

December 31, 2018

		Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet
<b>Derivative assets:</b>				
Natural gas	–swaps	\$ 20,834	\$ (11,748)	\$ 9,086
	–swaptions	5,200	(3,883)	1,317
	–basis swaps	6,468	(2,822)	3,646
Crude oil	–swaps	26,481	(651)	25,830
	–collars	5,945	(707)	5,238
NGLs	–C3 propane swaps	18,719	(589)	18,130
	–C3 propane collars	8,538	—	8,538
	–C3 propane spread swaps	8,984	(8,868)	116
	–NC4 normal butane swaps	4,084	—	4,084
	–C5 natural gasoline swaps	17,371	—	17,371
Freight	–swaps	—	(561)	(561)
		<u>\$ 122,624</u>	<u>\$ (29,829)</u>	<u>\$ 92,795</u>

December 31, 2018

		Gross Amounts of Recognized (Liabilities)	Gross Amounts Offset in the Balance Sheet	Net Amounts of (Liabilities) Presented in the Balance Sheet
<b>Derivative (liabilities):</b>				
Natural gas	–swaps	\$ (18,332)	\$ 11,748	\$ (6,584)
	–swaptions	(7,972)	3,883	(4,089)
	–basis swaps	(1,702)	2,822	1,120
Crude oil	–swaps	—	651	651
	–collars	—	707	707
NGLs	–C3 propane swaps	—	589	589
	–C3 propane spread swaps	(8,868)	8,868	—
Freight	–swaps	(561)	561	—
		<u>\$ (37,435)</u>	<u>\$ 29,829</u>	<u>\$ (7,606)</u>

The effects of our derivatives on our consolidated statements of operations are summarized below (in thousands):

	Derivative Fair Value Income (Loss)			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Commodity swaps	\$ 60,090	\$ (35,868)	\$ 161,799	\$ (143,598)
Swaptions	10,358	7,093	39,451	4,100
Collars	356	(3,965)	(3,590)	(4,031)
Calls	(224)	197	(224)	526
Basis swaps	3,448	(2,350)	7,801	(9,043)
Freight swaps	648	302	2,953	156
Total	<u>\$ 74,676</u>	<u>\$ (34,591)</u>	<u>\$ 208,190</u>	<u>\$ (151,890)</u>

### (13) FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three approaches for measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach, each of which includes multiple valuation techniques. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to measure fair value by converting future amounts, such as cash flows or earnings, into a single present value amount using current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace the service capacity of an asset. This is often referred to as current replacement cost. The cost approach assumes that the fair value would not exceed what it would cost a market participant to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

The fair value accounting standards do not prescribe which valuation technique should be used when measuring fair value and does not prioritize among the techniques. These standards establish a fair value hierarchy that prioritizes the inputs used in applying the various valuation techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the fair value hierarchy while Level 3 inputs are given the lowest priority. The three levels of the fair value hierarchy are as follows:

- Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 – Unobservable inputs for which there is little, if any, market activity for the asset or liability being measured. These inputs reflect management's best estimates of the assumptions market participants would use in determining fair value. Our Level 3 measurements consist of instruments using standard pricing models and other valuation methods that utilize unobservable pricing inputs that are significant to the overall fair value.

Valuation techniques that maximize the use of observable inputs are favored. Assets and liabilities are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy.

Significant uses of fair value measurements include:

- impairment assessments of long-lived assets; and
- recorded value of derivative instruments and trading securities.

The need to test long-lived assets can be based on several indicators, including a significant reduction in prices of natural gas, oil and condensate, NGLs, unfavorable adjustments to reserves, significant changes in the expected timing of production, other changes to contracts or changes in the regulatory environment in which a property is located.

### Fair Values – Recurring

We use a market approach for our recurring fair value measurements and endeavor to use the best information available. The following tables present the fair value hierarchy table for assets and liabilities measured at fair value, on a recurring basis (in thousands):

	Fair Value Measurements at September 30, 2019 using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value as of September 30, 2019
Trading securities held in the deferred compensation plans	\$ 58,264	\$ —	\$ —	\$ 58,264
Commodity price derivatives –swaps	—	124,899	—	124,899
–collars	—	869	—	869
–calls	—	(224)	—	(224)
–basis swaps	—	1,331	—	1,331
–swaptions	—	—	26,716	26,716
Derivatives–freight swaps	—	1,439	—	1,439

	Fair Value Measurements at December 31, 2018 using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value as of December 31, 2018
Trading securities held in the deferred compensation plans	\$ 57,293	\$ —	\$ —	\$ 57,293
Commodity price derivatives –swaps	—	69,156	—	69,156
–collars	—	5,945	8,538	14,483
–basis swaps	—	4,883	—	4,883
–swaptions	—	—	(2,772)	(2,772)
Derivatives–freight swaps	—	(561)	—	(561)

Our trading securities in Level 1 are exchange-traded and measured at fair value with a market approach using end of period market values. Derivatives in Level 2 are measured at fair value with a market approach using third-party pricing services which have been corroborated with data from active markets or broker quotes. As of September 30, 2019, a portion of our natural gas derivative instruments contains swaptions where the counterparty has the right, but not the obligation, to enter into a fixed price swap on a pre-determined date. Derivatives in Level 3 are measured at fair value with a market approach using third-party pricing services which have been corroborated with data from active markets or broker quotes. Subjectivity in the volatility factors utilized can cause a significant change in the fair value measurement of our swaptions. The following is a reconciliation of the beginning and ending balances for derivative instruments classified as Level 3 in the fair value hierarchy (in thousands):

	As of September 30, 2019
Balance at December 31, 2018	\$ 5,766
Total gains:	
Included in earnings	31,683
Settlements, net	(10,762)
Transfers out of Level 3	29
Balance at September 30, 2019	\$ 26,716

Our trading securities held in the deferred compensation plan are accounted for using the mark-to-market accounting method and are included in other assets in the accompanying consolidated balance sheets. We elected to adopt the fair value option to simplify our accounting for the investments in our deferred compensation plan. Interest, dividends, and mark-to-market gains or losses are included in deferred compensation plan expense in the accompanying consolidated statements of operations. For third quarter 2019, interest and dividends were \$197,000 and the mark-to-market adjustment was a loss of \$361,000 compared to interest and dividends of \$225,000 and a mark-to-market gain of \$1.3 million in third quarter 2018. For first nine months 2019, interest and dividends were \$560,000 and the mark-to-market adjustment was a gain of \$6.3 million compared to interest and dividends of \$606,000 and a mark-to-market gain of \$522,000 in the same period of the prior year.

### **Fair Values – Non-recurring**

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. Our proved natural gas and oil properties are reviewed for impairment periodically as events or changes in circumstances indicate the carrying amount may not be recoverable. In first quarter 2018, there were indicators that the carrying value of certain of our oil and natural gas properties in Oklahoma may be impaired and undiscounted future cash flows attributed to these assets indicated their carrying amounts were not expected to be recovered. Their remaining fair value was measured using a market approach based upon the potential sale of these Oklahoma properties, which is a Level 3 input. We recorded non-cash charges in first quarter 2018 of \$7.3 million related to these properties of which the fair value was determined to be \$32.5 million. In second quarter 2018, we recorded impairment of \$15.3 million related to certain shallow legacy oil and natural gas assets in Northwest Pennsylvania where we had increased our working interest during the quarter. The fair value of these assets had previously been determined to be zero. There were no impairment charges in the third quarter or the first nine months 2019.

### **Fair Values – Reported**

The following presents the carrying amounts and the fair values of our financial instruments as of September 30, 2019 and December 31, 2018 (in thousands):

	September 30, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets:</b>				
Commodity swaps, options and basis swaps	\$ 156,847	\$ 156,847	\$ 92,795	\$ 92,795
Marketable securities (a)	58,264	58,264	57,293	57,293
<b>(Liabilities):</b>				
Commodity swaps, options and basis swaps	(1,817)	(1,817)	(7,606)	(7,606)
Bank credit facility (b)	(328,000)	(328,000)	(943,000)	(943,000)
5.75% senior notes due 2021 (b)	(421,425)	(419,154)	(475,952)	(455,972)
5.00% senior notes due 2022 (b)	(547,110)	(513,102)	(580,032)	(519,343)
5.875% senior notes due 2022 (b)	(323,077)	(311,385)	(329,244)	(305,989)
Other senior notes due 2022 (b)	(590)	(587)	(590)	(581)
5.00% senior notes due 2023 (b)	(741,531)	(648,699)	(741,531)	(654,683)
4.875% senior notes due 2025 (b)	(750,000)	(618,503)	(750,000)	(616,313)
5.75% senior subordinated notes due 2021 (b)	(22,214)	(21,855)	(22,214)	(21,638)
5.00% senior subordinated notes due 2022 (b)	(19,054)	(17,927)	(19,054)	(17,072)
5.00% senior subordinated notes due 2023 (b)	(7,712)	(6,815)	(7,712)	(6,690)
Deferred compensation plan (c)	(66,349)	(66,349)	(80,092)	(80,092)

(a) Marketable securities, which are held in our deferred compensation plans, are actively traded on major exchanges.

(b) The book value of our bank debt approximates fair value because of its floating rate structure. The fair value of our senior notes and our senior subordinated notes is based on end of period market quotes which are Level 2 inputs.

(c) The fair value of our deferred compensation plan is updated at the closing price on the balance sheet date which is a Level 1 input.

Our current assets and liabilities include financial instruments, the most significant of which are trade accounts receivable and payable. We believe the carrying values of our current assets and liabilities approximate fair value. Our fair value assessment incorporates a variety of considerations, including (1) the short-term duration of the instruments and (2) our historical and expected incurrence of bad debt expense. Non-financial liabilities initially measured at fair value include asset retirement obligations and operating lease liabilities. For additional information, see Note 8 and 11.

## Concentrations of Credit Risk

As of September 30, 2019, our primary concentrations of credit risk are the risks of not collecting accounts receivable and the risk of a counterparty's failure to perform under derivative obligations. Most of our receivables are from a diverse group of companies, including major energy companies, pipeline companies, local distribution companies, financial institutions and end-users in various industries. Letters of credit or other appropriate securities are obtained as deemed necessary to limit our risk of loss. Our allowance for uncollectable receivables was \$4.3 million at September 30, 2019 and \$6.1 million at December 31, 2018. Our derivative exposure to credit risk is diversified primarily among major investment grade financial institutions, where we have master netting agreements which provide for offsetting payables against receivables from separate derivative contracts. To manage counterparty risk associated with our derivatives, we select and monitor our counterparties based on our assessment of their financial strength and/or credit ratings. We may also limit the level of exposure with any single counterparty. At September 30, 2019, our derivative counterparties include nineteen financial institutions, of which all but three are secured lenders in our bank credit facility. At September 30, 2019, our net derivative liability includes a net receivable of \$2.0 million to these three counterparties that are not participants in our bank credit facility.

## (14) STOCK-BASED COMPENSATION PLANS

### Stock-Based Awards

We have two active equity-based stock plans, our Amended and Restated 2005 Equity-Based Incentive Compensation Plan, which we refer to as the 2005 Plan and the new 2019 Equity-Based Compensation Plan, which was approved by our stockholders in May 2019. Under these plans, various awards may be issued to non-employee directors and employees pursuant to decisions of the Compensation Committee, which is composed of only non-employee, independent directors.

### Total Stock-Based Compensation Expense

Stock-based compensation represents amortization of restricted stock and performance units. Unlike the other forms of stock-based compensation, the mark-to-market adjustment of the liability related to the vested restricted stock held in our deferred compensation plan is directly tied to the change in our stock price and not directly related to the functional expenses and therefore, is not allocated to the functional categories. The following details the allocation of stock-based compensation to functional expense categories (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Direct operating expense	\$ 319	\$ 537	\$ 1,459	\$ 1,667
Brokered natural gas and marketing expense	522	403	1,523	1,001
Exploration expense	496	405	1,372	1,527
General and administrative expense	8,423	5,607	27,561	38,332
Termination costs	(1)	—	25	—
Total stock-based compensation	\$ 9,759	\$ 6,952	\$ 31,940	\$ 42,527

### Stock-Based Awards

**Restricted Stock Awards.** We grant restricted stock units under our equity-based stock compensation plans. These restricted stock units, which we refer to as restricted stock Equity Awards, generally vest over a three-year period, contingent on the recipient's continued employment. The grant date fair value of the Equity Awards is based on the fair market value of our common stock on the date of grant.

The Compensation Committee also grants restricted stock to certain employees and non-employee directors of the board of directors as part of their compensation. We also grant restricted stock to certain employees for retention purposes. Compensation expense is recognized over the balance of the vesting period, which is typically three years for employee grants and immediate vesting for non-employee directors. All restricted stock awards are issued at prevailing market prices at the time of the grant and the vesting is based upon an employee's continued employment with us. Prior to vesting, all restricted stock awards have the right to vote such stock and receive dividends thereon. Upon grant of these restricted shares, which we refer to as restricted stock Liability Awards, the majority of these shares are generally placed in our deferred compensation plan and, upon vesting, withdrawals are allowed in either cash or in stock. These Liability Awards are classified as a liability and are remeasured at fair value each reporting period. This mark-to-market amount is reported in deferred compensation plan expense in the accompanying consolidated statements of operations. Historically, we have used authorized but unissued shares of stock when restricted stock is granted. However, we also utilize treasury shares when available.

**Stock-Based Performance Units.** We grant three types of performance share awards: two based on performance conditions measured against internal performance metrics (Production Growth Awards or “PG-PSUs” and Reserve Growth Awards or “RG-PSUs”) and one based on market conditions measured based on Range’s performance relative to a predetermined peer group (TSR Awards or “TSR-PSUs”).

Each unit granted represents one share of our common stock. These units are settled in stock and the amount of the payout is based on (1) the vesting percentage, which can be from zero to 200% based on performance achieved and (2) the value of our common stock on the vesting date which is determined by the Compensation Committee. Dividend equivalents may accrue during the performance period and are paid in stock at the end of the performance period. The performance period for the TSR-PSUs is three years. The performance period for the PG/RG-PSUs is based on annual performance targets earned over a three-year period.

**SARs.** At September 30, 2019, there were no SARs outstanding.

**Restricted Stock – Equity Awards**

In first nine months 2019, we granted 2.8 million restricted stock Equity Awards to employees at an average price of \$10.59 which generally vest over a three-year period compared to 1.8 million at an average price of \$16.97 in first nine months 2018. We recorded compensation expense for these awards of \$18.9 million in first nine months 2019 compared to \$18.2 million in the same period of 2018. Restricted stock Equity Awards are not issued to employees until such time as they are vested and the employees do not have the option to receive cash.

