RANGE RESOURCES CORP
Form 10-Q
October 28, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 001-12209

RANGE RESOURCES CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	34-1312571
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
	76102
100 Throckmorton Street, Suite 1200	

Fort Worth, Texas
(Address of Principal Executive Offices) (Zip Code)
Registrant's telephone number, including area code

(817) 870-2601

Former Name, Former Address and Former Fiscal Year, if changed since last report: Not applicable

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

Yes þ 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.

Large Accelerated Filer þ	Accelerated Filer ¨
Non-Accelerated Filer ¨ (Do not check if smaller reporting company)	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 þ

169,369,679 Common Shares were outstanding on October 27, 2015

RANGE RESOURCES CORPORATION

FORM 10-Q

Quarter Ended September 30, 2015

Unless the context otherwise indicates, all references in this report to "Range," "we," "us," or "our" are to Range Resources Corporation and its directly and indirectly owned subsidiaries and its ownership interests in equity method investments.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

RANGE RESOURCES CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$490	$448
Accounts receivable, less allowance for doubtful accounts of $3,306 and $2,719	110,792	188,941
Derivative assets	289,108	363,049
Inventory and other	23,038	17,854
Total current assets	423,428	570,292
Derivative assets	44,067	40,314
Natural gas and oil properties, successful efforts method	10,656,621	10,567,971
Accumulated depletion and depreciation	(2,871,827)	(2,590,398)
	7,784,794	7,977,573
Other property and equipment	128,535	127,808
Accumulated depreciation and amortization	(98,700)	(90,227)
	29,835	37,581
Other assets	115,780	121,020
Total assets	$8,397,904	$8,746,780
Liabilities		
Current liabilities:		
Accounts payable	$147,870	$396,942
Asset retirement obligations	17,689	15,067
Accrued liabilities	172,702	187,973
Derivative liabilities	293	—
Accrued interest	31,756	39,695
Deferred tax liabilities	95,502	115,587
Total current liabilities	465,812	755,264
Bank debt	987,000	723,000
Senior notes	750,000	—
Subordinated notes	1,850,000	2,350,000
Deferred tax liabilities	843,189	997,494
Derivative liabilities	111	—
Deferred compensation liabilities	117,137	178,599

Asset retirement obligations and other liabilities	299,973	284,994
Total liabilities	5,313,222	5,289,351
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $1 par, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par, 475,000,000 shares authorized, 169,369,535 issued at September 30, 2015 and 168,711,131 issued at December 31, 2014	1,693	1,687
Common stock held in treasury, 60,015 shares at September 30, 2015 and 82,954 shares at December 31, 2014	(2,275)	(3,088)
Additional paid-in capital	2,439,075	2,400,475
Retained earnings	646,189	1,058,355
Total stockholders' equity	3,084,682	3,457,429
Total liabilities and stockholders' equity	$8,397,904	$8,746,780

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues and other income:				
Natural gas, NGLs and oil sales	$252,065	$446,067	$835,601	$1,495,601
Derivative fair value income (loss)	202,004	142,057	290,052	(28,902)
(Loss) gain on the sale of assets	(681)	167	2,053	281,878
Brokered natural gas, marketing and other	25,864	28,324	61,688	90,904
Total revenues and other income	479,252	616,615	1,189,394	1,839,481
Costs and expenses:				
Direct operating	35,058	37,792	106,975	112,522
Transportation, gathering and compression	99,634	84,777	284,258	235,747
Production and ad valorem taxes	7,336	10,110	26,506	32,632
Brokered natural gas and marketing	32,331	28,706	80,924	97,610
Exploration	4,235	11,443	17,146	39,910
Abandonment and impairment of unproved properties	12,366	13,444	36,187	32,771
General and administrative	46,178	54,963	150,471	161,063
Termination costs	(77)	—	6,290	—
Deferred compensation plan	(43,705)	(46,198)	(56,611)	(37,714)
Interest	42,904	39,188	125,590	130,077
Loss on early extinguishment of debt	22,495	—	22,495	24,596
Depletion, depreciation and amortization	153,993	142,450	453,178	404,493
Impairment of proved properties and other assets	502,233	—	502,233	24,991
Total costs and expenses	914,981	376,675	1,755,642	1,258,698
(Loss) income before income taxes	(435,729)	239,940	(566,248)	580,783
Income tax (benefit) expense:				
Current	—	—	—	5
Deferred	(134,781)	93,522	(174,390)	230,450
	(134,781)	93,522	(174,390)	230,455
Net (loss) income	$(300,948)	$146,418	$(391,858)	$350,328
Net (loss) income per common share:				
Basic	$(1.81)	$0.87	$(2.36)	$2.11
Diluted	$(1.81)	$0.86	$(2.36)	$2.10
Dividends paid per common share	$0.04	$0.04	$0.12	$0.12
Weighted average common shares outstanding:				
Basic	166,517	165,841	166,327	162,866
Diluted	166,517	166,460	166,327	163,685

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net (loss) income	$(300,948)	$146,418	$(391,858)	$350,328
Other comprehensive income:				
De-designated hedges reclassified into natural gas, NGLs and oil sales, net of taxes [1]	—	(2,172)	—	(6,458)
Total comprehensive (loss) income	$(300,948)	$144,246	$(391,858)	$343,870

[1] Amounts are net of income tax benefit of $1,332 for the three months ended September 30, 2014 and $4,122 for the nine months ended September 30, 2014. As of March 31, 2013, we elected to discontinue hedge accounting prospectively and as of December 31, 2014, all remaining accumulated other comprehensive income (“AOCI”) hedging gains had been transferred to earnings.

