

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

## Range Resources Corporation Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator instructions) Our first question comes from David Kistler with Simmons & Company. Please state your question.

#### David Kistler – Simmons & Company

Good afternoon guys. Real quickly on your decision to live within cash flow, what portion of CapEx is going to be used to hold by production some of the acreage that you have out there and what portion is just going to be used purely on a developmental basis?

#### John Pinkerton

That's a great question. The good news is we have less than 20 commitment wells that we have to drill next in 2009 to hold acreage. So the good news is we're going to drill most of the wells. The preponderance of the wells in areas that we think we can hook up quick and we would do in respect with that. So again, not many commitment wells in that regard. And the good news is that the second step further is now with the Marcellus. First phase of Marcellus pipeline on -- essentially all the wells we'll be drilling and there'll be some we continue to delineate. Essentially all the wells will be -- when we drill them we'll get to hook them up and get to see the production pronto. So, we're in good shape and that's one of the things that I'm so happy about in terms of getting the Marcellus on three months early. It really does make an enormous difference. As you enter 2009, it gives us just really tremendous momentum.

#### David Kistler – Simmons & Company

Great. As we look at 2009, you put a range out of about 15% to 20% on a production gross basis and I was curious what the major driver of that variation is? Obviously, very early on to be thinking about tightening that but I'm kind of curious what you guys are watching, which would take it to high-end or the low-end?

#### John Pinkerton

Well, obviously, let's start from the basis. We're staying in line with cash flow. One of the things that we've always done at Range is that we dialed up and dialed down capital based on what we're seeing and we transferred capital between projects during the year. We don't set a capital budget and everybody just runs off and does it.

For example, every AFP [ph] range over \$200,000, even if the project's been in the budget gets approved by Jeff and I and Roger during the year. So we see firsthand the returns based on what we -- or flat \$6 price case plus what we see in terms of the other price case we use. So we change capital from time to time. And we'll continue to do that in 2009, 2010, and beyond.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.