**Restricted Stock – Liability Awards**

In first nine months 2019, we granted 1.0 million shares of restricted stock Liability Awards as compensation to employees at an average price of \$10.39 which vests generally over a three-year period and 183,000 shares were granted to non-employee directors at an average price of \$9.11 with immediate vesting. In first nine months 2018, we granted 877,000 shares of restricted stock Liability Awards as compensation to employees at an average price of \$15.30 with vesting generally over a three-year period and 138,000 shares were granted to non-employee directors at an average price of \$15.54 with immediate vesting. We recorded compensation expense for these Liability Awards of \$7.0 million in first nine months 2019 compared to \$11.0 million in first nine months 2018. The majority of these awards are held in our deferred compensation plan, are classified as a liability and are remeasured at fair value each reporting period. This mark-to-market amount is reported as deferred compensation expense in our consolidated statements of operations (see additional discussion below). The following is a summary of the status of our non-vested restricted stock outstanding at September 30, 2019:

	Restricted Stock Equity Awards		Restricted Stock Liability Awards	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2018	1,386,088	\$ 20.04	184,579	\$ 15.65
Granted	2,792,438	10.59	1,206,480	10.20
Vested	(1,246,420)	15.73	(733,187)	10.76
Forfeited	(370,035)	13.44	—	—
Outstanding at September 30, 2019	<u>2,562,071</u>	<u>\$ 12.79</u>	<u>657,872</u>	<u>\$ 11.10</u>

## Stock-Based Performance Units

**Production Growth and Reserve Growth Awards (debt-adjusted).** The PG-PSUs and RG-PSUs vest at the end of the three-year performance period. The performance metrics for each year are set by the Compensation Committee no later than March 31 of such year. If the performance metric for the applicable period is not met, that portion is considered forfeited and there is an adjustment to the expense recorded. The following is a summary of our non-vested PG/RG-PSUs awards outstanding at September 30, 2019:

	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2018	536,798	\$ 15.61
Units granted (a)	345,202	10.32
Forfeited	(427)	15.65
Outstanding at September 30, 2019	<u>881,573</u>	<u>\$ 11.70</u>

(a) Amounts granted reflect the number of performance units granted; however, the actual payout of shares will be between zero and 200% depending on achievement of specifically identified performance targets.

We recorded PG/RG-PSUs compensation expense of \$2.3 million in first nine months 2019 compared to \$5.8 million in first nine months 2018.

**TSR Awards.** TSR-PSUs granted are earned, or not earned, based on the comparative performance of Range's common stock measured against a predetermined group of companies in the peer group over a three-year performance period. The fair value of the TSR-PSUs is estimated on the date of grant using a Monte Carlo simulation model which utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. The fair value is recognized as stock-based compensation expense over the three-year performance period. Expected volatilities utilized in the model were estimated using a combination of a historical period consistent with the remaining performance period of three years and option implied volatilities. The risk-free interest rate was based on the United States Treasury rate for a term commensurate with the life of the grant. The following assumptions were used to estimate the fair value of PSUs granted during first nine months 2019 and 2018:

	Nine Months Ended September 30,	
	2019	2018
Risk-free interest rate	2.4%	2.4%
Expected annual volatility	46%	48%
Grant date fair value per unit	\$ 11.34	\$ 18.51

The following is a summary of our non-vested TSR – PSUs award activities:

	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2018	1,067,886	\$ 27.81
Units granted (a)	314,152	11.34
Vested and issued (b)	(12,283)	30.47
Forfeited	(376,303)	37.25
Outstanding at September 30, 2019	<u>993,452</u>	<u>\$ 19.00</u>

(a) These amounts reflect the number of performance units granted. The actual payout of shares may be between zero and 200% of the performance units granted depending on the total shareholder return ranking compared to our peer companies at the vesting date.

(b) Includes 12,283 TSR-PSUs awards issued related to the 2016 performance period where the return on our common stock was in the 20<sup>th</sup> percentile for the February 2016 grant. The remaining February 2016 awards are considered to be forfeited. The May 2016 awards were 100% forfeited as the performance was not achieved.

We recorded TSR-PSUs compensation expense of \$2.2 million in first nine months 2019 compared to \$6.1 million in the same period of 2018. Fair value is amortized over the performance period with no adjustment to the expense recorded for actual targets achieved.

## SARs

Information with respect to our SARs activity is summarized below.

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2018	1,104	\$ 81.74
Expired	(1,104)	81.74
Outstanding at September 30, 2019	<u>—</u>	<u>\$ —</u>

## Other Post Retirement Benefits

Effective fourth quarter 2017, as part of our officer succession plan, we implemented a post retirement benefit plan to assist in providing health care to officers who are active employees (including their spouses) and have met certain age and service requirements. These benefits are not funded in advance and are provided up to age 65 or at the date they become eligible for Medicare, subject to various cost-sharing features. There was approximately \$92,000 of estimated prior service costs amortized from accumulated other comprehensive income into general and administrative expense in both the three months ended September 30, 2019 and 2018 and approximately \$275,000 amortized in both the nine months ended September 30, 2019 and 2018. Those employees that qualified for the new retirement health care plan were also fully vested in all equity grants. Effective October 2018, officers who qualified for the plan are required to provide reasonable notice of retirement and beginning in 2019 must provide one year of service after the grant date to be fully vested in an equity grant.

## Deferred Compensation Plan

Our deferred compensation plan gives non-employee directors and officers the ability to defer all or a portion of their salaries, bonuses or director fees and invest in Range common stock or make other investments at the individual's discretion. Range provides a partial matching contribution to officers which vests over three years. The assets of the plan are held in a grantor trust, which we refer to as the Rabbi Trust, and are therefore available to satisfy the claims of our general creditors in the event of bankruptcy or insolvency. Our stock held in the Rabbi Trust is treated as a liability award as employees are allowed to take withdrawals from the Rabbi Trust either in cash or in Range stock. The liability for the vested portion of the stock held in the Rabbi Trust is reflected as deferred compensation liability in the accompanying consolidated balance sheets and is adjusted to fair value each reporting period by a charge or credit to deferred compensation plan expense on our consolidated statements of operations. The assets of the Rabbi Trust, other than our common stock, are invested in marketable securities and reported at their market value as other assets in the accompanying consolidated balance sheets. The deferred compensation liability reflects the vested market value of the marketable securities and Range stock held in the Rabbi Trust. Changes in the market value of the marketable securities and changes in the fair value of the deferred compensation plan liability are charged or credited to deferred compensation plan expense each quarter. We recorded mark-to-market gain of \$8.9 million in third quarter 2019 compared to mark-to-market loss of \$223,000 in third quarter 2018. We recorded mark-to-market gain of \$16.4 million in first nine months 2019 compared to a mark-to-market gain of \$559,000 in first nine months 2018. The Rabbi Trust held 3.2 million shares (2.5 million of which were vested) of Range stock at September 30, 2019 compared to 2.6 million shares (2.4 million of which were vested) at December 31, 2018.

## (15) TERMINATION COSTS

In second quarter 2019, we announced a reduction in our work force. For second quarter ended June 30, 2019, we recorded \$2.2 million of severance costs and \$25,000 of stock-based compensation related to this work force reduction. In third quarter 2019, we sold various non-core assets in Pennsylvania and accrued \$819,000 of severance costs related to this sale. The following summarizes our termination costs for the three months and nine months September 30, 2019 and 2018 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Severance costs	\$ 819	\$ (356)	\$ 3,000	\$ (356)
Building lease	—	20	—	(17)
Stock-based compensation	—	—	25	—
	<u>\$ 819</u>	<u>\$ (336)</u>	<u>\$ 3,025</u>	<u>\$ (373)</u>

The following details the accrued liability as of September 30, 2019 (in thousands):

	Nine Months Ended September 30, 2019
Beginning balance	\$ —
Accrued severance costs	3,000
Payments	(1,292)
Ending balance	<u>\$ 1,708</u>

#### (16) CAPITAL STOCK

We have authorized capital stock of 485.0 million shares which includes 475.0 million shares of common stock and 10.0 million shares of preferred stock. We currently have no preferred stock issued or outstanding. The following is a schedule of changes in the number of common shares outstanding since the beginning of 2018:

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018
Beginning balance	249,510,022	248,129,430
Restricted stock grants	1,178,732	865,095
Restricted stock units vested	714,271	434,046
Performance stock units issued	12,283	73,985
Performance stock dividends	464	2,164
Treasury shares issued	1,532	5,302
Ending balance	<u>251,417,304</u>	<u>249,510,022</u>

In October 2019, our board of directors authorized an \$100.0 million common stock repurchase program. Under this stock repurchase program, we may repurchase shares in open market transactions, from time to time, in accordance with applicable SEC rules and federal securities laws. The stock repurchase program has no time limit and may be modified, suspended or terminated at any time by our board of directors.

#### (17) SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended September 30,	
	2019	2018
	(in thousands)	
Net cash provided from operating activities included:		
Income taxes refunded from taxing authorities	\$ —	\$ 7,521
Interest paid	(151,602)	(161,444)
Non-cash investing and financing activities included:		
Increase in asset retirement costs capitalized	812	20,452
Decrease in accrued capital expenditures	(4,424)	(107,070)

## (18) COMMITMENTS AND CONTINGENCIES

### Litigation

We are the subject of, or party to, a number of pending or threatened legal actions, administrative proceedings and claims arising in the ordinary course of our business. While many of these matters involve inherent uncertainty, we believe that the amount of the liability, if any, ultimately incurred with respect to these actions, proceedings or claims will not have a material adverse effect on our consolidated financial position as a whole or on our liquidity, capital resources or future annual results of operations. We estimate and provide for potential losses that may arise out of litigation and regulatory proceedings to the extent that such losses are probable and can be reasonably estimated. We will continue to evaluate our litigation and regulatory proceedings quarterly and will establish and adjust any estimated liability as appropriate to reflect our assessment of the then current status of litigation and regulatory proceedings. Significant judgment is required in making these estimates and our final liabilities may ultimately be materially different.

## (19) SUSPENDED EXPLORATORY WELL COSTS

We capitalize exploratory well costs until a determination is made that the well has either found proved reserves or that it is impaired. Capitalized exploratory well costs are included in natural gas and oil properties in the accompanying consolidated balance sheets. If an exploratory well is determined to be impaired, the well costs are charged to exploration expense in the accompanying consolidated statements of operations. We did not have any suspended exploratory well costs as of September 30, 2019.

## (20) COSTS INCURRED FOR PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT (a)

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018
	(in thousands)	
Acquisitions:		
Acreage purchases	\$ 31,582	\$ 62,390
Oil and gas properties	—	1,683
Development	541,455	834,552
Exploration:		
Drilling	—	1,380
Expense	25,961	32,196
Stock-based compensation expense	1,372	1,921
Gas gathering facilities:		
Development	3,127	10,218
Subtotal	<u>603,497</u>	<u>944,340</u>
Asset retirement obligations	812	28,826
Total costs incurred	<u>\$ 604,309</u>	<u>\$ 973,166</u>

(a) Includes costs incurred whether capitalized or expensed.

**Overview of Our Business**

We are a Fort Worth, Texas-based independent natural gas, natural gas liquids ("NGLs") and oil company engaged in the exploration, development and acquisition of natural gas and crude oil properties primarily in the Appalachian and North Louisiana regions of the United States. We operate in one segment and have a single company-wide management team that administers all properties as a whole rather than by discrete operating segments. We track only basic operational data by area. We do not maintain complete separate financial statement information by area. We measure financial performance as a single enterprise and not on a geographical or an area-by-area basis.

Our overarching business objective is to build stockholder value through returns focused development, measured on a per share debt-adjusted basis, for both reserves and production. Our strategy to achieve our business objective is to increase reserves and production through internally generated drilling projects coupled with occasional acquisitions and divestitures of non-core assets. Our revenues, profitability and future growth depend substantially on prevailing prices for natural gas, NGLs, crude oil and condensate and on our ability to economically find, develop, acquire, produce and market natural gas, NGLs and crude oil reserves. Commodity prices have been and are expected to remain volatile. We believe that we are well-positioned to manage the challenges presented in a volatile pricing environment by:

- exercising discipline in our capital program with our goal to target capital spending within operating cash flows;
- continuing to optimize drilling, completion and operational efficiencies;
- continuing to manage price risk by hedging our production; and
- continuing to manage our balance sheet.

While we are unable to predict future commodity prices; in the event that commodity prices significantly decline, we would test the recoverability of the carrying value of our natural gas and oil properties, and, if necessary, record an impairment charge. We prepare our financial statements in conformity with U.S. GAAP which requires us to make estimates and assumptions that affect our reported results of operations and the amount of our reported assets, liabilities and proved natural gas, NGLs and oil reserves. We use the successful efforts method of accounting for our natural gas, NGLs and oil activities.

Prices for natural gas, NGLs and oil fluctuate widely and affect:

- revenues, profitability and cash flow;
- the quantity of natural gas, NGLs and oil we can economically drill for and produce;
- the quantity of natural gas, NGLs and oil recorded as proved reserves;
- the amount of cash flows available for capital expenditures; and
- our ability to borrow and raise additional capital.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the preceding consolidated financial statements and notes in Item 1.

**Market Conditions**

Prices for various quantities of natural gas, NGLs and oil that we produce significantly impact our revenue, net income and cash flow. Natural gas, NGLs and oil are commodities and prices for such commodities are inherently volatile. Natural gas, oil and NGLs benchmarks decreased in third quarter and first nine months 2019 when compared to the same period in 2018. As a result, we experienced decreased price realizations. The following table lists related benchmarks for natural gas, oil and NGLs for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<b>Benchmarks:</b>				
Average NYMEX prices (a)				
Natural gas (per mcf)	\$ 2.23	\$ 2.91	\$ 2.67	\$ 2.90
Oil (per bbl)	56.42	69.49	57.33	66.78
Mont Belvieu NGLs composite (per gallon) (b)	0.38	0.79	0.46	0.69

(a) Based on weighted average of bid week prompt month prices on the New York Mercantile Exchange (“NYMEX”).

(b) Based on our estimated NGLs product composition per barrel.

Our price realizations (not including the impact of our derivatives) may differ from the benchmarks for many reasons, including quality, location or production being sold at different indices.

## Consolidated Results of Operations

### Overview of Third Quarter 2019 Results

Our financial results are significantly impacted by commodity prices. For third quarter 2019, we experienced a decrease in revenue from the sale of natural gas, NGLs and oil due to a 34% decrease in net realized prices (average prices including all derivative settlements and third party transportation costs paid by us) and slightly lower production volumes when compared to the same quarter of 2018. Production was negatively impacted during third quarter 2019 by the sale of additional over-riding royalty interests and downtime at the Marcus Hook export terminal during the month of September which impacted production volumes due to ethane rejection. Daily production in third quarter 2019 averaged 2.2 Bcfe compared to 2.3 Bcfe in the same period of the prior year. Average natural gas differentials per mcf were below NYMEX and operating costs were higher when compared to the same period of 2018.