See accompanying notes.

RANGE RESOURCES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net (loss) income	$(391,858)	$350,328
Adjustments to reconcile net (loss) income to net cash provided from operating activities:		
Loss from equity method investments, net of distributions	—	3,096
Deferred income tax (benefit) expense	(174,390)	230,450
Depletion, depreciation and amortization and impairment	955,411	429,484
Exploration dry hole costs	87	1
Abandonment and impairment of unproved properties	36,187	32,771
Derivative fair value (income) loss	(290,052)	28,902
Cash settlements on derivative financial instruments that do not qualify for hedge accounting	360,645	(113,859)
Allowance for bad debt	600	250
Amortization of deferred financing costs, loss on extinguishment of debt and other	27,572	31,430
Deferred and stock-based compensation	(10,679)	15,486
Gain on the sale of assets	(2,053)	(281,878)
Changes in working capital:		
Accounts receivable	79,448	13,098
Inventory and other	(7,073)	(5,335)
Accounts payable	(13,158)	(13,355)
Accrued liabilities and other	(55,127)	(65,931)
Net cash provided from operating activities	515,560	654,938
Investing activities:		
Additions to natural gas and oil properties	(901,227)	(867,285)
Additions to field service assets	(2,878)	(9,492)
Acreage purchases	(61,213)	(145,543)
Other	(75)	1,103
Proceeds from disposal of assets	14,825	147,126
Purchases of marketable securities held by the deferred compensation plan	(23,594)	(23,053)
Proceeds from the sales of marketable securities held by the deferred compensation plan	28,168	25,206
Net cash used in investing activities	(945,994)	(871,938)
Financing activities:		
Borrowing on credit facilities	1,940,000	1,682,000
Repayment on credit facilities	(1,676,000)	(1,533,000)
Issuance of senior notes	750,000	—
Repayment of subordinated notes	(516,875)	(312,000)
Debt issuance costs	(14,156)	—
Dividends paid	(20,308)	(19,862)
Issuance of common stock, net of offering expenses	—	396,580

Change in cash overdrafts	(40,123)	(12,305)
Proceeds from the sales of common stock held by the deferred compensation plan	7,938	15,707
Net cash provided from financing activities	430,476	217,120
Increase in cash and cash equivalents	42	120
Cash and cash equivalents at beginning of period	448	348
Cash and cash equivalents at end of period	$490	$468

See accompanying notes.

RANGE RESOURCES CORPORATION

SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) SUMMARY OF ORGANIZATION AND NATURE OF BUSINESS

Range Resources Corporation (“Range,” “we,” “us,” or “our”) is a Fort Worth, Texas-based independent natural gas, natural gas liquids (“NGLs”) and oil company primarily engaged in the exploration, development and acquisition of natural gas and oil properties in the Appalachian and Midcontinent regions of the United States. Our objective is to build stockholder value through consistent growth in reserves and production on a cost-efficient basis. Range is a Delaware corporation with our common stock listed and traded on the New York Stock Exchange under the symbol “RRC.”

(2) BASIS OF PRESENTATION

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Range Resources Corporation 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 24, 2015. The results of operations for the third quarter and the nine months ended September 30, 2015 are not necessarily indicative of the results to be expected for the full year. These consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments necessary for fair presentation of the results for the periods presented. All adjustments are of a normal recurring nature unless otherwise disclosed. These consolidated financial statements, including selected notes, have been prepared in accordance with the applicable rules of the SEC and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements.

(3) NEW ACCOUNTING STANDARDS

Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an accounting standard for “Revenue from Contracts with Customers,” which supersedes the revenue recognition requirements in “Topic 605, Revenue Recognition” and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB approved a one-year deferral of the effective date of this new standard. Consequently, the new guidance is effective for us for the reporting period beginning January 1, 2018, with early adoption permitted in first quarter 2017. Entities have the option of using either a fully retrospective or modified approach to adopt the new standard. We are currently evaluating the new guidance and have not determined the impact this standard may have on our financial statements or decided upon the method of adoption.

In August 2014, the FASB issued an accounting standards update that requires management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in United States auditing standards. This standard is effective for us in first quarter 2017 and early adoption is permitted. We do not expect the adoption of this standard to have any impact on our consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued an accounting standards update, "Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Cost" which requires entities to present debt issuance cost related to a recognized debt liability as a direct deduction of the carrying amount of debt in the balance sheet, consistent with the presentation of debt discounts. This standard is effective for us for the reporting period beginning January 1, 2016, with early adoption permitted. Entities will be required to apply the guidance on a retrospective basis to each period presented as a change in accounting principle. Adoption of the new guidance will only affect the presentation of our consolidated balance sheets and will not have a material impact. We will adopt the new standard as of December 31, 2015.

Recently Adopted

In April 2014, an accounting standards update was issued that raised the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other material disposal transactions that do not meet the revised definition of a discontinued operation. Under the updated standard, a disposal of a component or group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component or group of components of the entity (1) has been disposed of by a sale, (2) has been disposed of other than by a sale or (3) is classified as held for sale. This accounting standards update was effective for annual periods beginning on or after December 15, 2014 and was applied prospectively. Early adoption was permitted but only for disposals (or classifications that are held for sale) that had not been reported in financial statements previously issued or available for use. We adopted this new standard in first quarter 2014 and, as a result, the Conger Exchange (see discussion in Note 4 below) is not reported as a discontinued operation.

