



**RANGE RESOURCES**

## **First Quarter 2004 Report**

Dear Fellow Shareholders,

Range made solid headway in the first quarter of 2004. Production rose 15.2% year-over-year to 177.4 Mmcfe per day due to successful drilling and the impact of the Conger field acquisition. Rising production coupled with a 3% increase in realized prices fueled a record \$63.5 million of revenues. Cash flow also reached a record high of \$42.2 million, a 28% increase over last year. Net income totaled \$5.9 million or \$0.11 per share (\$0.10 fully diluted). Non-cash charges reduced net income by \$6.0 million. Excluding such items, net income for the quarter would have reached \$9.9 million or \$0.17 per share (\$0.15 fully diluted), double the \$4.9 million comparable net income of the prior-year period. Looking to the balance sheet, debt fell by \$9.6 million as excess cash flow was applied to debt repayments.

The production increase brought the average daily rate to 177.4 Mmcfe. In the Gulf Coast division, the Smith #1 well, a successful onshore exploratory well in Orange County, Texas was placed online in March and is currently producing 7.7 (2.8 net) Mmcfe per day. An offset is being considered. During the quarter, the West Cameron 56 #17 drilled and was classified a dry hole. Range had a 25% working interest in the well. Subsequent to quarter-end, a development well in the West Delta 30 Field logged over 100 feet of pay. Range has a 49% working interest in this well, which should be online by the end of the second quarter. Range also has 14% - 25% working interest in three additional wells that are currently drilling offshore. In addition, the high potential Falcon Prospect is expected to spud within 45 days. The Company has a 25% working interest before casing point and a 37.5% working interest after casing point in this exploratory well, which targets up to 80 Bcfe in unrisked reserves. In the Southwest division, production grew 20% compared to fourth quarter 2003. At the West Fuhrman-Mascho unit 18 (17.5 net) wells drilled during the quarter, nearly doubling production to 17.3 (13.1 net) Mmcfe per day. In the Conger Field of West Texas, two rigs have drilled the first six of a 25-well program planned for 2004. Production at Conger Field is currently about 33.0 Mmcfe per day, or roughly 19% of the Company total. In the Texas Panhandle, Range has drilled the first three wells on a new 3-D seismic data set at Courson Ranch. The first two wells are expected to yield in excess of 1.8 Mmcfe per day net to Range when brought online later this month. A third well, a 3,500 foot test of the Brown Dolomite formation is currently completing. Elsewhere in the Texas Panhandle an 11,000 foot Morrow test is drilling. In western Oklahoma, a 12,500 foot test of the Red Fork and a 9,400 foot test of the Cunningham sand are also underway. Finally, in northern Oklahoma a 2,700 foot Tonkawa well is drilling. Range expects to drill 55 to 60 wells in the Midcontinent in 2004. In the Appalachia division, 43 wells drilled in the quarter. For the year, the division plans to drill 259 wells, including five to test the Trenton Black River formation. In addition, the division has acquired 22,000 acres to initiate a pilot coalbed methane play. Following successful initial coring, 10 wells are

planned to further test the concept. Across the three divisions, 15 rigs are currently running.

Wellhead prices, after hedging, averaged \$4.05 per mcfe, a 3% increase. Gas prices rose 5% to \$4.15 per mcf, as oil prices increased 3% to \$24.38 per barrel. Hedging decreased realized prices by \$1.05 per mcfe.

Operating expenses per mcfe decreased 10% during the period to \$0.62 per mcfe as a result of lower field costs. Production taxes per mcfe rose 4% due to higher prices. Exploration costs increased \$1.1 million primarily due to higher dry hole and seismic costs. General and administrative expenses fell slightly. Interest expense and preferred dividends decreased 12%, as a result of lower debt balances and interest rates. The depletion, depreciation and amortization rate per mcfe declined 8% to \$1.31.

Capital expenditures of \$29 million funded the drilling of 78 (48.1 net) wells, of which 9 (5.3 net) proved unproductive. By March 31, 34 of the 69 successful wells had come online. The 35 remaining wells were in various stages of completion or waiting on pipeline. In the period, \$1.8 million was spent on acquisitions, and year-to-date, we have spent \$24.3 million dollars on complementary acquisitions within our core areas. Capital spending was funded with 70% of internal cash flow.

In summary, Range made great strides in the first quarter. We reported double-digit production growth, as well as record quarterly revenue and cash flow. Debt declined, and unit costs were materially reduced. We integrated the Conger Field acquisition into our operations and subsequent to quarter-end announced a \$22.5 million acquisition of high-quality Permian Basin properties. Range's technical team has already identified more than 60 recompletion and drilling opportunities on these properties. With a large inventory of drilling projects, we are well-positioned to continue double-digit year-over-year production growth and to achieve record results throughout 2004. We thank you for your continued support and look forward to reporting on our progress in the months ahead.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John Pinkerton". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

John Pinkerton  
President and Chief Executive Officer