During third quarter 2019, we recognized a net loss of \$27.6 million, or \$0.11 per diluted common share compared to net income of \$48.5 million, or \$0.19 per diluted common share, during third quarter 2018. The decline in net income for third quarter 2019 from third quarter 2018 is primarily due to significantly lower net realized prices and slightly lower production volumes which was partially offset by a net favorable impact of changes to our state apportionment rates used for state income taxes.

Our third quarter 2019 financial and operating performance included the following results:

- received asset sale proceeds of \$750.2 million;
- repurchased \$93.6 million face value of our senior notes at a discount and recorded a gain on early extinguishment of debt;
- realized \$103.9 million of cash flow from operating activities;
- revenue from the sale of natural gas, NGLs and oil decreased 36% from the same period of 2018 with a 35% decrease in average realized prices (before cash settlements on our derivatives);
- revenue from the sale of natural gas, NGLs and oil (including cash settlements on our derivatives) decreased 21% from the same period of 2018;
- direct operating expenses per mcf was 13% higher from the same period of 2018 (see discussion on page 39);
- reduced general and administrative expense on a per mcf basis 5%, and on absolute basis 6%, when compared to the same period of 2018 (see discussion on page 39);
- reduced interest expense per mcf 12% from the same period of 2018;
- reduced our depletion, depreciation and amortization (“DD&A”) rate per mcf by 15% from the same period of 2018;
- entered into additional derivative contracts for 2019, 2020 and 2021; and
- reduced borrowings on our bank credit facility by \$567.0 million from June 2019.

We generated \$103.9 million of cash flow from operating activities in third quarter 2019, a decrease of \$125.5 million from third quarter 2018, which reflects significantly lower net realized prices partially offset by lower comparative working capital outflows (\$12.0 million outflow during third quarter 2019 compared to \$22.9 million outflow in third quarter 2018).

## Overview of First Nine Months 2019 Results

For first nine months 2019, we experienced a decrease in revenue from the sale of natural gas, NGLs and oil due to a 25% decrease in net realized prices (average prices including all derivative settlements and third party transportation costs paid by us) partially offset by 2% higher production volumes when compared to first nine months 2018. Daily production in first nine months 2019 averaged 2.3 Bcfe compared to 2.2 Bcfe in the same period of the prior year with the increase due to our successful Marcellus horizontal drilling program. Average natural gas differentials per mcf were below NYMEX while operating costs were lower when compared to the same period of 2018.

During first nine months 2019, we recognized net income of \$89.0 million, or \$0.35 per diluted common share compared to net income of \$17.9 million, or \$0.07 per diluted common share, during first nine months 2018. The improvement in net income for first nine months 2019 from first nine months 2018 is primarily due to favorable derivative fair value income (or the non-cash fair value adjustments related to our derivatives), lower impairment charges, lower operating costs, a favorable impact of changes to our state apportionment rates used for state income taxes and higher production volumes partially offset by lower net realized prices.

Our first nine months 2019 financial and operating performance included the following results:

- received asset sale proceeds of \$784.5 million;
- repurchased \$93.6 million face value of our senior notes at a discount and recorded a gain on early extinguishment of debt;
- realized \$549.4 million of cash flow from operating activities;
- 2% production growth over the same period of 2018;
- revenue from the sale of natural gas, NGLs and oil decreased 18% from the same period of 2018 with a 20% decrease in average realized prices (before cash settlements on our derivatives);
- revenue from the sale of natural gas, NGLs and oil (including cash settlements on our derivatives) decreased 10% from the same period of 2018;
- direct operating expenses per mcf were the same when compared to the same period of 2018 (see discussion on page 39);
- reduced general and administrative expense on a per mcf basis 15%, and on an absolute basis 13%, from the same period of 2018 (see discussion on page 39);
- reduced interest expense per mcf 11% from the same period of 2018;
- reduced our DD&A rate per mcf by 15% from the same period of 2018;
- entered into additional derivative contracts for 2019, 2020 and 2021; and
- reduced borrowings on our bank credit facility \$615.0 million from December 2018.

We generated \$549.4 million of cash flow from operating activities in first nine months 2019, a decrease of \$225.5 million from first nine months 2018, which reflects significantly lower net realized prices, the impact of our asset sales partially offset by higher comparative working capital inflows (\$29.3 million inflow during first nine months 2019 compared to \$20.3 million outflow in first nine months 2018) and higher production volumes.

## Natural Gas, NGLs and Oil Sales, Production and Realized Price Calculations

Our revenues vary primarily as a result of changes in realized commodity prices and production volumes. Our revenues are generally recognized when control of the product is transferred to the customer and collectability is reasonably assured. In third quarter 2019, natural gas, NGLs and oil sales decreased 36% compared to third quarter 2018 with a 35% decrease in average realized prices (before cash settlements on our derivatives) and slightly lower production volumes. In first nine months 2019, natural gas, NGLs and oil sales decreased 18% compared to the same period of 2018 with a 20% decrease in average realized prices (before cash settlements on our derivatives) partially offset by a 2% increase in average daily production. The following table illustrates the primary components of natural gas, NGLs, oil and condensate sales for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>Natural gas, NGLs and oil sales</b>								
Natural gas	\$ 284,980	\$ 390,656	\$ (105,676)	(27%)	\$ 1,063,323	\$ 1,182,580	\$ (119,257)	(10%)
NGLs	143,195	278,563	(135,368)	(49%)	508,035	705,793	(197,758)	(28%)
Oil	46,579	67,212	(20,633)	(31%)	138,629	206,077	(67,448)	(33%)
Total natural gas, NGLs and oil sales	<u>\$ 474,754</u>	<u>\$ 736,431</u>	<u>\$ (261,677)</u>	(36%)	<u>\$ 1,709,987</u>	<u>\$ 2,094,450</u>	<u>\$ (384,463)</u>	(18%)

Our production has grown through drilling success and additional NGLs extraction, which is partially offset by the natural production decline of our wells and asset sales. Production in third quarter 2019 was negatively impacted by downtime at the Marcus Hook export terminal during the month of September and by the sale of additional overriding royalty interests. Third quarter 2019 production volumes from the Marcellus Shale were 2.0 Bcfe per day, an increase of 3% when compared to the same period of 2018. Third quarter 2019 production volumes from our North Louisiana properties were approximately 201.6 Mmcfe per day, a decline of 28% when compared to the same period of 2018. Production volumes for first nine months 2019 for the Marcellus Shale properties were 2.0 Bcfe per day, an increase of 8% when compared to the same period of 2018. Production volumes for first nine months 2019 for our North Louisiana properties were approximately 218.3 Mmcfe per day, a decline of 32% when compared to the same period of 2018. Our production for the three and nine months ended September 30, 2019 and 2018 is set forth in the following table:

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>Production (a)</b>								
Natural gas (mcf)	143,721,265	140,757,676	2,963,589	2%	427,405,931	411,769,576	15,636,355	4%
NGLs (bbbls)	9,511,234	10,255,159	(743,925)	(7%)	28,971,049	29,009,100	(38,051)	—%
Crude oil (bbbls)	939,541	1,040,891	(101,350)	(10%)	2,727,415	3,314,704	(587,289)	(18%)
Total (mcf) (b)	206,425,915	208,533,976	(2,108,061)	(1%)	617,596,715	605,712,400	11,884,315	2%
<b>Average daily production (a)</b>								
Natural gas (mcf)	1,562,188	1,529,975	32,213	2%	1,565,589	1,508,313	57,276	4%
NGLs (bbbls)	103,383	111,469	(8,086)	(7%)	106,121	106,260	(139)	—%
Crude oil (bbbls)	10,212	11,314	(1,102)	(10%)	9,991	12,142	(2,151)	(18%)
Total (mcf) (b)	2,243,760	2,266,674	(22,914)	(1%)	2,262,259	2,218,727	43,532	2%

(a) Represents volumes sold regardless of when produced.

(b) Oil and NGLs are converted to mcf at the rate of one barrel equals six mcf based upon the approximate relative energy content of oil to natural gas, which is not indicative of the relationship between oil and natural gas prices.

Our average realized price received (including all derivative settlements and third-party transportation costs) during third quarter 2019 was \$1.25 per mcf compared to \$1.90 per mcf in third quarter 2018. Our average realized price during first nine months 2019 was \$1.54 per mcf compared to \$2.04 per mcf in the same period of 2018. We believe computed final realized prices should include the total impact of transportation, gathering, processing and compression expense. Our average realized price (including all derivative settlements and third-party transportation costs) calculation also includes all cash settlements for derivatives. Average realized prices (excluding derivative settlements) do not include derivative settlements or third-party transportation costs which are reported in transportation, gathering, processing and compression expense on the accompanying consolidated statements of operations. Average realized prices (excluding derivative settlements) do include transportation costs where we receive net revenue proceeds from purchasers.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>Average Prices</b>								
Average realized prices (excluding derivative settlements):								
Natural gas (per mcf)	\$ 1.98	\$ 2.78	\$ (0.80)	(29%)	\$ 2.49	\$ 2.87	\$ (0.38)	(13%)
NGLs (per bbl)	15.06	27.16	(12.10)	(45%)	17.54	24.33	(6.79)	(28%)
Crude oil and condensate (per bbl)	49.58	64.57	(14.99)	(23%)	50.83	62.17	(11.34)	(18%)
Total (per mcf) <sup>(a)</sup>	2.30	3.53	(1.23)	(35%)	2.77	3.46	(0.69)	(20%)
Average realized prices (including all derivative settlements):								
Natural gas (per mcf)	\$ 2.49	\$ 2.82	\$ (0.33)	(12%)	\$ 2.70	\$ 3.01	\$ (0.31)	(10%)
NGLs (per bbl)	15.80	24.43	(8.63)	(35%)	19.19	22.14	(2.95)	(13%)
Crude oil and condensate (per bbl)	49.73	52.33	(2.60)	(5%)	50.16	52.12	(1.96)	(4%)
Total (per mcf) <sup>(a)</sup>	2.69	3.36	(0.67)	(20%)	2.99	3.39	(0.40)	(12%)
Average realized prices (including all derivative settlements and third-party transportation costs paid by Range):								
Natural gas (per mcf)	\$ 1.23	\$ 1.56	\$ (0.33)	(21%)	\$ 1.41	\$ 1.80	\$ (0.39)	(22%)
NGLs (per bbl)	3.65	11.92	(8.27)	(69%)	7.28	11.06	(3.78)	(34%)
Crude oil and condensate (per bbl)	49.73	52.33	(2.60)	(5%)	50.16	52.12	(1.96)	(4%)
Total (per mcf) <sup>(a)</sup>	1.25	1.90	(0.65)	(34%)	1.54	2.04	(0.50)	(25%)

(a) Oil and NGLs are converted to mcf at the rate of one barrel equals six mcf based upon the approximate relative energy content of oil to natural gas, which is not indicative of the relationship between oil and natural gas prices.

Realized prices include the impact of basis differentials and gains or losses realized from our basis hedging. The prices we receive for our natural gas can be more or less than the NYMEX price because of adjustments for delivery location, relative quality and other factors. The following table provides this impact on a per mcf basis:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Average natural gas differentials (below) or above NYMEX	\$ (0.25)	\$ (0.13)	\$ (0.18)	\$ (0.03)
Realized (losses) gains on basis hedging	\$ (0.01)	\$ (0.02)	\$ 0.03	\$ (0.03)

The following tables reflect our production and average realized commodity prices (excluding derivative settlements and third-party transportation costs paid by Range) (in thousands, except prices):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	Price Variance	Volume Variance	2019	2018	Price Variance	Volume Variance	2019
<b>Natural gas</b>								
Price (per mcf)	\$ 2.78	\$ (0.80)	\$ —	\$ 1.98	\$ 2.87	\$ (0.38)	\$ —	\$ 2.49
Production (Mmcf)	140,758	—	2,963	143,721	411,770	—	15,636	427,406
<b>Natural gas sales</b>	<u>\$ 390,656</u>	<u>\$ (113,901)</u>	<u>\$ 8,225</u>	<u>\$ 284,980</u>	<u>\$ 1,182,580</u>	<u>\$ (164,164)</u>	<u>\$ 44,907</u>	<u>\$ 1,063,323</u>

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	Price Variance	Volume Variance	2019	2018	Price Variance	Volume Variance	2019
	<b>NGLs</b>							
Price (per bbl)	\$ 27.16	\$ (12.10)	\$ —	\$ 15.06	\$ 24.33	\$ (6.79)	\$ —	\$ 17.54
Production (Mbbbls)	10,255	—	(744)	9,511	29,009	—	(38)	28,971
<b>NGLs sales</b>	<u>\$ 278,563</u>	<u>\$ (115,161)</u>	<u>\$ (20,207)</u>	<u>\$ 143,195</u>	<u>\$ 705,793</u>	<u>\$ (196,833)</u>	<u>\$ (925)</u>	<u>\$ 508,035</u>

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	Price Variance	Volume Variance	2019	2018	Price Variance	Volume Variance	2019
	<b>Crude oil</b>							
Price (per bbl)	\$ 64.57	\$ (14.99)	\$ —	\$ 49.58	\$ 62.17	\$ (11.34)	\$ —	\$ 50.83
Production (Mbbbls)	1,041	—	(101)	940	3,315	—	(588)	2,727
<b>Crude oil sales</b>	<u>\$ 67,212</u>	<u>\$ (14,088)</u>	<u>\$ (6,545)</u>	<u>\$ 46,579</u>	<u>\$ 206,077</u>	<u>\$ (30,936)</u>	<u>\$ (36,512)</u>	<u>\$ 138,629</u>

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	Price Variance	Volume Variance	2019	2018	Price Variance	Volume Variance	2019
	<b>Consolidated</b>							
Price (per mcf)	\$ 3.53	\$ (1.23)	\$ —	\$ 2.30	\$ 3.46	\$ (0.69)	\$ —	\$ 2.77
Production (Mmcf)	208,534	—	(2,108)	206,426	605,712	—	11,885	617,597
<b>Total natural gas, NGLs and oil sales</b>	<u>\$ 736,431</u>	<u>\$ (254,233)</u>	<u>\$ (7,444)</u>	<u>\$ 474,754</u>	<u>\$ 2,094,450</u>	<u>\$ (425,557)</u>	<u>\$ 41,094</u>	<u>\$ 1,709,987</u>

**Transportation, gathering, processing and compression** expense was \$295.9 million in third quarter 2019 compared to \$304.6 million in third quarter 2018. These third-party costs are lower in third quarter 2019 when compared to third quarter 2018 due to lower prices and the impact of the downtime at the Marcus Hook export terminal on our ethane volumes. We have included these costs in the calculation of average realized prices (including all derivative settlements and third-party transportation expenses paid by Range).