(4) ACQUISITIONS AND DISPOSITIONS

2015 Dispositions

In third quarter 2015, we sold miscellaneous inventory and surface acreage for proceeds of $524,000 resulting in a pre-tax loss of $681,000. In addition, the first six months 2015 includes the sale of miscellaneous unproved and proved property and inventory for proceeds of $14.3 million resulting in a pre-tax gain of $2.7 million. Included in the $14.3 million of proceeds is $10.5 million received from the sale of certain West Texas properties which closed in February 2015.

2014 Dispositions

In addition to the Conger Exchange described below, we sold miscellaneous unproved and proved property and inventory in the nine months ended September 30, 2014 for total proceeds of $2.1 million resulting in a pre-tax gain of $1.7 million.

Conger Exchange Transaction

In April 2014, we entered into an exchange agreement with EQT Corporation and certain of its affiliates (collectively, “EQT”) in which we sold our Conger assets in Glasscock and Sterling Counties, Texas in exchange for producing properties and gas gathering assets in Virginia and $145.0 million in cash, before closing adjustments (“the Conger Exchange”). We closed the exchange transaction on June 16, 2014 and recognized a pre-tax gain of $285.2 million, before selling expenses of $5.0 million, which is recognized as a gain on sale of assets in our consolidated statements of operations for the nine months ended September 30, 2014. For the period from January 1, 2014 through June 16, 2014, we recognized $21.9 million of field net operating income (defined as natural gas, oil and NGLs sales and net brokered margin less direct operating expenses, production and ad valorem taxes and transportation expenses) for our Conger assets.

For the period from June 16, 2014 through September 30, 2014, we recognized $18.4 million of natural gas, oil and NGLs sales from the property interests acquired in the Conger Exchange and we recognized $14.6 million of field net operating income (defined as natural gas, oil and NGLs sales less direct operating expenses, production and ad valorem taxes and transportation expenses).

(5) INCOME TAXES

Income tax (benefit) expense was as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Income tax (benefit) expense	$(134,781)	$93,522	$(174,390)	$230,455
Effective tax rate	30.9 %	39.0 %	30.8 %	39.7 %

We compute our quarterly taxes under the effective tax rate method based on applying an anticipated annual effective rate to our year-to-date income, except for discrete items. The three months and the nine months ended September 30, 2015 includes tax expense of $28.5 million related to an increase in our valuation allowance for federal net operating loss carryforwards that we do not believe are realizable. The three months ended September 30, 2015 includes $8.5

million of income tax expense and the nine months ended September 30, 2015 includes $19.8 million income tax expense related to increases in our valuation allowances for state net operating loss and credit carryforwards that we do not believe are realizable. Income taxes for discrete items are computed and recorded in the period that the specific transaction occurs. For third quarter and the nine months ended September 30, 2015 and 2014, our overall effective tax rate was different than the federal statutory rate of 35% due primarily to state income taxes, valuation allowances and other permanent differences. The three months ended September 30, 2015 also includes an income tax benefit of $2.6 million and the nine months ended September 30, 2015 includes an income tax benefit of $3.5 million adjusting our valuation allowance for our deferred tax asset related to future deferred compensation plan distributions of our senior executives.

(6) (LOSS) INCOME PER COMMON SHARE

Basic income or loss per share attributable to common shareholders is computed as (1) income or loss attributable to common shareholders (2) less income allocable to participating securities (3) divided by weighted average basic shares outstanding. Diluted income or loss per share attributable to common stockholders is computed as (1) basic income or loss attributable to common shareholders (2) plus diluted adjustments to income allocable to participating securities (3) divided by weighted average diluted shares outstanding. The following tables set forth a reconciliation of income or loss attributable to common shareholders to basic income or loss attributable to common shareholders to diluted income or loss attributable to common shareholders (in thousands except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014

Net (loss) income, as reported	$(300,948)	$146,418	$(391,858)	$350,328
Participating earnings [a]	(114)	(2,479)	(338)	(5,940)
Basic net (loss) income attributed to common shareholders	(301,062)	143,939	(392,196)	344,388
Reallocation of participating earnings [a]	¾	9	¾	28
Diluted net (loss) income attributed to common shareholders	$(301,062)	$143,948	$(392,196)	$344,416
Net (loss) income per common share:				
Basic	$(1.81)	$0.87	$(2.36)	$2.11
Diluted	$(1.81)	$0.86	$(2.36)	$2.10

[a] Restricted Stock Awards represent participating securities because they participate in nonforfeitable dividends or distributions with common equity owners. Income allocable to participating securities represents the distributed and undistributed earnings attributable to the participating securities. Participating securities, however, do not participate in undistributed net losses.

The following table provides a reconciliation of basic weighted average common shares outstanding to diluted weighted average common shares outstanding (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Weighted average common shares outstanding – basic	166,517	165,841	166,327	162,866
Effect of dilutive securities:				
Director and employee stock options and SARs	¾	619	¾	819
Weighted average common shares outstanding – diluted	166,517	166,460	166,327	163,685

Weighted average common shares-basic for the three months ended September 30, 2015 excludes 2.8 million shares of restricted stock and the three months ended September 30, 2014 excludes 2.9 million shares of restricted stock held in our deferred compensation plan (although all awards are issued and outstanding upon grant). Weighted average common shares-basic for both the nine months ended September 30, 2015 and the nine months ended September 30, 2014 excludes 2.8 million shares of restricted stock held in our deferred compensation plan. Due to our net loss from operations for the three months and the nine months ended September 30, 2015, we excluded all outstanding stock appreciation rights (“SARs”) and restricted stock from the computation of diluted net loss per share because the effect would have been anti-dilutive to the computations. For the three months ended September 30, 2014, 351,000 of SARs were outstanding but not included in the computations of diluted income from operations per share because the grant prices of the SARs were greater than the average market price of the common stock. All SARs outstanding for the nine months ended September 30, 2014 were included in the computations of diluted income per share because the grant prices of the SARs were less than the average market price of the common stock.

