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Range hikes spending for Marcellus activity

By OGJ editors

HOUSTON, July 27 – Range Resources Corp., Fort Worth, hiked its 2010 capital budget \$215 million to \$1.2 billion, all but \$5 million of which is related to expanding activity in the Marcellus shale play in Pennsylvania.

The company plans to end 2010 producing a net 200-210 MMcfd of gas equivalent from the Marcellus, up from 180-200 MMcfd estimated earlier, and end 2011 at 400-420 MMcfd, up from 360-400 MMcfd. Current output is 160 MMcfd.

The other \$5 million spending hike is related to acquired properties in western Virginia (OGJ Online, July 27, 2010).

Of the Marcellus spending hike, \$65 million is to drill 18 wells in the southwest part of the play and to complete 15 of them by the end of 2010, and \$73 million is for pre-winter construction of drilling locations, roads, and other facilities for wells to be drilled in 2011.

Range is combining 14,000 net acres in Bradford County, Pa., with Talisman Energy Inc., Calgary, in an industry joint venture in which Range will own 33% in the combined acreage position. Talisman, which has drilled several excellent wells in the area, will be operator for the joint venture, for which Range's share of costs is likely \$25 million for the rest of 2010.

Another \$40 million is for Marcellus shale leasehold, and \$7 million is for seismic.

In the southwest part of the play, 30 MMcfd of pipeline capacity is to be complete in the fourth quarter and a further 150 MMcfd is set for first quarter 2011.

The first phase of the Lycoming County pipeline project in the northeast part of the play is scheduled to begin flowing gas by yearend 2010. Firm take away capacity has been contracted for both the southwest and northeast areas.

Range previously announced an encouraging test of its first Upper Devonian shale horizontal well. Given the Upper Devonian's prevalence across the company's acreage position, it is very encouraged regarding the increased unproved resource potential this well implies on the southwestern Pennsylvania acreage.

The company's Marcellus shale team plans to drill two more Upper Devonian test wells in 2010 and one Utica shale well early in the first quarter of 2011.

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