Transportation, gathering, processing and compression expense was \$899.8 million in first nine months 2019 compared to \$819.1 million in first nine months 2018. These third-party costs are higher in first nine months 2019 when compared to first nine months 2018 due to our production growth in the Marcellus Shale and new in-service pipelines. NGLs transportation is higher primarily due to higher expense in North Louisiana caused by fully utilizing amounts that were previously accrued for as capacity commitments. The following table summarizes transportation, gathering, processing and compression expense for the three and nine months ended September 30, 2019 and 2018 on a per mcf and per barrel basis (in thousands, except for costs per unit):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019	2018	Change	%	2019	2018	Change	%
	<b>Transportation, gathering, processing and compression</b>							
Natural gas	\$ 180,353	\$ 176,271	\$ 4,082	2%	\$ 554,789	\$ 497,569	\$ 57,220	11%
NGLs	115,559	128,291	(12,732)	(10%)	344,997	321,531	23,466	7%
Total	<u>\$ 295,912</u>	<u>\$ 304,562</u>	<u>\$ (8,650)</u>	(3%)	<u>\$ 899,786</u>	<u>\$ 819,100</u>	<u>\$ 80,686</u>	10%
Natural gas (per mcf)	\$ 1.25	\$ 1.25	\$ —	—%	\$ 1.30	\$ 1.21	\$ 0.09	7%
NGLs (per bbl)	\$ 12.15	\$ 12.51	\$ (0.36)	(3%)	\$ 11.91	\$ 11.08	\$ 0.83	7%

**Derivative fair value income (loss)** was a gain of \$74.7 million in third quarter 2019 compared to a loss of \$34.6 million in third quarter 2018. Derivative fair value income was a gain of \$208.2 million in first nine months 2019 compared to a loss of \$151.9 million in first nine months 2018. All of our derivatives are accounted for using the mark-to-market accounting method. Mark-to-market accounting treatment can result in more volatility of our revenues as the change in the fair value of our commodity derivative positions is included in total revenue. As commodity prices increase or decrease, such changes will have an opposite effect on the mark-to-market value of our derivatives. Gains on our derivatives generally indicate potentially lower wellhead revenues in the future while losses indicate potentially higher future wellhead revenues. The following table summarizes the impact of our commodity derivatives for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Derivative fair value income (loss) per consolidated statements of operations	\$ 74,676	\$ (34,591)	\$ 208,190	\$ (151,890)
Non-cash fair value (loss) gain: (1)				
Natural gas derivatives	\$ (17,345)	\$ 3,326	\$ 126,296	\$ (89,556)
Oil derivatives	15,925	(5,659)	(11,857)	(33,416)
NGLs derivatives	(3,849)	2,529	(46,598)	11,329
Freight derivatives	(63)	135	2,000	25
Total non-cash fair value (loss) gain (1)	\$ (5,332)	\$ 331	\$ 69,841	\$ (111,618)
Net cash receipt (payment) on derivative settlements:				
Natural gas derivatives	\$ 72,809	\$ 5,845	\$ 92,333	\$ 56,466
Oil derivatives	146	(12,744)	(1,819)	(33,303)
NGLs derivatives	7,053	(28,023)	47,835	(63,435)
Total net cash receipt (payment)	\$ 80,008	\$ (34,922)	\$ 138,349	\$ (40,272)

(1) Non-cash fair value adjustments on commodity derivatives is a non-U.S. GAAP measure. Non-cash fair value adjustments on commodity derivatives only represent the net change between periods of the fair market values of commodity derivative positions and exclude the impact of settlements on commodity derivatives during the period. We believe that non-cash fair value adjustments on commodity derivatives is a useful supplemental disclosure to differentiate non-cash fair market value adjustments from settlements on commodity derivatives during the period. Non-cash fair value adjustments on commodity derivatives is not a measure of financial or operating performance under U.S. GAAP, nor should it be considered a substitute for derivative fair value income or loss as reported in our consolidated statements of operations.

**Brokered natural gas, marketing and other** revenue in third quarter 2019 was \$73.0 million compared to \$109.4 million in third quarter 2018 with the decrease caused by lower sales prices for brokered volumes (volumes not related to our production) and lower broker sales volumes. Brokered natural gas, marketing and other revenue was \$303.8 million in first nine months 2019 compared to \$267.4 million in first nine months 2018 with the increase caused by significantly higher broker sales volumes and higher prices in first quarter 2019 somewhat offset by lower prices in second and third quarter 2019. We continue to optimize our transportation portfolio. See also *Brokered natural gas and marketing* expense below for more information on our net brokered margin.

#### Operating Costs per Mcfe

We believe some of our expense fluctuations are best analyzed on a unit-of-production or per mcfe basis. The following presents information about certain of our expenses on a per mcfe basis for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019	2018	Change	%	2019	2018	Change	%
Direct operating expense	\$ 0.17	\$ 0.15	\$ 0.02	13%	\$ 0.17	\$ 0.17	\$ —	—%
Production and ad valorem tax expense	0.04	0.05	(0.01)	(20%)	0.05	0.05	—	—%
General and administrative expense	0.20	0.21	(0.01)	(5%)	0.22	0.26	(0.04)	(15%)
Interest expense	0.23	0.26	(0.03)	(12%)	0.24	0.27	(0.03)	(11%)
Depletion, depreciation and amortization expense	0.67	0.79	(0.12)	(15%)	0.68	0.80	(0.12)	(15%)

**Direct operating** expense was \$35.3 million in third quarter 2019 compared to \$30.9 million in third quarter 2018. Direct operating expenses include normally recurring expenses to operate and produce our wells, non-recurring well workovers and repair-related expenses. Our direct operating costs increased in third quarter 2019 primarily due to higher workover costs partially offset by lower water handling costs and lower utility costs. Our production volumes decreased 1% in third quarter 2019. We incurred \$7.8 million of workover costs in third quarter 2019 compared to \$1.4 million in third quarter 2018. On a per mcf basis, direct operating expense in third quarter 2019 increased 13% to \$0.17 from \$0.15 in the same period of 2018 with the increase primarily due to higher workover costs.

Direct operating expense was \$102.5 million in first nine months 2019 compared to \$104.1 million in the same period of 2018. Our direct operating costs decreased in first nine months 2019 compared to the same period of 2018 due to lower water handling costs and the impact of the sale of our Northern Oklahoma properties in the prior year partially offset by higher workover costs. Our production volumes increased 2% in first nine months 2019. We incurred \$16.2 million of workover costs in first nine months 2019 compared to \$6.3 million of workover costs in the same period of 2018. On a per mcf basis, direct operating expense in first nine months 2019 was the same as the same period of 2018 with higher workover costs offset by lower water handling costs and the sale of our Northern Oklahoma properties in the prior year. The following table summarizes direct operating expense per mcf for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>Direct operating</b>								
Lease operating expense	\$ 0.13	\$ 0.14	\$ (0.01)	(7%)	\$ 0.14	\$ 0.16	\$ (0.02)	(13%)
Workovers	0.04	0.01	0.03	300%	0.03	0.01	0.02	200%
Stock-based compensation	—	—	—	—	—	—	—	—
Total direct operating expense	<u>\$ 0.17</u>	<u>\$ 0.15</u>	<u>\$ 0.02</u>	13%	<u>\$ 0.17</u>	<u>\$ 0.17</u>	<u>\$ —</u>	—%

**Production and ad valorem taxes** are paid based on market prices rather than hedged prices. This expense category is predominately the Pennsylvania impact fee. Production and ad valorem taxes (excluding the impact fee) were \$3.1 million in third quarter 2019 compared to \$3.4 million in third quarter 2018 due to lower prices. In February 2012, the Commonwealth of Pennsylvania enacted an “impact fee” which functions as a tax on unconventional natural gas and oil production from the Marcellus Shale in Pennsylvania. Included in third quarter 2019 is a \$4.7 million impact fee compared to \$6.1 million in third quarter 2018.

Production and ad valorem taxes (excluding the impact fee) were \$9.0 million in first nine months 2019 compared to \$10.5 million in the same period of 2018 due to lower prices. Included in first nine months 2019 is a \$20.0 million impact fee compared to \$19.0 million in the same period of 2018. The following table summarizes production and ad valorem taxes per mcf for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>Production and ad valorem taxes</b>								
Production taxes	\$ 0.01	\$ 0.01	\$ —	—%	\$ 0.01	\$ 0.01	\$ —	—%
Ad valorem taxes	0.01	0.01	—	—%	—	0.01	(0.01)	(100%)
Impact fee	0.02	0.03	(0.01)	(33%)	0.04	0.03	0.01	33%
Total production and ad valorem taxes	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ (0.01)</u>	(20%)	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ —</u>	—%

**General and administrative** (“G&A”) expense was \$41.0 million in third quarter 2019 compared to \$43.7 million in third quarter 2018. The third quarter 2019 decrease of \$2.7 million when compared to the same period of 2018 is primarily due to lower salaries and benefits of \$2.8 million and lower franchise taxes of \$1.7 million which is partially offset by higher stock-based compensation of \$2.8 million. G&A expense for first nine months 2019 decreased \$21.4 million when compared to the same period of 2018 due to lower stock-based compensation of \$10.8 million, lower legal and consulting costs, lower technology costs and lower salaries and benefits partially offset by higher bad debt expense and a rig release penalty. At September 30, 2019, the number of G&A employees decreased 10% when compared to September 30, 2018. On a per mcf basis, third quarter 2019 G&A expense decreased 5% due to lower salaries and benefits and lower franchise taxes partially offset by higher stock-based compensation. On a per mcf basis, first nine months 2019 G&A expense decreased 15% from first nine months 2018 due to lower stock-based compensation costs, lower legal and consulting fees and lower technology costs. The following table summarizes G&A expenses per mcf for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>General and administrative</b>								
General and administrative	\$ 0.16	\$ 0.18	\$ (0.02)	(11%)	\$ 0.18	\$ 0.20	\$ (0.02)	(10%)
Stock-based compensation (non-cash)	0.04	0.03	0.01	33%	0.04	0.06	(0.02)	(33%)
Total general and administrative expense	<u>\$ 0.20</u>	<u>\$ 0.21</u>	<u>\$ (0.01)</u>	(5%)	<u>\$ 0.22</u>	<u>\$ 0.26</u>	<u>\$ (0.04)</u>	(15%)

**Interest expense** was \$47.0 million in third quarter 2019 compared to \$54.8 million in third quarter 2018. Interest expense was \$150.3 million for first nine months 2019 compared to \$161.0 million in the same period of 2018. The following table presents information about interest expense per mcfe for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
Bank credit facility	\$ 0.04	\$ 0.07	\$ (0.03)	(43%)	\$ 0.05	\$ 0.07	\$ (0.02)	(29%)
Senior notes	0.18	0.18	—	—%	0.18	0.19	(0.01)	(5%)
Subordinated notes	—	—	—	—%	—	—	—	—%
Amortization of deferred financing costs and other	0.01	0.01	—	—%	0.01	0.01	—	—%
Total interest expense	<u>\$ 0.23</u>	<u>\$ 0.26</u>	<u>\$ (0.03)</u>	(12%)	<u>\$ 0.24</u>	<u>\$ 0.27</u>	<u>\$ (0.03)</u>	(11%)
Average debt outstanding (in thousands)	<u>\$ 3,478,408</u>	<u>\$ 4,279,958</u>	<u>\$ (801,550)</u>	(19%)	<u>\$ 3,773,783</u>	<u>\$ 4,249,437</u>	<u>\$ (475,654)</u>	(11%)
Average interest rate (a)	<u>5.2%</u>	<u>5.0%</u>	<u>0.2%</u>	4%	<u>5.1%</u>	<u>4.9%</u>	<u>0.2%</u>	4%

(a) Includes commitment fees but excludes debt issue costs and amortization of discounts.

On an absolute basis, the decrease in interest expense for third quarter 2019 from the same period of 2018 was primarily due to lower average outstanding debt balances partially offset by slightly higher overall average interest rates. Average debt outstanding on the bank credit facility for third quarter 2019 was \$592.7 million compared to \$1.4 billion in third quarter 2018 and the weighted average interest rate on the bank credit facility was 3.8% in third quarter 2019 compared to 3.9% in third quarter 2018.

On an absolute basis, the decrease in interest expense for first nine months 2019 from the same period of 2018 was primarily due to lower average outstanding debt balances partially offset by slightly higher overall average interest rates. Average debt outstanding on the bank credit facility was \$861.0 million for first nine months 2019 compared to \$1.3 billion in the same period of 2018 and the weighted average interest rate on the bank credit facility was 4.0% in first nine months 2019 compared to 3.7% in first nine months 2018.

**Depletion, depreciation and amortization** expense was \$137.8 million in third quarter 2019 compared to \$164.3 million in third quarter 2018. This decrease is due to a 16% decrease in depletion rates and a 1% decrease in production volumes. Depletion expense, the largest component of DD&A expense, was \$0.64 per mcfe in third quarter 2019 compared to \$0.76 per mcfe in third quarter 2018. We have historically adjusted our depletion rates in the fourth quarter of each year based on the year-end reserve report and at other times during the year when circumstances indicate there has been a significant change in reserves or costs. Our depletion rate per mcfe continues to decline due to the mix of production from our properties with lower depletion rates and asset sales.