(7) SUSPENDED EXPLORATORY WELL COSTS

We capitalize exploratory well costs until a determination is made that the well has either found proved reserves or that it is impaired. Capitalized exploratory well costs are included in natural gas and oil properties in the accompanying consolidated balance sheets. If an exploratory well is determined to be impaired, the well costs are charged to exploration expense in the accompanying consolidated statements of operations. We did not have any exploratory well costs that have been capitalized for a period greater than one year as of December 31, 2014 and September 30, 2015. All exploratory well costs in 2015 are wells drilled in the Marcellus Shale. The following table reflects the change in capitalized exploratory well costs for the nine months ended September 30, 2015 and the year ended December 31, 2014 (in thousands):

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	September 30, 2015	December 31, 2014
Balance at beginning of period	$2,996	$6,964
Additions to capitalized exploratory well costs pending the determination of proved reserves	61,493	18,747
Reclassifications to wells, facilities and equipment based on determination of proved reserves	¾	(15,735)
Divested wells	¾	(6,980)
Balance at end of period	64,489	2,996
Less exploratory well costs that have been capitalized for a period of one year or less	(64,489)	(2,996)
Capitalized exploratory well costs that have been capitalized for a period greater than one year	$¾	$¾

(8) INDEBTEDNESS

We had the following debt outstanding as of the dates shown below (bank debt interest rate at September 30, 2015 is shown parenthetically). No interest was capitalized during the three months or nine months ended September 30, 2015 and September 30, 2014 (in thousands):

	September 30, 2015	December 31, 2014
Bank debt (1.8%)	$987,000	$ 723,000
Senior notes:		
4.875% senior notes due 2025	750,000	¾
Senior subordinated notes:		
6.75% senior subordinated notes due 2020	¾	500,000
5.75% senior subordinated notes due 2021	500,000	500,000
5.00% senior subordinated notes due 2022	600,000	600,000
5.00% senior subordinated notes due 2023	750,000	750,000
Total debt	$3,587,000	$ 3,073,000

Bank Debt

In October 2014, we entered into an amended and restated revolving bank facility, which we refer to as our bank debt or our bank credit facility, which is secured by substantially all of our assets and has a maturity date of October 16, 2019. The bank credit facility provides for a maximum facility amount of $4.0 billion. On September 30, 2015, the bank commitments were $2.0 billion. The bank credit facility provides for a borrowing base subject to redeterminations annually by May and for event-driven unscheduled redeterminations. As part of our annual redetermination completed on March 31, 2015, our borrowing base was reaffirmed at $3.0 billion and our bank commitment was also reaffirmed at $2.0 billion. As of September 30, 2015, our bank group was composed of twenty-nine financial institutions with no one bank holding more than 6% of the total facility. The bank credit facility amount may be increased to the committed borrowing base amount, subject to the banks agreeing to participate in the facility increase and our payment of a mutually acceptable commitment fee to those banks. As of September 30, 2015, the outstanding balance under our bank credit facility was $987.0 million. Additionally, we had $136.8 million of undrawn letters of credit leaving $876.2 million of committed borrowing capacity available under the facility. During a non-investment grade period, borrowings under the bank credit facility can either be at the alternate base rate ("ABR," as defined in the bank credit agreement) plus a spread ranging from 0.25% to 1.25% or LIBOR borrowings at the LIBOR Rate (as defined in the bank credit agreement) plus a spread ranging from 1.25% to 2.25%. The applicable spread is dependent upon borrowings relative to the borrowing base. We may elect, from time to time, to convert all or any part of our LIBOR loans to base rate loans or to convert all or any of the base rate loans to LIBOR loans. The weighted average interest rate was 1.7% for the three months ended September 30, 2015 compared to 2.1% for the three months ended September 30, 2014. The weighted average interest rate was 1.7% for the nine months ended September 30, 2015 compared to 2.1% for the nine months ended September 30, 2014. A commitment fee is paid on the undrawn balance based on an annual rate of 0.30% to 0.375%. At September 30, 2015, the commitment fee was 0.30% and the interest rate margin was 1.5% on our LIBOR loans and 0.5% on our base rate loans.

At any time during which we have an investment grade debt rating from Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and we have elected, at our discretion, to effect the investment grade rating period, certain collateral security requirements, including the borrowing base requirement and restrictive covenants, will cease to apply and an additional financial covenant (as defined in the bank credit facility) will be imposed. During the investment grade period, borrowings under the credit facility can either be at the ABR plus a spread ranging from 0.125% to 0.75% or at the LIBOR Rate plus a spread ranging from

1.125% to 1.75% depending on our debt rating. The commitment fee paid on the undrawn balance would range from 0.15% to 0.30%. We currently do not have an investment grade debt rating from Moody's Investors Service, Inc. or Standard & Poor's Rating Service.

Senior Notes

In May 2015, we issued $750.0 million aggregate principal amount of 4.875% senior notes due 2025 (the "4.875% Notes") for net proceeds of $737.4 million after underwriting discounts and commissions of $12.6 million. The notes were issued at par. The 4.875% Notes were offered to qualified institutional buyers and to non-U.S. persons outside the United States in compliance with Rule 144A and Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). Interest due on the 4.875% Notes is payable semi-annually in May and November and is unconditionally guaranteed on a senior unsecured basis by all of our subsidiary guarantors. On or after February 15, 2025, we may redeem the notes, in whole or in part and from time to time, at 100% of the principal amount, plus accrued and unpaid interest. Upon the occurrence of certain changes in control, we must offer to repurchase the 4.875% Notes. The 4.875% Notes are unsecured and are subordinated to all of our existing and future secured debt, rank equally with all of Range's existing and future senior unsecured debt, and rank senior to all of our existing and future subordinated debt. On the closing of the 4.875% Notes, we used the net proceeds to repay borrowings under our bank credit facility pending our intended redemption of all of our 6.75% senior subordinated notes due 2020, which was completed in August 2015 using borrowings under our bank credit facility.

