

CABOT OIL & GAS CORP
Form 10-Q
April 24, 2015
Table of Contents

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

o 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)

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)

04-3072771

(I.R.S. Employer

Identification Number)

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 o

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 o

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 x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

(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 o No ✓

As of April 20, 2015, there were 413,603,811 shares of Common Stock, Par Value \$.10 Per Share, outstanding.

Table of Contents

CABOT OIL & GAS CORPORATION
INDEX TO FINANCIAL STATEMENTS

	Page
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheet at March 31, 2015 and December 31, 2014</u>	<u>3</u>
<u>Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2015 and 2014</u>	<u>4</u>
<u>Condensed Consolidated Statement of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014</u>	<u>5</u>
<u>Condensed Consolidated Statement of Cash Flows for the Three Months Ended March 31, 2015 and 2014</u>	<u>6</u>
<u>Notes to the Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Report of Independent Registered Public Accounting Firm on Review of Interim Financial Information</u>	<u>19</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>27</u>
<u>Item 4. Controls and Procedures</u>	<u>28</u>
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	<u>28</u>
<u>Item 1A. Risk Factors</u>	<u>28</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>29</u>
<u>Item 6. Exhibits</u>	<u>29</u>
<u>Signatures</u>	<u>30</u>

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CABOT OIL & GAS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

(In thousands, except share amounts)	March 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,948	\$ 20,954
Accounts receivable, net	185,281	239,009
Inventories	14,087	14,026
Derivative instruments	134,041	137,603
Other current assets	2,046	1,855
Total current assets	349,403	413,447
Properties and equipment, net (Successful efforts method)	5,058,804	4,925,711
Equity method investments	74,528	68,029
Other assets	29,588	30,529
	\$ 5,512,323	\$ 5,437,716
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 321,215	\$ 400,076
Accrued liabilities	34,579	63,669
Income taxes payable	7,808	—
Deferred income taxes	39,144	35,273
Total current liabilities	402,746	499,018
Postretirement benefits	36,448	35,827
Long-term debt	1,877,000	1,752,000
Deferred income taxes	851,649	843,876
Asset retirement obligations	130,541	124,655
Other liabilities	38,408	39,607
Total liabilities	3,336,792	3,294,983
Commitments and contingencies		
Stockholders' equity		
Common stock:		
Authorized — 960,000,000 shares of \$0.10 par value in 2015 and 2014, respectively		
Issued — 423,496,205 shares and 422,915,258 shares in 2015 and 2014, respectively	42,350	42,292
Additional paid-in capital	711,180	710,432
Retained earnings	1,730,987	1,698,995
Accumulated other comprehensive income (loss)	(2,151) (2,151)
Less treasury stock, at cost:		
9,892,680 shares in 2015 and 2014, respectively	(306,835) (306,835)
Total stockholders' equity	2,175,531	2,142,733
	\$ 5,512,323	\$ 5,437,716

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

Table of Contents

CABOT OIL & GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	March 31, 2015	2014
OPERATING REVENUES		
Natural gas	\$360,191	\$432,809
Crude oil and condensate	62,558	59,144
Gain (loss) on derivative instruments	34,123	—
Brokered natural gas	4,827	13,153
Other	3,066	4,697
	464,765	509,803
OPERATING EXPENSES		
Direct operations	36,017	35,834
Transportation and gathering	121,235	77,765
Brokered natural gas	3,739	11,860
Taxes other than income	11,280	