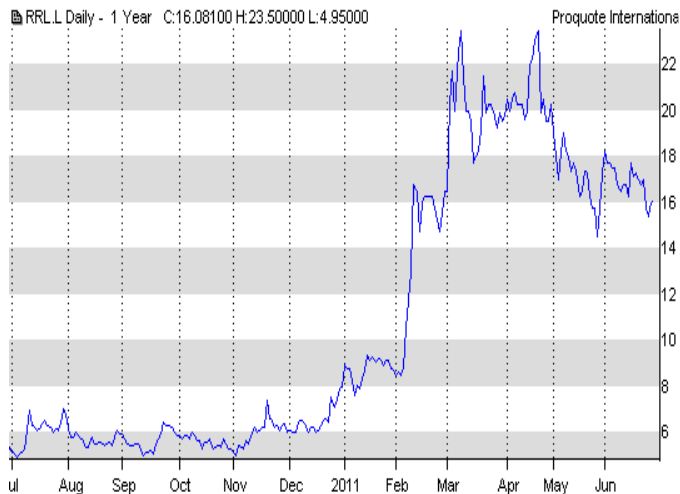


## RANGE RESOURCES LTD

Operations update

16.25p

28 June 2011



### Recommendation

Sector:  
Exchange & Ticker:

Shares in issue:  
Fully diluted equity:  
Market cap:

**Target price:**

**ANALYST:**

**CORPORATE BROKING:**

### BUY

Oil & Gas  
AIM: RRL  
ASX: RRS

1,706.9m  
2,011.6m  
£275.3m

**28.1p**

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The drilling rig for Range's two well exploration programme in Georgia is currently on site and the company expects that the first well will spud in early July. Meanwhile, in Trinidad, Range is currently on track to commence a development drilling programme of 15-20 wells to be completed by the year end. The company has also completed preparations on the Ross 3H horizontal well in East Texas Cotton Valley (ETCV) and fracing operations are due to commence following the arrival of a frac crew and equipment.

- In Georgia, the exploration drilling rig is currently being erected on the Mukhiani well site. The first well will target the Vani 3 prospect which has a best estimate of 115mmbbbls of oil in place (46mmbbbls attributable to Range's 40% interest). A team of over 40 personnel will conduct 24 hour operations to drill the prospect to a depth of approximately 3,500m. This is expected to take 45-55 days.
- In Trinidad, Range will commence a shallow target development drilling well programme at the end of July. The company plans to drill 15-20 wells to depths of up to 1,500ft by the end of the year using its own fleet of drilling rigs. Range will provide regular updates on activities over the next six months and we anticipate further excitement in Trinidad when the company finalises plans to drill an initial well in the deeper Herrera formation. Range has indicated a spudding date of late Q3 or early Q4 for its first Herrera well.
- At ETCV, Range and its partners have completed preparations at the Ross 3H horizontal well in anticipation of fracture stimulation activities. The well bore has been cleaned out and perforated and the frac tanks are being filled ahead of the arrival of frac equipment and crews to begin operations. If successful, the Ross 3H well is expected to launch a 15-20 horizontal well drilling programme with each well having the potential to recover 200,000-500,000bbbls of oil.

Range's progress in Trinidad and Texas has de-risked business significantly. However, the company maintains exciting near term exposure to highly attractive exploration upside in Georgia and also Puntland. Our valuation of 28.1p remains in place given that modest upgrades to our valuation of Range's Trinidad and Texas North Chapman Ranch assets, coupled with a weaker Sterling/USD exchange rate have offset an increase in the fully diluted equity.

## DISCLOSURES AND RISK WARNING

The recommendation system used for this research is as follows. We expect the indicated target price relative to the FT All Share Index to be achieved with 12 months on the date of this publication. A 'Hold' indicates expected performance relative to this index of +/-10%, a 'Buy' indicates expected outperformance of >10% and a 'Sell' indicates underperformance of >10%.

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