

CABOT OIL & GAS CORP
Form 10-Q
July 30, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2010

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

Commission file number 1-10447

CABOT OIL & GAS CORPORATION

(Exact name of registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of
incorporation or organization)

04-3072771
(I.R.S. Employer

Identification Number)

Three Memorial City Plaza

840 Gessner Road, Suite 1400, Houston, Texas 77024

(Address of principal executive offices including ZIP code)

(281) 589-4600

(Registrant's telephone number, including area code)

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 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of July 26, 2010, there were 104,135,398 shares of Common Stock, Par Value \$.10 Per Share, outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****CABOT OIL & GAS CORPORATION****CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)**

(In thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
OPERATING REVENUES				
Natural Gas Production	\$ 159,761	\$ 176,213	\$ 325,842	\$ 360,735
Brokered Natural Gas	13,348	11,704	38,221	45,085
Crude Oil and Condensate	21,211	16,210	41,193	30,452
Other	1,154	697	2,774	2,491
	195,474	204,824	408,030	438,763
OPERATING EXPENSES				
Brokered Natural Gas Cost	11,793	10,684	33,061	40,433
Direct Operations - Field and Pipeline	24,347	23,073	47,330	48,552
Taxes Other Than Income	11,841	10,914	22,646	23,812
Exploration	10,233	10,397	18,659	16,863
Depreciation, Depletion and Amortization	67,687	55,108	125,962	110,893
Impairment of Unproved Properties	9,039	6,730	24,262	16,037
General and Administrative	12,853	17,117	28,599	34,182
	147,793	134,023	300,519	290,772
Gain / (Loss) on Sale of Assets	4,387	(16,562)	5,146	(3,855)
INCOME FROM OPERATIONS	52,068	54,239	112,657	144,136
Interest Expense and Other	15,769	15,046	30,681	29,272
Income Before Income Taxes	36,299	39,193	81,976	114,864
Income Tax Expense	14,617	13,691	31,598	41,782
NET INCOME	\$ 21,682	\$ 25,502	\$ 50,378	\$ 73,082
Basic Earnings Per Share	\$ 0.21	\$ 0.25	\$ 0.49	\$ 0.71
Diluted Earnings Per Share	\$ 0.21	\$ 0.24	\$ 0.48	\$ 0.70
Weighted-Average Common Shares Outstanding	103,915	103,640	103,855	103,581
Diluted Common Shares (Note 5)	104,964	104,815	104,838	104,312
Dividends per Common Share	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.06

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

Table of Contents**CABOT OIL & GAS CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)**

(In thousands, except share amounts)	June 30, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 47,685	\$ 40,158
Accounts Receivable, Net (Note 3)	79,162	80,362
Income Taxes Receivable	3,767	8,909
Inventories (Note 3)	23,534	27,990
Derivative Contracts (Note 7)	85,773	114,686
Other Current Assets (Note 3)	8,336	9,397
Total Current Assets	248,257	281,502
Properties and Equipment, Net (Successful Efforts Method) (Note 2)	3,571,349	3,358,199
Derivative Contracts (Note 7)	3,629	
Investment in Equity Securities (Note 2)	20,636	20,636
Other Assets (Note 3)	26,329	23,064
	\$ 3,870,200	\$ 3,683,401
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable (Note 3)	\$ 152,035	\$ 215,588
Deferred Income Taxes	25,516	35,104
Accrued Liabilities (Note 3)	49,282	58,049
Total Current Liabilities	226,833	308,741
Long-Term Liability for Pension and Postretirement Benefits	48,931	54,835
Long-Term Debt (Note 4)	1,015,000	805,000
Deferred Income Taxes	675,824	644,801
Other Liabilities (Note 3)	57,708	57,510
Total Liabilities	2,024,296	1,870,887
Commitments and Contingencies (Note 6)		
Stockholders' Equity		
Common Stock:		
Authorized 240,000,000 Shares of \$0.10 Par Value in 2010 and 2009 Issued 104,135,009 Shares and 103,856,447 Shares in 2010 and 2009, respectively	10,414	10,386
Additional Paid-in Capital	709,954	705,569
Retained Earnings	1,101,622	1,057,472
Accumulated Other Comprehensive Income (Note 9)	27,263	42,436
Less Treasury Stock, at Cost:		
202,200 Shares in 2010 and 2009, respectively	(3,349)	(3,349)
Total Stockholders' Equity	1,845,904	1,812,514
	\$ 3,870,200	\$ 3,683,401

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

Table of Contents**CABOT OIL & GAS CORPORATION****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**

(In thousands)	Six Months Ended	
	2010	June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 50,378	\$ 73,082
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	125,962	110,893
Impairment of Unproved Properties	24,262	16,037
Deferred Income Tax Expense	29,091	38,252
(Gain) / Loss on Sale of Assets	(5,146)	3,855
Exploration Expense	8,426	16,863
Unrealized Loss / (Gain) on Derivatives	(355)	(815)
Stock-Based Compensation Expense and Other	8,355	13,513
Changes in Assets and Liabilities:		
Accounts Receivable, Net	1,200	55,092
Income Taxes Receivable	5,083	
Inventories	4,456	16,163
Other Current Assets	1,061	(65)
Accounts Payable and Accrued Liabilities	(5,937)	(41,894)
Income Taxes Payable		3,441
Other Assets and Liabilities	(3,658)	(4,032)
Net Cash Provided by Operating Activities	243,178	300,385
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(454,143)	(309,833)
Proceeds from Sale of Assets	16,742	79,667
Net Cash Used in Investing Activities	(437,401)	(230,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Debt	210,000	70,000
Repayments of Debt		(122,000)
Dividends Paid	(6,228)	(6,213)
Capitalized Debt Issuance Costs	(1,986)	(10,409)
Other	(36)	150
Net Cash Provided by / (Used in) Financing Activities	201,750	(68,472)
Net Increase in Cash and Cash Equivalents	7,527	1,747
Cash and Cash Equivalents, Beginning of Period	40,158	28,101
Cash and Cash Equivalents, End of Period	\$ 47,685	\$ 29,848