DD&A expense was \$418.0 million in first nine months 2019 compared to \$487.6 million in the same period of 2018. This is due to a 17% decrease in depletion rates somewhat offset by a 2% increase in production volumes. Depletion expense was \$0.65 per mcfe in first nine months 2019 compared to \$0.78 in the same period of 2018. The following table summarizes DD&A expense per mcfe for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>DD&amp;A</b>								
Depletion and amortization	\$ 0.64	\$ 0.76	\$ (0.12)	(16%)	\$ 0.65	\$ 0.78	\$ (0.13)	(17%)
Depreciation	0.01	0.01	—	—%	0.01	—	0.01	100%
Accretion and other	0.02	0.02	—	—%	0.02	0.02	—	—%
Total DD&A expense	<u>\$ 0.67</u>	<u>\$ 0.79</u>	<u>\$ (0.12)</u>	<u>(15%)</u>	<u>\$ 0.68</u>	<u>\$ 0.80</u>	<u>\$ (0.12)</u>	<u>(15%)</u>

### Other Operating Expenses

Our total operating expenses also include other expenses that generally do not trend with production. These expenses include stock-based compensation, brokered natural gas and marketing expense, exploration expense, abandonment and impairment of unproved properties, termination costs, deferred compensation plan expenses, impairment of proved properties and gain or loss on sale of assets. Stock-based compensation includes the amortization of restricted stock grants and PSUs. The following table details the allocation of stock-based compensation to functional expense categories for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Direct operating expense	\$ 319	\$ 537	\$ 1,459	\$ 1,667
Brokered natural gas and marketing expense	522	403	1,523	1,001
Exploration expense	496	405	1,372	1,527
General and administrative expense	8,423	5,607	27,561	38,332
Termination costs	(1)	—	25	—
Total stock-based compensation	<u>\$ 9,759</u>	<u>\$ 6,952</u>	<u>\$ 31,940</u>	<u>\$ 42,527</u>

**Brokered natural gas and marketing** expense was \$79.9 million in third quarter 2019 compared to \$116.1 million in third quarter 2018 due to lower broker purchase volumes and lower prices. Brokered natural gas and marketing expense was \$313.4 million in first nine months 2019 compared to \$274.4 million in the same period of 2018 due to higher broker purchase volumes, purchase prices and transportation costs resulting from the optimization of our transportation portfolio compared to the prior year. The following table details our brokered natural gas, marketing and other net margin for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
<b>Brokered natural gas and marketing</b>								
Brokered natural gas sales	\$ 70,404	\$ 105,840	\$ (35,436)	(33%)	\$ 293,209	\$ 255,134	\$ 38,075	15%
Brokered NGLs sales	(183)	(154)	(29)	(19%)	1,425	879	546	62%
Other marketing revenue	2,794	3,699	(905)	(24%)	9,200	11,435	(2,235)	(20%)
Brokered natural gas purchases <sup>(1)</sup>	(76,722)	(113,886)	37,164	33%	(303,275)	(265,817)	(37,458)	(14%)
Brokered NGLs purchases	208	165	43	26%	(1,321)	(776)	(545)	(70%)
Other marketing expense	(3,424)	(2,359)	(1,065)	(45%)	(8,764)	(7,828)	(936)	(12%)
Net brokered natural gas and marketing margin	<u>\$ (6,923)</u>	<u>\$ (6,695)</u>	<u>\$ (228)</u>	<u>(3%)</u>	<u>\$ (9,526)</u>	<u>\$ (6,973)</u>	<u>\$ (2,553)</u>	<u>(37%)</u>

(1) Includes transportation costs.

**Exploration** expense was \$11.0 million in third quarter 2019 compared to \$8.3 million in third quarter 2018 due to higher delay rental expenses partially offset by lower personnel costs. Exploration expense was \$27.3 million in first nine months 2019 compared to \$23.5 million in the same period of 2018 with higher delay rental expenses partially offset by lower personnel costs. The following table details our exploration expense for the three and nine months ended September 30, 2019 and 2018 (in thousands):

Exploration	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2019	2018	Change	%	2019	2018	Change	%
Seismic	\$ 2	\$ 152	\$ (150)	(99%)	\$ (485)	\$ 92	\$ (577)	(627%)
Delay rentals and other	8,746	5,659	3,087	55%	20,613	13,764	6,849	50%
Personnel expense	1,769	2,083	(314)	(15%)	5,833	8,134	(2,301)	(28%)
Stock-based compensation expense	496	405	91	22%	1,372	1,527	(155)	(10%)
Total exploration expense	<u>\$ 11,013</u>	<u>\$ 8,299</u>	<u>\$ 2,714</u>	33%	<u>\$ 27,333</u>	<u>\$ 23,517</u>	<u>\$ 3,816</u>	16%

**Abandonment and impairment of unproved properties** was \$16.2 million in third quarter 2019 compared to \$6.5 million in third quarter 2018. Abandonment and impairment of unproved properties was \$41.6 million in first nine months 2019 compared to \$73.2 million in the same period of 2018. We assess individually significant unproved properties for impairment on a quarterly basis and recognize a loss where circumstances indicate impairment in value. In determining whether a significant unproved property is impaired we consider numerous factors including, but not limited to, current exploration plans, favorable or unfavorable activity on the property being evaluated and/or adjacent properties, our geologists' evaluation of the property and the remaining months in the lease term for the property. Impairment of individually insignificant unproved properties is assessed and amortized on an aggregate basis based on our average holding period, expected forfeiture rate and anticipated drilling success. In certain circumstances, our future plans to develop acreage may accelerate our impairment. As we continue to review our acreage positions and high grade our drilling inventory, additional leasehold impairments and abandonments may be recorded. The increase in abandonment and impairment of unproved properties for third quarter 2019 compared to the same quarter of 2018 reflects higher estimated lease expirations in both North Louisiana and Pennsylvania. The reduction in abandonment and impairment of unproved properties for the nine months ended September 30, 2019 when compared to the same period of 2018 reflects lower lease expirations in North Louisiana.

**Termination costs** were expense of \$3.0 million in first nine months 2019 compared to income of \$373,000 in the same period of 2018. In second quarter 2019, we announced a reduction in our workforce due, in part, to the low commodity price environment and we recorded \$2.2 million of related severance costs. In third quarter 2019, we sold various non-core assets in Pennsylvania and accrued an additional \$819,000 of severance costs related to this sale.

**Deferred compensation plan** expense was a gain of \$8.9 million in third quarter 2019 compared to a loss of \$223,000 in third quarter 2018. This non-cash item relates to the increase or decrease in value of the liability associated with our common stock that is vested and held in our deferred compensation plan. The deferred compensation liability is adjusted to fair value by a charge or a credit to deferred compensation plan expense. Our stock price decreased from \$6.98 at June 30, 2019 to \$3.82 at September 30, 2019. In the same period of the prior year, our stock price increased from \$16.73 at June 30, 2018 to \$16.99 at September 30, 2018. During first nine months 2019, deferred compensation was a gain of \$16.4 million compared to a gain of \$559,000 in the same period of 2018. Our stock price decreased from \$9.57 at December 31, 2018 to \$3.82 at September 30, 2019. In the same period of 2018, our stock price decreased from \$17.06 at December 31, 2017 to \$16.99 at September 30, 2018.

**Impairment of proved properties** was \$15.3 million in second quarter 2018 and \$7.3 million in first quarter 2018. There were no proved property impairments in third quarter 2019, third quarter 2018 or first nine months 2019. In second quarter 2018, we recorded impairment expense related to certain of our oil and gas properties in Northwest Pennsylvania and in first quarter 2018, we recorded impairment expense related to certain of our oil and gas properties in Oklahoma. During second quarter 2018, we increased our interest in certain non-core properties in Northwest Pennsylvania for a minimal dollar amount for which the fair value had previously been determined to be zero which resulted in an impairment charge of \$15.3 million. The Oklahoma assets were evaluated for impairment in first quarter 2018 due to the possibility of sale.

**Loss on the sale of assets** was \$36.3 million in third quarter 2019 compared to a loss of \$30,000 in third quarter 2018. Third quarter 2019 included the sale of a proportionately reduced 2.5% overriding royalty in three separate transactions primarily covering our Washington County, Pennsylvania assets for gross proceeds of \$750.0 million for which we recognized a loss of \$36.5 million which represents closing adjustments and transaction fees. Second quarter 2019 included the sale of unproved properties in Pennsylvania for proceeds of \$34.0 million for which we recognized a gain of \$5.9 million. Loss on the sale of assets for first nine months 2019 was \$30.7 million compared to a gain of \$149,000 in first nine months 2018.

**Income tax (benefit) expense** was a benefit of \$47.2 million in third quarter 2019 compared to an expense of \$24.1 million in third quarter 2018. Income tax benefit was \$1.4 million in first nine months 2019 compared to an expense of \$38.3 million in first nine months 2018. For third quarter 2019, the effective tax rate was 63.1% compared to 33.2% in the same period of 2018. For first nine months 2019, the effective tax rate was (1.6%) compared to 68.1% in the same period of 2018. The 2019 and 2018 effective tax rates were different than the statutory tax rate due to state income taxes (including adjustments to state income tax valuation allowances), equity compensation and other discrete tax items which are detailed below (dollars in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Total (loss) income before income taxes	\$ (74,800)	\$ 72,676	\$ 87,591	\$ 56,236
U.S. federal statutory rate	21%	21%	21%	21%
Total tax (benefit) expense at statutory rate	(15,708)	15,262	18,394	11,810
State and local income taxes, net of federal benefit	(2,721)	2,691	3,822	3,439
State apportionment rate change	(44,203)	—	(44,203)	—
Equity compensation	286	6	4,174	2,146
Change in valuation allowances:				
Federal net operating loss carryforwards	916	—	—	—
State net operating loss carryforwards and other	14,952	5,558	15,568	19,194
Other	(481)	100	(782)	1,499
Permanent differences and other	(260)	520	1,595	207
Total (benefit) expense for income taxes	\$ (47,219)	\$ 24,137	\$ (1,432)	\$ 38,295
Effective tax rate	63.1%	33.2%	(1.6%)	68.1%

## Management's Discussion and Analysis of Financial Condition, Capital Resources and Liquidity

### Cash Flow

Cash flows from operations are primarily affected by production volumes and commodity prices, net of the effects of settlements of our derivatives. Our cash flows from operations are also impacted by changes in working capital. We generally maintain low cash and cash equivalent balances because we use available funds to reduce our bank debt. Short-term liquidity needs are satisfied by borrowings under our bank credit facility. Because of this, and because our principal source of operating cash flows (proved reserves to be produced in future years) cannot be reported as working capital, we often have low or negative working capital. From time to time, we enter into various derivative contracts to provide an economic hedge of our exposure to commodity price risk associated with anticipated future natural gas, NGLs and oil production. The production we hedge has varied and will continue to vary from year to year depending on, among other things, our expectation of future commodity prices. Any payments due to counterparties under our derivative contracts should ultimately be funded by prices received from the sale of our production. Production receipts, however, often lag payments to the counterparties. As of September 30, 2019, we have entered into derivative agreements covering 139.5 Bcfe for the remainder of 2019, 317.2 Bcfe for 2020 and 13.1 Bcfe for 2021, not including our basis swaps.

The following table presents sources and uses of cash and cash equivalents for the nine months ended September 30, 2019 and 2018 (in thousands):

	Nine Months Ended September 30,	
	2019	2018
<b>Sources of cash and cash equivalents</b>		
Operating activities	\$ 549,431	\$ 774,947
Disposal of assets	784,527	24,339
Borrowing on credit facility	1,730,000	1,602,000
Other	22,011	45,824
Total sources of cash and cash equivalents	<u>\$ 3,085,969</u>	<u>\$ 2,447,110</u>
<b>Uses of cash and cash equivalents</b>		
Additions to natural gas and oil properties	\$ (550,355)	\$ (781,554)
Repayment on credit facility	(2,345,000)	(1,547,000)
Acreage purchases	(39,795)	(50,461)
Additions to field service assets	(803)	(1,230)
Repayment of senior notes	(90,274)	—
Dividends paid	(15,077)	(14,950)
Debt issuance costs	—	(8,257)
Other	(44,856)	(43,749)
Total uses of cash and cash equivalents	<u>\$ (3,086,160)</u>	<u>\$ (2,447,201)</u>

#### *Sources of Cash and Cash Equivalents*

**Cash flows generated from operating activities** in first nine months 2019 was \$549.4 million compared to \$774.9 million in first nine months 2018. Cash provided from operating activities is largely dependent upon commodity prices and production volumes, net of the effects of settlement of our derivative contracts. The decrease in cash provided from operating activities from the first nine months 2018 to the first nine months 2019 reflects significantly lower net realized prices (a decrease of 25%) and the impact of our 2018 asset sales somewhat offset by higher working capital cash inflow and higher production volumes. As of September 30, 2019, we have hedged more than 65% of our projected total production for the remainder of 2019, with more than 80% of our projected natural gas production hedged. Net cash provided from operating activities is affected by a 2% increase in production and working capital changes or the timing of cash receipts and disbursements. Changes in working capital (as reflected in our consolidated statements of cash flows) for first nine months 2019 were positive \$29.3 million compared to negative \$20.3 million for first nine months 2018.

#### *Uses of Cash and Cash Equivalents*

**Disposal of assets.** We recorded proceeds from divestitures of \$784.5 million in first nine months 2019 primarily related to the sale of overriding royalty interests in Southwest Pennsylvania in three separate transactions.

**Additions to natural gas and oil properties** for the first nine months 2019 were consistent with expectations relative to our \$756.0 million 2019 capital budget.

**Repayment of senior notes** for the first nine months 2019 includes purchases in the open market of \$32.9 million principal amount of our 5.00% senior notes due 2022, \$6.2 million principal amount of our 5.875% senior notes due 2022 and \$54.5 million principal amount of our 5.76% senior notes due 2021. From time to time, we may continue to repurchase our senior notes, based upon prevailing market or other conditions at the time.

#### **Liquidity and Capital Resources**

Our main sources of liquidity and capital resources are internally generated cash flow from operating activities, a bank credit facility with uncommitted and committed availability, access to the debt and equity capital markets and asset sales. We must find new reserves and develop existing reserves to maintain and grow our production and cash flows. We accomplish this primarily through successful drilling programs which require substantial capital expenditures. We continue to take steps to ensure we have adequate capital resources and liquidity to fund our capital expenditure program. In first nine months 2019, we entered into additional commodity derivative contracts for 2019, 2020 and 2021 to protect future cash flows.

During first nine months 2019, our net cash provided from operating activities of \$549.4 million and proceeds from asset sales was used to fund approximately \$591.0 million of capital expenditures (including acreage acquisitions). At September 30, 2019, we had \$354,000 in cash and total assets of \$8.9 billion.

Long-term debt at September 30, 2019 totaled \$3.1 billion, including \$328.0 million outstanding on our bank credit facility, \$2.8 billion of senior notes and \$49.0 million of senior subordinated notes. Our available committed borrowing capacity at September 30, 2019 was \$1.4 billion, with an additional \$1.0 billion in borrowing base capacity available for increased liquidity potential. In October 2019, we increased our lender commitments from \$2.0 billion to \$2.4 billion. Cash is required to fund capital expenditures necessary to offset inherent declines in production and reserves that are typical in the oil and natural gas industry. Future success in growing reserves and production will be highly dependent on capital resources available and the success of finding or acquiring additional reserves. We currently believe that net cash generated from operating activities, unused committed borrowing capacity under the bank credit facility and proceeds from asset sales combined with our natural gas, NGLs and oil derivatives contracts currently in place will be adequate to satisfy near-term financial obligations and liquidity needs. While our expectation is to operate within our internally generated cash flow, to the extent our capital requirements exceed our internally generated cash flow and proceeds from asset sales, debt or equity securities may be issued to fund these requirements. Long-term 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 natural gas business. A material decline in natural gas, NGLs and oil prices or a reduction in production and reserves would reduce our ability to fund capital expenditures, meet financial obligations and operate profitably. We establish a capital budget at the beginning of each calendar year and review it during the course of the year, taking into account various factors including the commodity price environment. Our 2019 capital budget is currently \$756.0 million.

