

Star-Telegram

Range Resources boosts estimates of unproved resource potential

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Range Resources said Tuesday that it boosted the estimated "unproved resource potential" of its lease holdings to the equivalent of 35 trillion to 52 trillion cubic feet of natural gas as of the end of 2010.

That's a significant increase over its year-end 2009 estimate of 24 trillion to 32 trillion cubic feet.

The unproved resource potential is the amount of gas that the Fort Worth-based producer could expect to recover from its lease holdings over the long term, based on "reasonable assumptions" backed by geological data, Range Senior Vice President Rodney Waller said.

Range attributed the increase to several factors, including higher estimates of potential recoveries from the Marcellus Shale and other shales in the Appalachian region of the eastern U.S.

The natural gas and oil producer has been a pioneer in drilling the Marcellus in Pennsylvania. Range now estimates that its long-term Marcellus recovery potential to be the equivalent of 20 trillion to 31 trillion cubic feet of gas "due to higher per-well reserves."

Range has included, for the first time, an unproved resource potential equivalent to 10 trillion to 14 trillion cubic feet of gas for the Upper Devonian Shale formation, which is above the Marcellus Shale.

Range also said that its initial Utica Shale well in Pennsylvania averaged the equivalent of 4.4 million cubic feet of gas per day on a seven-day production test.

However, Range did not include any resource potential amount for the Utica Shale, the company said.

As of Dec. 31, the company's proved reserves rose to the equivalent of 4.4 trillion cubic feet of gas, a 42 percent increase over the end of 2009. Proved reserves are resources the company can reasonably expect to recover under existing economic and technological conditions.

The increase in proved reserves "in turn drove up our unproved resource potential to a record level," Range CEO John Pinkerton said.

The company said its new unproved resource potential estimate "reflects the opportunity to grow our proved reserves by roughly 10 times" through additional development of leases over time.

As of the end of 2010, only 6 percent of Range's Marcellus acreage was classified as proved reserves, the company said.

Range previously announced plans to sell its holdings in the Barnett Shale. Bids were due last week from prospective buyers, and "we would expect an announcement by the end of February," Waller said.

The company's Barnett production averages the equivalent of about 120 million cubic feet of natural gas per day, he said.

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