Senior Subordinated Notes

If we experience a change of control, noteholders may require us to repurchase all or a portion of our senior subordinated notes at 101% of the aggregate principal amount plus accrued and unpaid interest, if any. All of the senior subordinated notes and the guarantees by our subsidiary guarantors are general, unsecured obligations and are subordinated to our bank debt and will be subordinated to existing and future senior debt that we or our subsidiary guarantors are permitted to incur under the bank credit facility and the indentures governing the subordinated notes.

Early Extinguishment of Debt

On July 1, 2015, we announced a call for the redemption of $500.0 million of our outstanding 6.75% senior subordinated notes due 2020 at a price of 103.375% of par plus accrued and unpaid interest, which were redeemed on August 3, 2015. In third quarter 2015, we recognized a loss on early extinguishment of debt of $22.5 million, including transaction call premium costs and the expensing of the remaining deferred financing costs on the repurchased debt.

On May 27, 2014, we announced a call for the redemption of $300.0 million of our outstanding 8.0% senior subordinated notes due 2019 at 104.0% of par plus accrued and unpaid interest, which were redeemed on June 26, 2014. In second quarter 2014, we recognized a $24.6 million loss on early extinguishment of debt, including transaction call premium costs and the expensing of the remaining deferred financing costs on the repurchased debt.

Guarantees

Range is a holding company which owns no operating assets and has no significant operations independent of its subsidiaries. The guarantees by our subsidiaries, which are directly or indirectly owned by Range, of our senior notes, senior subordinated notes and our bank credit facility are full and unconditional and joint and several, subject to certain customary release provisions. A subsidiary guarantor may be released from its obligations under the guarantee:

- in the event of a sale or other disposition of all or substantially all of the assets of the subsidiary guarantor or a sale or other disposition of all the capital stock of the subsidiary guarantor, to any corporation or other person (including an unrestricted subsidiary of Range) by way of merger, consolidation, or otherwise; or if Range designates any restricted subsidiary that is a guarantor to be an unrestricted subsidiary in accordance with the terms of the indenture.

Debt Covenants

Our bank credit facility contains negative covenants that limit our ability, among other things, to pay cash dividends, incur additional indebtedness, sell assets, enter into certain hedging contracts, change the nature of our business or operations, merge, consolidate, or make certain investments. In addition, we are required to maintain a ratio of EBITDAX (as defined in the credit agreement) to cash interest expense of equal to or greater than 2.5 and a current ratio (as defined in the credit agreement) of no less than 1.0. In addition, the ratio of the present value of proved reserves (as defined in the credit agreement) to total debt must be equal to or greater than 1.5 until Range has two investment grade ratings. We were in compliance with applicable covenants under the bank credit facility at September 30, 2015.

The indentures governing our senior subordinated notes contain various restrictive covenants that are substantially identical to each other and may limit our ability to, among other things, pay cash dividends, incur additional indebtedness, sell assets, enter into transactions with affiliates, or change the nature of our business. At September 30, 2015, we were in compliance with these covenants.

(9) ASSET RETIREMENT OBLIGATIONS

Our asset retirement obligations primarily represent the estimated present value of the amounts we will incur to plug, abandon and remediate our producing properties at the end of their productive lives. Significant inputs used in determining such obligations include estimates of plugging and abandonment costs, estimated future inflation rates and well lives. The inputs are calculated based on historical data as well as current estimated costs. In the first nine months 2015, we increased our estimated abandonment costs on certain of our water impoundments and changed estimated well lives for certain wells in Pennsylvania. A reconciliation of our liability for plugging and abandonment costs for the nine months ended September 30, 2015 is as follows (in thousands):

	Nine Months Ended September 30, 2015
Beginning of period	$ 287,463
Liabilities incurred	4,135
Liabilities settled	(13,205)
Disposition of wells	(4,116)
Accretion expense	14,521
Change in estimate	15,727
End of period	304,525
Less current portion	(17,689)
Long-term asset retirement obligations	$ 286,836

Accretion expense is recognized as a component of depreciation, depletion and amortization expense in the accompanying consolidated statements of operations.

(10) CAPITAL STOCK

We have authorized capital stock of 485.0 million shares which includes 475.0 million shares of common stock and 10.0 million shares of preferred stock. We currently have no preferred stock issued or outstanding. The following is a schedule of changes in the number of common shares outstanding since the beginning of 2014:

	Nine Months Ended September 30, 2015	Year Ended December 31, 2014
Beginning balance	168,628,177	163,342,894
Equity offering	—	4,560,000
SARs exercised	77,002	195,242
Restricted stock grants	334,201	270,062
Restricted stock units vested	247,201	244,413
Treasury shares issued	22,939	15,566
Ending balance	169,309,520	168,628,177