Commodity prices have remained highly volatile and have declined during third quarter 2019 compared to both fourth quarter 2018 and first half 2019. We have adjusted and must continue to adjust our business through efficiencies and cost reductions to compete in the current price environment which also requires reductions in overall debt levels over time. We plan to continue to work towards profitable growth within cash flows. We would expect to monitor the market and look for opportunities to refinance or reduce debt based on market conditions. We believe we are well-positioned to manage the challenges presented in a low commodity price environment and that we can endure continued volatility in current and future commodity prices by:

- exercising discipline in our capital program with the expectation of funding our capital expenditures with operating cash flow and, if required, with borrowings under our bank credit facility;
- continuing to optimize our drilling, completion and operational efficiencies; and
- continuing to manage price risk by hedging our production volumes.

### ***Credit Arrangements***

As of September 30, 2019, we maintained a revolving credit facility with a borrowing base of \$3.0 billion and aggregate lender commitments of \$2.0 billion, which we refer to as our bank credit facility. In October 2019, we increased our lender commitments to \$2.4 billion. The bank credit facility, during a non-investment grade period, is secured by substantially all of our assets and has a maturity date of April 13, 2023. See Note 10 to our unaudited consolidated financial statements for additional information regarding our bank debt. Availability under the bank credit facility is subject to a borrowing base set by the lenders annually with an option to set more often in certain circumstances. Availability under the bank credit facility, during an investment grade period, is limited to aggregate lender commitments. As of September 30, 2019, the outstanding balance under our credit facility was \$328.0 million. Additionally, we had \$255.2 million of undrawn letters of credit leaving \$1.4 billion of committed borrowing capacity available under the facility at the end of third quarter 2019, with an additional \$1.0 billion in borrowing base capacity for potential increases in lender commitments. In October 2019, \$400.0 million of additional lender commitments were added to the bank credit facility.

Our bank credit facility imposes limitations on the payment of dividends and other restricted payments (as defined under our bank credit facility). The bank credit facility also contains customary covenants relating to debt incurrence, liens, investments and financial ratios. We were in compliance with all covenants at September 30, 2019. See Note 10 to our unaudited consolidated financial statements for additional information regarding our bank debt.

### ***Cash Dividend Payments***

On August 30, 2019, our Board of Directors declared a dividend of two cents per share (\$5.0 million) on our outstanding common stock, which was paid on September 30, 2019 to stockholders of record at the close of business on September 13, 2019. The amount and frequency of future dividends is subject to the discretion of the Board of Directors and primarily depends on earnings, capital expenditures, debt covenants and various other factors.

### ***Cash Contractual Obligations***

Our contractual obligations include long-term debt, operating leases, derivative obligations, asset retirement obligations and transportation, processing and gathering commitments. As of September 30, 2019, we do not have any significant off-

balance sheet debt or other such unrecorded obligations and we have not guaranteed any debt of any unrelated party. As of September 30, 2019, we had a total of \$255.2 million of undrawn letters of credit under our bank credit facility.

Since December 31, 2018, there have been no material changes to our contractual obligations other than a \$615.0 million decrease in our outstanding bank credit facility balance.

### **Interest Rates**

At September 30, 2019, we had approximately \$3.1 billion of debt outstanding. Of this amount, \$2.8 billion bore interest at fixed rates averaging 5.2%. Bank debt totaling \$328.0 million bears interest at floating rates, which was 3.3% at September 30, 2019. The 30-day LIBOR Rate on September 30, 2019 was approximately 2.0%. A 1% increase in short-term interest rates on the floating-rate debt outstanding on September 30, 2019 would cost us approximately \$3.3 million in additional annual interest expense.

### **Off-Balance Sheet Arrangements**

We do not currently utilize any significant off-balance sheet arrangements with unconsolidated entities to enhance our liquidity or capital resource position, or for any other purpose. However, as is customary in the oil and gas industry, we have various contractual work commitments, some of which are described above under cash contractual obligations.

### **Inflation and Changes in Prices**

Our revenues, the value of our assets and our ability to obtain bank loans or additional capital on attractive terms have been and will continue to be affected by changes in natural gas, NGLs and oil prices and the costs to produce our reserves. Natural gas, NGLs and oil prices are subject to significant fluctuations that are beyond our ability to control or predict. Although certain of our costs and expenses are affected by general inflation, inflation does not normally have a significant effect on our business. We expect costs for the remainder of 2019 to continue to be a function of supply.

### **Certain New Accounting Standards Not Yet Adopted**

The effects of certain new accounting standards that have not been adopted yet are discussed in Note 3 to the consolidated financial statements.

### **Forward-Looking Statements**

Certain sections of Management's Discussion and Analysis of Financial Condition and Results of Operations include forward-looking statements concerning trends or events potentially affecting our business. These statements contain words such as "anticipates," "believes," "expects," "targets," "plans," "projects," "could," "may," "should," "would" or similar words indicating that future outcomes are uncertain. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in the forward-looking statements. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our current forecasts for our existing operations and do not include the potential impact of any future events. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise. For additional risk factors affecting our business, see Item 1A. Risk Factors as set forth in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 25, 2019.

## **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 our potential exposure to market risks. The term "market risk" refers to the risk of loss arising from adverse changes in natural gas, NGLs and oil prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market-risk exposure. All of our market-risk sensitive instruments were entered into for purposes other than trading. All accounts are U.S. dollar denominated.

### **Market Risk**

We are exposed to market risks related to the volatility of natural gas, NGLs and oil prices. We employ various strategies, including the use of commodity derivative instruments, to manage the risks related to these price fluctuations. These

derivative instruments apply to a varying portion of our production and provide only partial price protection. These arrangements limit the benefit to us of increases in prices but offer protection in the event of price declines. Further, if our counterparties defaulted, this protection might be limited as we might not receive the benefits of the derivatives. Realized prices are primarily driven by worldwide prices for oil and spot market prices for North American natural gas production. Natural gas and oil prices have been volatile and unpredictable for many years. Changes in natural gas prices affect us more than changes in oil prices because approximately 67% of our December 31, 2018 proved reserves are natural gas. We are also exposed to market risks related to changes in interest rates. These risks did not change materially from December 31, 2018 to September 30, 2019.

### Commodity Price Risk

We use commodity-based derivative contracts to manage exposures to commodity price fluctuations. We do not enter into these arrangements for speculative or trading purposes. At times, certain of our derivatives are swaps where we receive a fixed price for our production and pay market prices to the counterparty. Our derivatives program can also include collars, which establish a minimum floor price and a predetermined ceiling price. We have also entered into natural gas derivative instruments containing a fixed price swap and a sold option (referred to as a swaption in the table below). At September 30, 2019, our derivative program includes swaps, collars, calls and swaptions. The fair value of these contracts, represented by the estimated amount that would be realized upon immediate liquidation as of September 30, 2019, approximated a net unrealized pretax gain of \$152.3 million. These contracts expire monthly through December 2021. At September 30, 2019, the following commodity derivative contracts were outstanding, excluding our basis swaps which are discussed below:

Period	Contract Type	Volume Hedged	Weighted Average Hedge Price	Fair Market Value
<b>Natural Gas</b>				
				(in thousands)
2019	Swaps	1,271,739 Mmbtu/day	\$ 2.82	\$ 46,619
2020	Swaps	674,208 Mmbtu/day	\$ 2.64	\$ 54,351
2019	Swaptions	140,000 Mmbtu/day	\$ 2.81 (1)	\$ 4,342
2020	Swaptions	147,568 Mmbtu/day	\$ 2.77 (1)	\$ 18,162
2021	Swaptions	30,000 bbls/day	\$ 2.70 (1)	\$ 2,698
<b>Crude Oil</b>				
2019	Swaps	9,168 bbls/day	\$ 56.11	\$ 1,907
2020	Swaps	6,738 bbls/day	\$ 58.53	\$ 16,503
2019	Collars	1,000 bbls/day	\$ 63.00 – \$ 73.00	\$ 869
2020	Swaptions	1,000 bbls/day	\$ 57.00 (2)	\$ (243)
2021	Swaptions	1,000 bbls/day	\$ 55.00 (2)	\$ 1,757
2020	Calls	500 bbls/day	\$ 59.00	\$ (224)
<b>NGLs (C3-Propane)</b>				
2019	Swaps	500 bbls/day	\$ 0.53/gallon	\$ 132
<b>NGLs (NC4-Normal Butane)</b>				
2019	Swaps	1,000 bbls/day	\$ 0.60/gallon	\$ 160
<b>NGLs (iC4-ISO Butane)</b>				
2019	Swaps	500 bbls/day	\$ 0.75/gallon	\$ (2)
<b>NGLs (C5-Natural Gasoline)</b>				
2019	Swaps	5,500 bbls/day	\$ 1.30/gallon	\$ 5,229

- (1) Contains a combined derivative instrument consisting of a fixed price swap and a sold option to extend or double the volumes. We have swaps in place for 2019 for 140,000 Mmbtu/day on which the counterparty can elect to extend the contract through December 2020 at a weighted average price of \$2.81. In 2020, if the counterparty elects to double the volume, we would have additional swaps in place for 110,000 Mmbtu/day at a weighted average price of \$2.78. We also have swaps in place for 2020 for 50,000 Mmbtu/day on which the counterparty can elect to extend the contract through December 2021 at a weighted average price of \$2.75. In 2021, if the counterparty elects to double the volumes, we would have additional swaps in place for 30,000 Mmbtu/day at a weighted average price of \$2.70.
- (2) Contains a combined derivative instrument consisting of a fixed price swap and a sold option to extend or double the volumes. We have swaps in place for 2020 for 1,000 bbls/day on which the counterparty can elect to extend the contract through 2021 at a weighted average price of \$57.00. In 2021, if the counterparty elects to double the volume, we would have additional swaps in place for 1,000 bbls/day at a weighted average price of \$55.00.

In the future, we expect our NGLs production to continue to increase. We believe NGLs prices are somewhat seasonal, particularly for propane. Therefore, the relationship of NGLs prices to NYMEX WTI (or West Texas Intermediate) will vary due to product components, seasonality and geographic supply and demand. We sell NGLs in several regional and international markets. If we are not able to sell or store NGLs, we may be required to curtail production or shift our drilling activities to dry gas areas.

Currently, the Appalachian region has limited local demand and infrastructure to accommodate ethane. We have agreements where we have contracted to either sell or transport ethane from our Marcellus Shale area. We cannot ensure that these facilities will remain available. If we are not able to sell ethane under at least one of these agreements, we may be required to curtail production or, as we have done in the past, purchase or divert natural gas to blend with our rich residue gas.

#### Other Commodity Risk

We are impacted by basis risk, caused by factors that affect the relationship between commodity futures prices reflected in derivative commodity instruments and the cash market price of the underlying commodity. Natural gas transaction prices are frequently based on industry reference prices that may vary from prices experienced in local markets. If commodity price changes in one region are not reflected in other regions, derivative commodity instruments may no longer provide the expected hedge, resulting in increased basis risk. Therefore, in addition to the swaps discussed above, we have entered into natural gas basis swap agreements. The price we receive for our gas production can be more or less than the NYMEX Henry Hub price because of basis adjustments, relative quality and other factors. Basis swap agreements effectively fix the basis adjustments. The fair value of the natural gas basis swaps was a gain of \$4.6 million at September 30, 2019 and they settle monthly through December 2021.

At September 30, 2019, we also had propane basis contracts which lock in the differential between Mont Belvieu and international propane indices. These contracts settle monthly in October through December of 2019 and monthly in 2020 and include a total volume of 1,875,000 barrels. The fair value of these contracts was a loss of \$3.3 million at September 30, 2019.

The following table shows the fair value of our derivatives and the hypothetical changes in fair value that would result from a 10% and a 25% change in commodity prices at September 30, 2019. We remain at risk for possible changes in the market value of commodity derivative instruments; however, such risks should be mitigated by price changes in the underlying physical commodity (in thousands):

	Fair Value	Hypothetical Change in Fair Value Increase of		Hypothetical Change in Fair Value Decrease of	
		10%	25%	10%	25%
Swaps	\$ 124,899	\$ (97,245)	\$ (241,751)	\$ 97,288	\$ 243,209
Collars	869	(426)	(837)	474	1,209
Calls	(224)	(215)	(648)	134	204
Swaptions	26,716	(28,516)	(90,063)	23,812	56,382
Basis swaps	1,331	(2,943)	(7,379)	2,966	7,487
Freight swaps	1,439	812	2,031	(806)	(2,037)

Our commodity-based derivative contracts expose us to the credit risk of non-performance by the counterparty to the contracts. Our exposure is diversified primarily among major investment grade financial institutions and we have master netting agreements with our counterparties that provide for offsetting payables against receivables from separate derivative contracts. Our derivative contracts are with multiple counterparties to minimize our exposure to any individual counterparty. At September 30, 2019, our derivative counterparties include nineteen financial institutions, of which all but three are secured lenders in our bank credit facility. Counterparty credit risk is considered when determining the fair value of our derivative contracts. While our counterparties are primarily major investment grade financial institutions, the fair value of our derivative contracts has been adjusted to account for the risk of non-performance by certain of our counterparties, which was immaterial. Our propane sales from the Marcus Hook facility near Philadelphia are short-term and are to a single purchaser. Our ethane sales from Marcus Hook are to a single international customer bearing a credit rating similar to Range.

#### Interest Rate Risk

We are exposed to interest rate risk on our bank debt. We attempt to balance variable rate debt, fixed rate debt and debt maturities to manage interest costs, interest rate volatility and financing risk. This is accomplished through a mix of fixed rate senior and senior subordinated debt and variable rate bank debt. At September 30, 2019, we had \$3.1 billion of debt outstanding. Of this amount, \$2.8 billion bears interest at fixed rates averaging 5.2%. Bank debt totaling \$328.0 million bears interest at floating rates, which was 3.3% on September 30, 2019. On September 30, 2019, the 30-day LIBOR Rate was

approximately 2.0%. A 1% increase in short-term interest rates on the floating-rate debt outstanding on September 30, 2019, would cost us approximately \$3.3 million in additional annual interest expense.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2019 at the reasonable assurance level.

##### **Changes in Internal Control over Financial Reporting**

There was no change in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **PART II – OTHER INFORMATION**

##### **ITEM 1. LEGAL PROCEEDINGS**

See Note 18 to our unaudited consolidated financial statements entitled “Commitments and Contingencies” included in Part I Item 1 above for a summary of our legal proceedings, such information being incorporated herein by reference.

