

CABOT OIL & GAS CORP  
Form 10-Q  
October 29, 2009  
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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 September 30, 2009**

.. **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)

**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)

**1200 Enclave Parkway, Houston, Texas 77077**

(Former address, if changed since last report)

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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 October 20, 2009, there were 103,654,113 shares of Common Stock, Par Value \$.10 Per Share, outstanding.

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**CABOT OIL & GAS CORPORATION**

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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)**

	Three Months Ended		Nine Months Ended	
	September 30, 2009	2008	September 30, 2009	2008
<i>(In thousands, except per share amounts)</i>				
<b>OPERATING REVENUES</b>				
Natural Gas Production	\$ 177,807	\$ 200,279	\$ 538,542	\$ 569,527
Brokered Natural Gas	9,032	23,855	54,117	86,663
Crude Oil and Condensate	19,574	20,002	50,026	55,089
Other	608	684	3,099	2,046
	<b>207,021</b>	<b>244,820</b>	<b>645,784</b>	<b>713,325</b>
<b>OPERATING EXPENSES</b>				
Brokered Natural Gas Cost	7,786	20,891	48,219	75,321
Direct Operations Field and Pipeline	23,012	24,974	71,564	65,101
Exploration	14,395	6,413	31,258	18,764
Depreciation, Depletion and Amortization	54,886	48,895	165,779	132,893
Impairment of Unproved Properties	7,151	8,512	23,188	19,182
General and Administrative	14,921	(209)	49,103	60,841
Taxes Other Than Income	10,719	20,627	34,531	56,749
	<b>132,870</b>	<b>130,103</b>	<b>423,642</b>	<b>428,851</b>
Gain / (Loss) on Sale of Assets	572		(3,283)	401
<b>INCOME FROM OPERATIONS</b>	<b>74,723</b>	<b>114,717</b>	<b>218,859</b>	<b>284,875</b>
Interest Expense and Other	14,857	10,486	44,129	22,684
Income Before Income Taxes	59,866	104,231	174,730	262,191
Income Tax Expense	20,969	37,241	62,751	94,601
<b>NET INCOME</b>	<b>\$ 38,897</b>	<b>\$ 66,990</b>	<b>\$ 111,979</b>	<b>\$ 167,590</b>
Basic Earnings Per Share	\$ 0.38	\$ 0.65	\$ 1.08	\$ 1.68
Diluted Earnings Per Share	\$ 0.37	\$ 0.64	\$ 1.07	\$ 1.66
Weighted-Average Common Shares Outstanding	103,647	103,351	103,603	99,858
Diluted Common Shares (Note 5)	104,917	104,495	104,583	100,901

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)**

<i>(In thousands, except share amounts)</i>	September 30, 2009	December 31, 2008
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 35,670	\$ 28,101
Accounts Receivable, Net (Note 3)	52,613	109,087
Income Taxes Receivable	33,103	526
Inventories (Note 3)	36,769	45,677
Current Derivative Contracts (Note 7)	166,787	264,660
Other Current Assets (Note 3)	10,065	12,500
<b>Total Current Assets</b>	<b>335,007</b>	<b>460,551</b>
Properties and Equipment, Net (Successful Efforts Method) (Note 2)	3,184,305	3,135,828
Long-Term Derivative Contracts (Note 7)	24,349	90,542
Investment in Equity Securities (Note 2)	20,636	
Other Assets (Note 3)	24,757	14,743
	<b>\$ 3,589,054</b>	<b>\$ 3,701,664</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current Liabilities		
Accounts Payable (Note 3)	\$ 115,940	\$ 222,985
Current Portion of Long-Term Debt (Note 4)	20,000	35,857
Deferred Income Taxes	58,862	63,985
Income Taxes Payable	6,649	5,535
Accrued Liabilities (Note 3)	45,721	50,551
<b>Total Current Liabilities</b>	<b>247,172</b>	<b>378,913</b>
Long-Term Liability for Pension and Postretirement Benefits (Note 9)	49,755	54,714
Long-Term Debt (Note 4)	790,000	831,143
Deferred Income Taxes	623,946	599,106
Other Liabilities (Note 3)	54,367	47,226
<b>Total Liabilities</b>	<b>1,765,240</b>	<b>1,911,102</b>
Commitments and Contingencies (Note 6)		
Stockholders' Equity		
Common Stock:		
Authorized 240,000,000 Shares of \$0.10 Par Value in 2009 and 120,000,000 Shares of \$0.10 Par Value in 2008		
Issued 103,856,313 Shares and 103,561,268 Shares in 2009 and 2008, respectively	10,386	10,356
Additional Paid-in Capital	699,971	675,568
Retained Earnings	1,024,217	921,561
Accumulated Other Comprehensive Income (Note 8)	92,589	186,426
Less Treasury Stock, at Cost:		
202,200 Shares in 2009 and 2008, respectively	(3,349)	(3,349)
<b>Total Stockholders' Equity</b>	<b>1,823,814</b>	<b>1,790,562</b>
	<b>\$ 3,589,054</b>	<b>\$ 3,701,664</b>

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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)**

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 111,979	\$ 167,590
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	165,779	132,893
Impairment of Unproved Properties	23,188	19,182
Deferred Income Tax Expense	74,773	96,459
(Gain) / Loss on Sale of Assets	3,283	(401)
Exploration Expense	31,258	18,764
Unrealized Loss on Derivatives	418	1,649
Stock-Based Compensation Expense and Other	19,894	10,371
Changes in Assets and Liabilities:		
Accounts Receivable, Net	56,474	(9,869)
Income Taxes Receivable	(19,406)	1,650
Inventories	8,908	(24,799)
Other Current Assets	2,435	7,420
Other Assets	(173)	5,694
Accounts Payable and Accrued Liabilities	(49,097)	11,054
Income Taxes Payable	1,572	(942)
Other Liabilities	(1,070)	(976)
Stock-Based Compensation Tax Benefit	(13,085)	(11,011)
Net Cash Provided by Operating Activities	417,130	424,728
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	(394,525)	(558,931)
Acquisitions	(394)	(605,408)
Proceeds from Sale of Assets	80,180	1,150
Exploration Expense	(31,258)	(18,764)
Net Cash Used in Investing Activities	(345,997)	(1,181,953)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from Debt	90,000	735,000
Repayments of Debt	(147,000)	(265,000)
Net Proceeds from Sale of Common Stock	83	316,229
Stock-Based Compensation Tax Benefit	13,085	11,011
Dividends Paid		