(11) DERIVATIVE ACTIVITIES

We use commodity-based derivative contracts to manage exposure to commodity price fluctuations. We do not enter into these arrangements for speculative or trading purposes. We do not utilize complex derivatives, as we typically utilize commodity swaps or collars to (1) reduce the effect of price volatility of the commodities we produce and sell and (2) support our annual capital budget and expenditure plans. The fair value of our derivative contracts, represented by the estimated amount that would be realized upon termination, based on a comparison of the contract price and a reference price, generally the New York Mercantile Exchange (“NYMEX”) for natural gas and crude oil or Mont Belvieu for NGLs, approximated a net asset of $334.8 million at September 30, 2015. These contracts expire monthly through December 2017. In 2013 and 2014, we sold crude oil derivative swap contracts (“sold swaps”) and in third quarter 2015, we entered into purchased crude oil swaps (“re-purchased swaps”) for certain of the sold swaps to lock in derivative gains for fourth quarter 2015. The following table sets forth our commodity-based derivative volumes by year as of September 30, 2015, excluding our basis swaps which are discussed separately below:

Period	Contract Type	Volume Hedged	Weighted Average Hedge Price
Natural Gas			
2015	Collars	145,000 Mmbtu/day	$ 4.07–$ 4.56
2015	Swaps	727,500 Mmbtu/day	$ 3.63
2016	Swaps	630,000 Mmbtu/day	$ 3.42
2017	Swaps	20,000 Mmbtu/day	$ 3.49
Crude Oil			
2015	Sold Swaps	11,250 bbls/day	$ 85.87
2015	Re-Purchased Swaps	2,500 bbls/day	$ 40.19
2016	Swaps	3,999 bbls/day	$ 66.09
2017	Swaps	500 bbls/day	$ 55.00
NGLs (C3-Propane)			
2015	Swaps	12,000 bbls/day	$ 0.55/gallon
2016	Swaps	5,500 bbls/day	$ 0.60/gallon
NGLs (NC4-Normal Butane)			
2015	Swaps	3,500 bbls/day	$ 0.72/gallon
2016	Swaps	2,500 bbls/day	$ 0.72/gallon
NGLs (C5-Natural Gasoline)			
2015	Swaps	4,000 bbls/day	$ 1.16/gallon
2016	Swaps	2,500 bbls/day	$ 1.23/gallon

Every derivative instrument is required to be recorded on the balance sheet as either an asset or a liability measured at its fair value. If the derivative does not qualify as a hedge or is not designated as a hedge, changes in fair value of these non-hedge derivatives are recognized in earnings as derivative fair value income or loss.

Basis Swap Contracts

In addition to the collars and swaps above, at September 30, 2015, we had natural gas basis swap contracts which lock in the differential between NYMEX and certain of our physical pricing indices primarily in Appalachia. These contracts settle monthly through March 2017 and include a total volume of 37,285,000 Mmbtu. The fair value of these contracts was a loss of $2.0 million on September 30, 2015.

Derivative Assets and Liabilities

The combined fair value of derivatives included in the accompanying consolidated balance sheets as of September 30, 2015 and December 31, 2014 is summarized below. The assets and liabilities are netted where derivatives with both gain and loss positions are held by a single counterparty and we have master netting arrangements. The tables below provide additional information relating to our master netting arrangements with our derivative counterparties (in thousands):

		September 30, 2015		
		Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet
Derivative assets:				
Natural gas	–swaps	$213,837	$ —	$ 213,837
	–collars	19,657	—	19,657
	–basis swaps	1,875	(3,458)	(1,583)
Crude oil	–sold swaps	66,494	—	66,494
	–re-purchased swaps	1,287	—	1,287
NGLs	–C3 swaps	13,933	—	13,933
	–NC4 swaps	6,004	—	6,004
	–C5 swaps	13,546	—	13,546
		$336,633	$ (3,458)	$ 333,175

		September 30, 2015		
		Gross Amounts of Recognized (Liabilities)	Gross Amounts Offset in the Balance Sheet	Net Amounts of (Liabilities) Presented in the Balance Sheet
Derivative (liabilities):				
Natural gas	–basis swaps	$(3,862)	$ 3,458	$ (404)
		$(3,862)	$ 3,458	$ (404)

		December 31, 2014		
		Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet
Derivative assets:				
Natural gas	–swaps	$198,740	$ —	$ 198,740

	–collars	57,460	—	57,460
	–basis swaps	2,442	(755)	1,687
Crude oil	–swaps	128,578	—	128,578
NGLs	–C3 swaps	14,727	—	14,727
	–C5 swaps	2,171	—	2,171
		$404,118	$ (755)	$ 403,363

		December 31, 2014		
		Gross Amounts of Recognized (Liabilities)	Gross Amounts Offset in the Balance Sheet	Net Amounts of (Liabilities) Presented in the Balance Sheet
Derivative (liabilities):				
Natural gas	–basis swaps	$(755)	$ 755	$ —
		$(755)	$ 755	$ —

For the three and nine months ended September 30, 2014, the realized gains from our cash flow hedges (for those derivatives that previously qualified for hedge accounting which were reclassified from AOCI into revenue) is summarized below (in thousands):

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Swaps	$1,255	$3,144
Collars	2,249	7,436
Income taxes	(1,332)	(4,122)
	$2,172	$6,458

The effects of our non-hedge derivatives (those derivatives that do not qualify for hedge accounting) on our consolidated statements of operations are summarized below (in thousands):

	Three Months Ended September 30, Derivative Fair Value Income (Loss)		Nine Months Ended September 30, Derivative Fair Value Income (Loss)	
	2015	2014	2015	2014
Swaps	$198,245	$105,767	$281,921	$23,173
Re-purchased swaps	1,683	—	1,683	—
Collars	5,626	30,119	12,391	(7,997)
Basis swaps	(3,550)	6,171	(5,943)	(44,078)
Total	$202,004	$142,057	$290,052	$(28,902)

(12) FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three approaches for measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach, each of which includes multiple valuation techniques. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to measure fair value by converting future amounts, such as cash flows or earnings, into a single present value amount using current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace the service capacity of an asset. This is often referred to as current replacement cost. The cost approach assumes that the fair value would not exceed what it would cost a market participant to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

The fair value accounting standards do not prescribe which valuation technique should be used when measuring fair value and do not prioritize among the techniques. These standards establish a fair value hierarchy that prioritizes the inputs used in applying the various valuation techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the fair value hierarchy while Level 3 inputs are given the lowest priority. The three levels of the fair value hierarchy are as follows:

- Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 – Unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

Valuation techniques that maximize the use of observable inputs are favored. Assets and liabilities are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy.