##### **Environmental Proceedings**

Our subsidiary, Range Resources – Appalachia, LLC, was notified by the Pennsylvania Department of Environmental Protection (“DEP”), in second quarter 2015, that it intends to assess a civil penalty under the Clean Streams Law and the 2012 Oil and Gas Act in connection with one well in Lycoming County. The DEP has directed us to prevent methane and other substances from escaping from this gas well into groundwater and a stream. We have considerable evidence that this well is not leaking and pre-drill testing of surrounding water wells showed the presence of methane in the water before commencement of our operations. While we intend to vigorously assert this position with the DEP, resolution of this matter may nonetheless result in monetary sanctions of more than \$100,000.

##### **ITEM 1A. RISK FACTORS**

We are subject to various risks and uncertainties in the course of our business. In addition to the factors discussed elsewhere in this report, you should carefully consider the risks and uncertainties described under Item 1A. Risk Factors filed in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes from the risk factors previously disclosed in that Form 10-K.

## Exhibit index

Exhibit Number	Exhibit Description
3.1	Restated Certificate of Incorporation of Range Resources Corporation ( <a href="#">incorporated by reference to Exhibit 3.1.1 to our Form 10-Q (File No. 001-12209) as filed with the SEC on May 5, 2004</a> ), as amended by the Certificate of Second Amendment to Restated Certificate of Incorporation of Range Resources Corporation ( <a href="#">incorporated by reference to Exhibit 3.1 to our Form 10-Q (File No. 001-12209) as filed with the SEC on July 28, 2005</a> ) and the Certificate of Second Amendment to Restated Certificate of Incorporation of Range Resources Corporation ( <a href="#">incorporated by reference to Exhibit 3.1 to our Form 10-Q (File No. 001-12209) as filed with the SEC on July 24, 2008</a> )
3.2	Amended and Restated By-laws of Range Resources Corporation ( <a href="#">incorporated by reference to Exhibit 3.1 to our Form 8-K (File No. 001-12209) as filed with the SEC on May 19, 2016</a> )
10.1	Sixth Amended and Restated Credit Agreement, dated April 13, 2018 among Range Resources Corporation (as borrower) and JPMorgan Chase Bank, N.A. as administrative agent and the other lenders and agents party thereto ( <a href="#">incorporated by reference to Exhibit 10.1 to our Form 8-K (File No. 001-12209) as filed with the SEC on April 16, 2018</a> )
10.2*	<a href="#">First Amendment to the Sixth Amended and Restated Credit Agreement, dated as of October 18, 2019 among Range Resources Corporation (as borrower) and JPMorgan Chase Bank, N.A. as administrative agent and the other lenders and agents party thereto</a>
10.3	Voting Support and Nomination Agreement, dated as of July 9, 2018, by and among Range Resources Corporation, SailingStone Capital Partners LLC and SailingStone Holdings LLC ( <a href="#">incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 001-12209) as filed with the SEC on July 10, 2018</a> )
10.4	Range Resources Corporation 2019 Equity-Based Compensation Plan ( <a href="#">incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K (File No. 001-12209) as filed with the SEC on May 16, 2019</a> )
31.1*	<a href="#">Certification by the President and Chief Executive Officer of Range Resources Corporation Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification by the Chief Financial Officer of Range Resources Corporation Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification by the President and Chief Executive Officer of Range Resources Corporation Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification by the Chief Financial Officer of Range Resources Corporation Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101. INS*	Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document
101. SCH*	Inline XBRL Taxonomy Extension Schema
101. CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101. LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101. PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document

\* filed herewith

\*\* furnished herewith

**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.

Date: October 23, 2019

RANGE RESOURCES CORPORATION

By: /s/ MARK S. SCUCCHI

**Mark S. Scucchi**  
*Senior Vice President and  
Chief Financial Officer*

Date: October 23, 2019

RANGE RESOURCES CORPORATION

By: /s/ DORI A. GINN

**Dori A. Ginn**  
*Senior Vice President – Controller and  
Principal Accounting Officer*

**FIRST AMENDMENT TO SIXTH AMENDED AND RESTATED  
CREDIT AGREEMENT**

THIS FIRST AMENDMENT TO SIXTH AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of October 18, 2019, is by and among RANGE RESOURCES CORPORATION, a Delaware corporation (the "Borrower"), the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"). Unless the context otherwise requires or unless otherwise expressly defined herein, capitalized terms used but not defined in this Amendment have the meanings assigned to such terms in the Credit Agreement (as defined below).

**WITNESSETH:**

**WHEREAS**, the Borrower, the Administrative Agent and the Lenders have entered into that certain Sixth Amended and Restated Credit Agreement, dated as of April 13, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"); and

**WHEREAS**, the Borrower has requested that the Administrative Agent and the Lenders amend the Credit Agreement as provided herein, and the Administrative Agent and the Majority Lenders have agreed to do so on and subject to the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the Borrower, the Administrative Agent and the Majority Lenders hereby agree as follows:

**SECTION 1. Amendments to Credit Agreement.** Subject to the satisfaction or waiver in writing of each condition precedent set forth in Section 3 of this Amendment, and in reliance on the representations, warranties, covenants and agreements contained in this Amendment, the Credit Agreement shall be amended in the manner provided in this Section 1.

**1.1 Additional Definitions.** Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions thereto in alphabetical order:

*"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.*

*"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.*

*"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.*

*"Covered Entity" means any of the following:*

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Covered Party**” has the meaning assigned to it in Section 13.28.

“**First Amendment Effective Date**” means October 18, 2019.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“**QFC Credit Support**” has the meaning assigned to it in Section 13.28.

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“**Supported QFC**” has the meaning assigned to it in Section 13.28.

“**U.S. Special Resolution Regime**” has the meaning assigned to it in Section 13.28.

**1.2 Amended Definition.** The definition of “Commitment” in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

“**Commitment**” shall mean, (a) with respect to each Lender that is a Lender on the First Amendment Effective Date, the amount set forth opposite such Lender’s name on Schedule 1.1(a) as such Lender’s “Commitment” and (b) in the case of any Lender that becomes a Lender after the First Amendment Effective Date, (i) the amount specified as such Lender’s “Commitment” in the Assignment and Assumption pursuant to which such Lender assumed a portion of the Total Commitment, or (ii) the amount specified in Schedule 1.1(a) as amended by any Incremental Agreement, in each case as the same may be changed from time to time pursuant to terms of this Agreement. The aggregate amount of the Commitments as of the First Amendment Effective Date is \$2,400,000,000.

**1.3 LIBOR Replacement.** Section 2.17(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(c) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be

temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but either (w) the supervisor for the administrator of the LIBO Screen Rate has made a public statement that the administrator of the LIBO Screen Rate is insolvent (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (x) the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (y) the supervisor for the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Screen Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the LIBOR Rate that gives due consideration to (I) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (II) any evolving or then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin); provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 13.1, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Majority Lenders stating that such Majority Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (c) (but, in the case of the circumstances described in clause (ii)(w), clause(ii)(x), or clause(ii)(y) of the first sentence of this Section 2.17(c), only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any requests by the Borrower for the conversion of any Borrowing to, or continuation of any Borrowing as, a LIBOR Loan shall be ineffective and (y) if any Notice of Borrowing requests a LIBOR Loan, such Loan shall be made as an ABR Loan.

**1.4 Beneficial Ownership Notices.** Section 9.1(f) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(f) Other Information. (i) Promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Governmental Authority in any relevant jurisdiction by the Borrower or any of the Subsidiaries (other than amendments to

any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Administrative Agent), exhibits to any registration statement and, if applicable, any registration statements on Form S-8), (ii) promptly upon distribution thereof, copies of all financial statements, proxy statements, notices and reports that the Borrower or any of the Restricted Subsidiaries shall send to the holders of any publicly issued debt of the Borrower and/or any of the Restricted Subsidiaries, in each case in their capacity as such holders, lenders or agents (in each case to the extent not theretofore delivered to the Administrative Agent pursuant to this Agreement), (iii) promptly following knowledge of the occurrence thereof, written notice of any change in the information provided in the Beneficial Ownership Certification delivered to any Lender that would result in a change to the list of beneficial owners identified in such certification, (iv) promptly following any request therefor, information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation and (v) with reasonable promptness, but subject to the limitations set forth in the last sentences of Section 9.2(a) and Section 13.6, such other information (financial or otherwise) as the Administrative Agent on its own behalf or on behalf of any Lender (acting through the Administrative Agent) may reasonably request in writing from time to time.

**1.5 Restricted Payments.** Section 10.6(h) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(h) so long as, after giving pro forma effect thereto, together with any concurrent Restricted Payments being paid under this Section 10.6(h) and Section 10.6(i), (i) no Event of Default shall have occurred and be continuing, and (ii) the Available Commitment is not less than 15% of the then effective Loan Limit (on a pro forma basis after giving effect to such Restricted Payment), and (iii) the Consolidated Funded Debt to Consolidated EBITDAX Ratio does not exceed 3.25 to 1.00, on a pro forma basis as of the date of such Restricted Payment (with Consolidated EBITDAX determined as of the end of the last Test Period), the Borrower may make, declare and pay additional Restricted Payments in cash without limit to the holders of its Stock and Stock Equivalents; provided that, clause (iii) above shall not apply to Restricted Payments in an aggregate amount of up to \$100,000,000 made by Borrower within twelve months following the First Amendment Effective Date using net cash proceeds of Dispositions permitted under Section 10.4 or premium proceeds from Hedge Agreement transactions;

**1.6 Debt Payment Incurrence.** Section 10.7(a)(C)(2) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(2) Available Commitment is not less than 15% of the then effective Loan Limit (on a pro forma basis after giving effect to such prepayment, repurchase, redemption, or defeasance); and

**1.7 Hedge Agreements.** Sections 10.10(a)(i) and (iv) of the Credit Agreement are each hereby amended and restated in their respective entirety to read as follows:

(i) *subject to the proviso below, as of the end of each fiscal quarter, on a net basis, the aggregate daily notional volume determined on a month by month basis for each of natural gas, natural gas liquids and crude oil, calculated separately, covered by all Hedge Agreements with a term greater than sixty (60) months from the date each such Hedge Agreement is entered into shall not exceed 20% of the average consolidated daily production volumes of natural gas, natural gas liquids and crude oil, calculated separately, of the Borrower and its Restricted Subsidiaries for the most recently ended four fiscal quarter period (after giving pro forma effect to any Dispositions permitted under Section 10.4 during such period, and excluding the effect of any force majeure events during such period), and the Borrower shall and shall cause the Restricted Subsidiaries to promptly, but in any event within forty-five (45) days following the end of each fiscal quarter, enter into Hedge Terminations to the extent necessary to be in compliance with the limitations set forth in this clause (i) (but no Default or Event of Default shall be deemed to have arisen during such 45 day period); provided, that, notwithstanding the foregoing and regardless of whether such percentage limitation is exceeded, the Borrower and the Restricted Subsidiaries shall have no obligation to enter into any Hedge Terminations (and no Default or Event of Default shall arise hereunder from exceeding such percentage limitation) unless long-dated Hedge Agreements subject to this clause are within 24 months of their scheduled maturity date (in which case such obligation shall arise only with respect to long-dated Hedge Agreements that are within 24 months of their scheduled maturity date, with Hedge Terminations for long-dated Hedge Agreements with a scheduled maturity date outside of such 24 month period at the option of the Borrower to satisfy such requirement);*

(iv) *notwithstanding the separate calculation requirements for natural gas, natural gas liquids and crude oil in clauses (i), (ii) and (iii) above, so long as the Borrower and the Restricted Subsidiaries properly identify and consistently report such hedges, the Borrower and the Restricted Subsidiaries may utilize crude oil hedges as a substitute for hedging natural gas liquids.*

**1.8 Divisions.** A new Section 1.11 is hereby added to the Credit Agreement to read in its entirety as follows:

*1.11 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Stock at such time.*

**1.9 Qualified Financial Contracts.** A new Section 13.28 is hereby added to the Credit Agreement to read in its entirety as follows:

*13.28 Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):*

*In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Credit Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Credit Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.*

**1.10 Schedule 1.1(a).** Schedule 1.1(a) of the Credit Agreement is hereby amended and restated in its entirety to read as set forth on Schedule 1.1(a) attached hereto.

**SECTION 2. Reallocation and Increase of Commitments.** The Lenders have agreed among themselves to reallocate their respective Commitments, and to, among other things, permit one or more of the Lenders to increase their respective Commitments under the Credit Agreement (each an “Increasing Lender”). Each of the Administrative Agent, the Borrower and each other Credit Party hereby consents to (i) the reallocation of the Commitments as set forth on Schedule 1.1(a) to this Amendment, and (ii) the increase in each Increasing Lender’s Commitment. On the date this

Amendment becomes effective and after giving effect to such reallocation, increase and assignment of the Commitments, the Commitment and Commitment Percentage of each Lender shall be as set forth on Schedule 1.1(a) to the Credit Agreement, as amended by this Amendment. Each Lender hereby consents to the Commitments set forth on Schedule 1.1(a) to the Credit Agreement, as amended by this Amendment. The reallocation of the Commitments among the Lenders shall be deemed to have been consummated pursuant to the terms of the Assignment and Assumption attached as Exhibit G to the Credit Agreement as if the Lenders had executed an Assignment and Assumption with respect to such reallocation. The Administrative Agent hereby waives the \$3,500 processing and recordation fee set forth in Section 13.6(b)(ii)(C) of the Credit Agreement with respect to the assignments and reallocations contemplated by this Section 2. To the extent requested by any Lender, and in accordance with Section 2.11 of the Credit Agreement, the Borrower shall pay to such Lender, within the time period prescribed by Section 2.11 of the Credit Agreement, any amounts required to be paid by the Borrower under Section 2.11 of the Credit Agreement in the event the payment of any principal of any Eurodollar Loan or the conversion of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto is required in connection with the reallocation contemplated by this Section 2. On the date hereof, the Administrative Agent shall take the actions specified in Section 13.6, including recording the assignments described herein in the Register, and such assignments shall be effective for purposes of the Credit Agreement.

**SECTION 3. Conditions.** The amendments to the Credit Agreement contained in Section 1 of this Amendment, the reallocation and increase of Commitments contained in Section 2 of this Amendment shall be effective upon the satisfaction of each of the conditions set forth in this Section 3.

**3.1 Execution and Delivery.** The Borrower, the Majority Lenders, and the Administrative Agent shall have executed and delivered this Amendment and each other required document, all in form and substance satisfactory to the Administrative Agent.

**3.2 Consent and Reaffirmation.** The Guarantors shall have executed and delivered the Consent and Reaffirmation attached hereto (the "Consent and Reaffirmation").

**3.3 Fees and Expenses.** The Administrative Agent shall have received payment of all costs, fees, expenses (including the fees and expenses of the Administrative Agent's counsel) of the Administrative Agent and other amounts due and payable in connection with this Amendment (to the extent billed prior to the First Amendment Effective Date).

**3.4 No Default.** No Default or Event of Default shall have occurred and be continuing or shall result from the effectiveness of this Amendment.