Fair Values – Recurring

We use a market approach for our recurring fair value measurements and endeavor to use the best information available. The following tables present the fair value hierarchy table for assets and liabilities measured at fair value, on a recurring basis (in thousands):

	Fair Value Measurements at September 30, 2015 using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value as of September 30, 2015
Trading securities held in the deferred compensation plans	$60,273	$ —	$ —	$ 60,273
Derivatives –swaps	—	315,101	—	315,101
–collars	—	19,657	—	19,657
–basis swaps	—	(1,987)	—	(1,987)

	Fair Value Measurements at December 31, 2014 using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value as of December 31, 2014
Trading securities held in the deferred compensation plans	$68,454	$ —	$ —	$ 68,454
Derivatives –swaps	—	344,216	—	344,216
–collars	—	57,460	—	57,460
–basis swaps	—	1,687	—	1,687

Our trading securities in Level 1 are exchange-traded and measured at fair value with a market approach using end of period market values. Derivatives in Level 2 are measured at fair value with a market approach using third-party pricing services, which have been corroborated with data from active markets or broker quotes.

Our trading securities held in the deferred compensation plan are accounted for using the mark-to-market accounting method and are included in other assets in the accompanying consolidated balance sheets. We elected to adopt the fair value option to simplify our accounting for the investments in our deferred compensation plan. Interest, dividends, and mark-to-market gains or losses are included in deferred compensation plan expense in the accompanying consolidated statements of operations. For third quarter 2015, interest and dividends were $164,000 and the mark-to-market adjustment was a loss of $4.5 million compared to interest and dividends of $151,000 and a mark-to-market loss of $1.2 million in third quarter 2014. For the nine months ended September 30, 2015, interest and dividends were $412,000 and the mark-to-market adjustment was a loss of $3.7 million compared to interest and dividends of $322,000 and a mark-to-market gain of $1.3 million in the same period of 2014.

Fair Values—Non-recurring

Our proved natural gas and oil properties are reviewed for impairment periodically as events or changes in circumstances indicate the carrying amount may not be recoverable. In the three months ended September 30, 2015, due to declines in commodity prices, there were indicators that the carrying value of certain of our oil and gas properties may be impaired and undiscounted future cash flows attributed to these assets indicated their carrying amounts were not expected to be recovered. Their remaining fair value was measured using an income approach based upon internal estimates of future production levels, prices, drilling and operating costs and discount rates, which are Level 3 measurements. We recorded non-cash charges during the three months and the nine months ended September 30, 2015 of $502.2 million related to natural gas and oil properties in Northern Oklahoma and shallow legacy natural gas and oil properties in Northwest Pennsylvania. In the nine months ended September 30, 2014, we recognized an impairment expense of $25.0 million on certain of our oil and gas properties in Mississippi, West Texas and North Texas. Our estimates of future cash flows attributable to our natural gas and oil properties could decline further with commodity prices which may result in additional impairment charges. The following table presents the value of these assets measured at fair value on a non-recurring basis at the time impairment was recorded (in thousands):

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2015		2014		2015		2014	
	Fair Value	Impairment	Fair Value VValue Value VValue	Impairment	Fair Value	Impairment	Fair Value	Impairment
Natural gas and oil properties	$98,872	$502,233	$¾	$¾	$98,872	$502,233	$18,086	$24,991

Fair Values—Reported

The following table presents the carrying amounts and the fair values of our financial instruments as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Commodity swaps, collars and basis swaps	$333,175	$333,175	$403,363	$403,363
Marketable securities [(a)]	60,273	60,273	68,454	68,454
(Liabilities):				
Basis swaps	(404)	(404)	—	—
Bank credit facility [(b)]	(987,000)	(987,000)	(723,000)	(723,000)
Deferred compensation plan [(c)]	(137,637)	(137,637)	(203,433)	(203,433)
4.875% senior notes due 2025 [(b)]	(750,000)	(666,563)	—	—
6.75% senior subordinated notes due 2020 [(b)]	—	—	(500,000)	(523,125)
5.75% senior subordinated notes due 2021 [(b)]	(500,000)	(471,875)	(500,000)	(520,000)
5.00% senior subordinated notes due 2022 [(b)]	(600,000)	(532,500)	(600,000)	(601,500)
5.00% senior subordinated notes due 2023 [(b)]	(750,000)	(664,688)	(750,000)	(754,688)

(a) Marketable securities, which are held in our deferred compensation plans, are actively traded on major exchanges. Refer to Note 13 for additional information.

(b) The book value of our bank debt approximates fair value because of its floating rate structure. The fair value of our senior notes and our senior subordinated notes is based on end of period market quotes which are Level 2 inputs. Refer to Note 8 for additional information.

(c) The fair value of our deferred compensation plan is updated at the closing price on the balance sheet date which is a Level 1 input.

Our current assets and liabilities contain financial instruments, the most significant of which are trade accounts receivable and payable. We believe the carrying values of our current assets and liabilities approximate fair value. Our fair value assessment incorporates a variety of considerations, including (1) the short-term duration of the instruments and (2) our historical and expected incurrence of bad debt expense. Non-financial liabilities initially measured at fair value include asset retirement obligations. For additional information, see Note 9.

Concentrations of Credit Risk

As of September 30, 2015, our primary concentrations of credit risk are the risks of not collecting accounts receivable and the risk of counterparty's failure to perform under derivative obligations. Most of our receivables are from a diverse group of companies, including major energy companies, pipeline companies, local distribution companies, financial institutions and end-users in various industries. Letters of credit or other appropriate security are obtained as deemed necessary to limit our risk of loss. Our allowance for uncollectable receivables was $3.3 million at September 30, 2015 and $2.7 million at December 31, 2014. As of September 30, 2015, our derivative contracts consist of swaps and collars. Our derivative exposure to credit risk is diversified among major investment grade financial institutions, where we have master netting agreements which provide for offsetting payables against receivables from separate derivative contracts. To manage counterparty risk associated with our derivatives, we select and monitor our counterparties based on our assessment of their financial strength and/or credit ratings. We may also limit the level of exposure with any single counterparty. At September 30, 2015, our derivative counterparties include seventeen financial institutions, of which all but two are secured lenders in our bank credit facility. At September 30, 2015, our net derivative assets include a net receivable from these two counterparties that are not included in our bank credit facility of $18.4 million.

(13) STOCK-BASED COMPENSATION PLANS

Stock-Based Awards

In 2005, we began granting SARs which represent the right to receive a payment equal to the excess of the fair market value of shares of our common stock on the date the right is exercised over the value of the stock on the date of grant. All SARs granted under our Amended and Restated 2005 Equity-Based Incentive Compensation Plan (the “2005 Plan”) will be settled in shares of stock, vest over a three-year period and have a maximum term of five years from the date they are granted. Beginning in first quarter 2011, the Compensation Committee of the Board of Directors began granting restricted stock units under our equity-based stock compensation plans. These restricted stock units, which we refer to as restricted stock Equity Awards, vest over a three-year period. All awards granted have been issued at prevailing market prices at the time of grant and the vesting of these shares is based upon an employee's continued employment with us.

In first quarter 2014, the Compensation Committee began granting performance share unit ("PSU") awards under our 2005 Plan. The number of shares to be issued is determined by our total shareholder return compared to the total shareholder return of a predetermined group of peer companies over the performance period. The grant date fair value of the PSU awards is determined using a Monte Carlo simulation and is recognized as stock-based compensation expense over the three-year performance period. The actual payout of shares granted depends on our total shareholder return compared to our peer companies and will be between zero and 150%.

The Compensation Committee also grants restricted stock to certain employees and non-employee directors of the Board of Directors as part of their compensation. Upon grant of these restricted shares, which we refer to as restricted stock Liability Awards, the shares generally are placed in our deferred compensation plan and, upon vesting, employees are allowed to take withdrawals either in cash or in stock. Compensation expense is recognized over the balance of the vesting period, which is typically three years for employee grants and immediate vesting for non-employee directors. All restricted stock awards are issued at prevailing market prices at the time of the grant and vesting is based upon an employee's continued employment with us. Prior to vesting, all restricted stock awards have the right to vote such shares and receive dividends thereon. These Liability Awards are classified as a liability and are remeasured at fair value each reporting period. This mark-to-market adjustment is reported as deferred compensation plan expense in the accompanying consolidated statements of operations.

Total Stock-Based Compensation Expense

Stock-based compensation represents amortization of restricted stock, PSUs and SARs expense. Unlike the other forms of stock-based compensation, the mark-to-market adjustment of the liability related to the vested restricted stock held in our deferred compensation plan is directly tied to the change in our stock price and not directly related to the functional expenses and therefore, is not allocated to the functional categories. The following table details the allocation of stock-based compensation to functional expense categories (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Direct operating expense	$609	$720	$2,149	$3,509
Brokered natural gas and marketing expense	618	656	1,743	2,314
Exploration expense	688	1,033	2,171	3,408
General and administrative expense	11,512	11,556	38,545	43,856
Termination costs	(1)	—	1,720	—
Total stock-based compensation	$13,426	$13,965	$46,328	$53,087

Stock Appreciation Right Awards

We have one active equity-based stock plan, the 2005 Plan. Under this plan, incentive and non-qualified stock options, SARs, and various other awards may be issued to non-employee directors and employees pursuant to decisions of the Compensation Committee, which is comprised of only non-employee, independent directors. There were 1.5 million SARs outstanding at September 30, 2015. Information with respect to SARs activity is summarized below:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2014	1,966,549	$ 59.80
Exercised	(427,598)	45.67
Expired/forfeited	(9,469)	65.04
Outstanding at September 30, 2015	1,529,482	$ 63.71

Performance Share Unit Awards

The following is a summary of our non-vested PSU awards outstanding at September 30, 2015:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2014	134,341	$ 86.11
Units granted [a]	276,204	56.78
Units vested	(103,397)	69.67
Units forfeited	(2,679)	82.60
Outstanding at September 30, 2015	304,469	$ 65.12

[a] Amounts granted reflect the number of performance units granted; however, the actual payout of shares will be between zero percent and 150% of the performance units granted depending on the total shareholder return ranking compared to the peer companies at the end of the three-year performance period.

The following assumptions were used to estimate the fair value of PSUs granted during first nine months 2015 and 2014:

	Nine Months Ended September 30,	
	2015	2014
Risk-free interest rate &n		