**3.5 Other Documents.** The Administrative Agent shall have received such other instruments and documents incidental and appropriate to the transactions provided for herein as the Administrative Agent or its special counsel may reasonably request, and all such documents shall be in form and substance satisfactory to the Administrative Agent.

**SECTION 4. Representations and Warranties of the Borrower.** To induce the Lenders to enter into this Amendment, the Borrower hereby represents and warrants to the Lenders as follows:

**4.1 Reaffirmation of Representations and Warranties/Further Assurances.** Subject to Section 5.1 hereof, after giving effect to the amendments contained herein, each representation and warranty of the Borrower and each Guarantor contained in the Credit Agreement and in each of the other Credit Documents is true and correct in all material respects on the date hereof (except to the extent such representations and warranties relate solely to an earlier date, in which case they shall be true and correct as of such earlier date).

**4.2 Corporate Power and Authority; Enforceability.** The Borrower has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Amendment and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Amendment. The Borrower has duly executed and delivered this Amendment and this Amendment constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law). Each Guarantor has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Consent and Reaffirmation attached hereto and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Consent and Reaffirmation. Each Guarantor has duly executed and delivered the Consent and Reaffirmation and the Consent and Reaffirmation constitutes the legal, valid and binding obligation of the Guarantors enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

**4.3 Beneficial Ownership.** As of the First Amendment Effective Date, to the best knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the First Amendment Effective Date to any Lender in connection with the Credit Agreement is true and correct in all respects.

**4.4 No Violation.** None of the execution, delivery or performance by the Borrower of this Amendment, nor by the Guarantors of the Consent and Reaffirmation, or the compliance with the terms and provisions of each thereof will (a) contravene any material applicable provision of any material Requirement of Law, (b) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Borrower (other than Liens created under the Credit Documents) pursuant to the terms of any Contractual Requirement except to the extent such breach, default or Lien would not reasonably be expected to result in a Material Adverse Effect or (c) violate any provision of the certificate of incorporation, by-laws or other organizational documents of the Borrower.

**4.5 No Default.** As of the date of this Amendment, both before and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

## SECTION 5.

### Miscellaneous.

**5.1 Mortgages.** On or before the date that is thirty (30) days after the First Amendment Effective Date (or such later date as the Administrative Agent in its sole discretion may agree), to the extent necessary to cause the Collateral Coverage Ratio to meet the Collateral Coverage Minimum, the Administrative Agent shall have received Mortgages, duly executed by the Borrower or other Credit Parties, creating first-priority Liens (subject to Liens permitted by Section 10.2 of the Credit Agreement) on additional Oil and Gas Properties of the Credit Parties.

**5.2 Reaffirmation of Credit Documents and Liens.** Except as amended and modified hereby, any and all of the terms and provisions of the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby in all respects ratified and confirmed by the Borrower. The Borrower hereby agrees that the amendments and modifications herein contained shall in no manner affect or impair the liabilities, duties and obligations of the Borrower under the Credit Agreement and the other Credit Documents or the Liens securing the payment and performance thereof.

**5.3 Parties in Interest.** All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

**5.4 Counterparts.** This Amendment may be executed in one or more counterparts and by different parties hereto in separate counterparts each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of an executed counterpart to this Amendment by facsimile or other electronic means shall be effective as delivery of manually executed counterparts of this Amendment.

**5.5 Legal Expenses.** The Borrower hereby agrees to pay all reasonable fees and expenses of counsel to the Administrative Agent incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment and all related documents.

**5.6 Complete Agreement.** THIS AMENDMENT, THE CREDIT AGREEMENT, AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT 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 AMONG THE PARTIES.

**5.7 Headings.** The headings, captions and arrangements used in this Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

**5.8 Governing Law.** This Amendment shall be construed in accordance with and governed by the law of the State of New York.

**5.9 Waivers of Jury Trial.** THE BORROWER, THE ADMINISTRATIVE AGENT, EACH LETTER OF CREDIT ISSUER AND EACH LENDER HEREBY IRREVOCABLY AND

UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

**5.10 Severability.** Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

**5.11 Reference to and Effect on the Credit Documents.**

(a) This Amendment shall be deemed to constitute a Credit Document for all purposes and in all respects. Each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference in the Credit Agreement or in any other Credit Document, or other agreements, documents or other instruments executed and delivered pursuant to the Credit Agreement to the “Credit Agreement”, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Credit Documents, nor constitute a waiver of any provision of any of the Credit Documents.

*[Remainder of Page Intentionally Blank. Signature Pages Follow.]*

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

RANGE RESOURCES CORPORATION, as the Borrower

By: /s/ MARK S. SCUCCHI  
Name: Mark S. Scucchi  
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent, a Letter of Credit Issuer and a Lender

By:

/s/ DAVID MORRIS

Name: David Morris

Title: Authorized Officer

BANK OF AMERICA, N.A.,  
as a Letter of Credit Issuer and a Lender

By:

/s/ CHRISTOPHER DIBIASE

Name: Christopher DiBiase

Title: Director

ROYAL BANK OF CANADA,  
as a Letter of Credit Issuer and a Lender

By:

/s/ DON J. MCKINNERNEY

Name: Don J. McKinnerney

Title: Authorized Signatory

BANK OF MONTREAL,  
as a Lender

By:

/s/ JAMES V. DUCOTE

Name: James V. Ducote

Title: Managing Director

CAPITAL ONE, NATIONAL ASSOCIATION,  
as a Lender

By:

/s/ SCOTT MACKEY

Name: Scott Mackey

Title: Director

CITIBANK, N.A.,  
as a Lender

By:

/s/ PHIL BALLARD

Name: Phil Ballard

Title: Vice President

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,  
as a Lender

By:

/s/ MICHAEL WILLIS

Name: Michael Willis

Title: Managing Director

By:

/s/ PAGE DILLEHUNT

Name: Page Dillehunt

Title: Managing Director

MUFG UNION BANK, N.A.,  
as a Lender

By:

/s/ TRACI BANKSTON

Name: Traci Bankston

Title: Director

U.S. BANK NATIONAL ASSOCIATION,  
as a Lender

By:

/s/ MARK E. THOMPSON

Name: Mark E. Thompson

Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as a Lender

By:

/s/ MICHAEL REAL

Name: Michael Real

Title: Director

NATIXIS, NEW YORK BRANCH,  
as a Lender

By:

/s/ VIKRAM NATH

Name: Vikram Nath

Title: Director

By:

/s/ AJAY PRAKASH

Name: Ajay Prakash

Title: Director

SOCIETE GENERALE,  
as a Lender

By:

/s/ MAX SONNONSTINE

Name: Max Sonnonstine

Title: Director

ABN AMRO CAPITAL USA LLC,  
as a Lender

By:

/s/ DARRELL HOLLEY

Name: Darrell Holley

Title: Managing Director

By:

/s/ DAVID MONTGOMERY

Name: David Montgomery

Title: Managing Director

BARCLAYS BANK PLC,  
as a Lender

By:

/s/ SYDNEY G. DENNIS

Name: Sydney G. Dennis

Title: Director

BBVA USA,  
as a Lender

By:

/s/ JULIA BARNHILL

Name: Julia Barnhill

Title: Vice President

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,  
as a Lender

By:

/s/ NUPUR KUMAR

Name: Nupur Kumar

Title: Authorized Signatory

By:

/s/ BASTIEN DAYER

Name: Bastien Dayer

Title: Authorized Signatory

MIZUHO BANK, LTD.,  
as a Lender

By:

/s/ EDWARD SACKS

Name: Edward Sacks

Title: Authorized Signatory

KEYBANK NATIONAL ASSOCIATION,  
as a Lender

By:

/s/ GEORGE E. MCKEAN

Name: George E. McKean

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,  
as a Lender

By:

/s/ KYLE T. HELFRICH

Name: Kyle T. Helfrich

Title: Vice President

SUNTRUST BANK,  
as a Lender

By:

/s/ JUSTIN LIEN  
Name: Justin Lien  
Title: Director

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ZIONS BANCORPORATION, N.A. DBA AMEGY BANK,  
as a Lender

By:

/s/ MATT LANG

\_\_\_\_\_  
Name: Matt Lang

Title: Vice President-Amegy Bank Division

BOKF, NA DBA BANK OF TEXAS,  
as a Lender

By:

/s/ SCOTT MILLER

Name: Scott Miller

Title: Senior Vice President

BRANCH BANKING AND TRUST COMPANY,  
as a Lender

By:

/s/ GREG KRABLIN

Name: Greg Krablin

Title: Senior Vice President

COMERICA BANK,  
as a Lender

By:

/s/ MACKENZIE DOLD

Name: Mackenzie Dold

Title: Vice President

COMMONWEALTH BANK OF AUSTRALIA,  
as a Lender

By:

/s/ MICHAEL LEEDS

Name: Michael Leeds

Title: Associate Director

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH  
as a Lender

By:

/s/ RYAN KNAPE  
Name: Ryan Knape  
Title: Director

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**CONSENT AND REAFFIRMATION**

The undersigned (each a “Guarantor”) hereby (i) acknowledges receipt of a copy of the foregoing First Amendment to Sixth Amended and Restated Credit Agreement (the “First Amendment”); (ii) consents to the Borrower’s execution and delivery thereof; (iii) agrees to be bound thereby; (iv) affirms that nothing contained therein shall modify in any respect whatsoever its guaranty of the obligations of the Borrower to the Secured Parties pursuant to the terms of its Guarantee in favor of the Administrative Agent for the benefit of the Secured Parties or the Liens granted by it securing payment and performance thereunder and (v) reaffirms that the Guarantee and such Liens are and shall continue to remain in full force and effect. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to same, each Guarantor understands that the Lenders have no obligation to inform any Guarantor of such matters in the future or to seek any Guarantor’s acknowledgment or agreement to future amendments or waivers for its Guaranty to remain in full force and effect, and nothing herein shall create such duty or obligation.

**IN WITNESS WHEREOF**, the undersigned has executed this Consent and Reaffirmation on and as of the date of this First Amendment.

**GUARANTORS:**

**RANGE ENERGY SERVICES COMPANY, LLC  
ENERGY ASSETS OPERATING COMPANY, LLC  
RANGE RESOURCES–PINE MOUNTAIN, INC.  
RANGE RESOURCES – APPALACHIA, LLC  
RANGE PRODUCTION COMPANY, LLC  
RANGE RESOURCES–MIDCONTINENT, LLC  
RANGE RESOURCES – LOUISIANA, INC.  
RANGE LOUISIANA OPERATING, LLC**

By: /s/ MARK SCUCCHI

Name: Mark Scucchi

Title: Chief Financial Officer of all of the foregoing

Guarantors

## Schedule 1.1(a)

COMMITMENTS<sup>1</sup>

<b>Lender</b>	<b>Title</b>	<b>Commitment Percentage</b>	<b>Commitment (and Letter of Credit Commitment, if indicated)</b>
JPMorgan Chase Bank, N.A.	Administrative Agent	6.96%	<u>Commitment:</u> \$167,000,000.00 <u>Letter of Credit Commitment:</u> \$166,666,666.67
Bank of America, N.A.	Co-Syndication Agent	6.96%	<u>Commitment:</u> \$167,000,000.00 <u>Letter of Credit Commitment:</u> \$166,666,666.67
Bank of Montreal	Co-Documentation Agent	5.00%	\$120,000,000.00
Citibank, N.A.	Co-Documentation Agent	5.00%	\$120,000,000.00
Wells Fargo Bank, National Association	Co-Documentation Agent	5.00%	\$120,000,000.00
Natixis		5.00%	\$120,000,000.00
Mizuho Bank, Ltd.		5.00%	\$120,000,000.00
PNC Bank, National Association		5.00%	\$120,000,000.00
Royal Bank of Canada	Co-Syndication Agent	4.83%	<u>Commitment:</u> \$116,000,000.00 <u>Letter of Credit Commitment:</u> \$166,666,666.67
Capital One, National Association	Co-Documentation Agent	3.75%	\$90,000,000.00
Canadian Imperial Bank of Commerce, New York Branch	Co-Documentation Agent	3.75%	\$90,000,000.00
Credit Agricole Corporate and Investment Bank	Co-Documentation Agent	3.75%	\$90,000,000.00
MUFG Union Bank, N.A.	Co-Documentation Agent	3.75%	\$90,000,000.00
U.S. Bank National Association	Co-Documentation Agent	3.75%	\$90,000,000.00
Société Générale		3.33%	\$80,000,000.00

<sup>1</sup> As of the First Amendment Effective Date

<b>Lender</b>	<b>Title</b>	<b>Commitment Percentage</b>	<b>Commitment (and Letter of Credit Commitment, if indicated)</b>
ABN AMRO Capital USA LLC		3.33%	\$80,000,000.00
Barclays Bank PLC		3.33%	\$80,000,000.00
BBVA USA		3.33%	\$80,000,000.00
Credit Suisse AG, Cayman Islands Branch		3.33%	\$80,000,000.00
Key Bank, National Association		2.77%	\$66,500,000.00
Suntrust Bank		2.77%	\$66,500,000.00
BOKF, NA dba Bank of Texas		1.96%	\$47,000,000.00
ZB, N.A. dba Amegy Bank		1.67%	\$40,000,000.00
Branch Banking and Trust Company		1.67%	\$40,000,000.00
Comerica Bank		1.67%	\$40,000,000.00
Commonwealth Bank of Australia		1.67%	\$40,000,000.00
The Bank of Nova Scotia, Houston Branch		1.67%	\$40,000,000.00
<b>TOTAL</b>		<b>100.00%</b>	<b>\$2,400,000,000.00</b>

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Jeff L. Ventura, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Range Resources Corporation (the “registrant”);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 23, 2019

/s/ JEFF L. VENTURA

**Jeff L. Ventura**  
*President and Chief Executive Officer*

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mark S. Scucchi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Range Resources Corporation (the “registrant”);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 23, 2019

/s/ Mark S. Scucchi

**Mark S. Scucchi**  
*Senior Vice President and Chief Financial Officer*

**CERTIFICATION OF  
PRESIDENT AND CHIEF EXECUTIVE OFFICER  
OF RANGE RESOURCES CORPORATION  
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ending September 30, 2019 and filed with the Securities and Exchange Commission on the date hereof (the "Report") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jeff L. Ventura, President and Chief Executive Officer of Range Resources Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ JEFF L. VENTURA  
**Jeff L. Ventura**

October 23, 2019

**CERTIFICATION OF  
CHIEF FINANCIAL OFFICER  
OF RANGE RESOURCES CORPORATION  
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ending September 30, 2019 and filed with the Securities and Exchange Commission on the date hereof (the "Report") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Mark S. Scucchi, Senior Vice President - Chief Financial Officer of Range Resources Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ MARK S. SCUCCHI

**Mark S. Scucchi**

October 23, 2019