



# Cabot Oil & Gas Corporation

## Company Profile

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## COMPANY OVERVIEW

Cabot Oil & Gas Corporation (Cabot) is an oil and gas company engaged in the development, exploitation and exploration of oil and gas properties through its subsidiaries. The company's principal areas of operation are the Appalachian Basin, onshore Gulf Coast, including south and east Texas and north Louisiana, the Rocky Mountains and the Anadarko Basin. It manages about 3,200 miles of pipeline and 4 billion cubic feet of storage capacity in its East region. The company primarily operates in the US, where it is headquartered in Houston, Texas and employs about 560 people.

The company recorded revenues of \$945.8 million in the fiscal year ended December 2008, an increase of 29.2% over 2007. The company's operating profit was \$372 million in fiscal 2008, an increase of 35.4% over 2007. Its net profit was \$211.3 million in fiscal 2008, an increase of 26.2% over 2007.

## KEY FACTS

<b>Head Office</b>	Cabot Oil & Gas Corporation Three Memorial City Plaza 840 Gessner Houston Texas 77024 USA
<b>Phone</b>	1 281 589 4600
<b>Fax</b>	
<b>Web Address</b>	<a href="http://www.cabotog.com">http://www.cabotog.com</a>
<b>Revenue / turnover (USD Mn)</b>	945.7
<b>Financial Year End</b>	December
<b>Employees</b>	560
<b>New York Stock Exchange Ticker</b>	COG

## **BUSINESS DESCRIPTION**

Cabot Oil & Gas Corporation (Cabot) is engaged in development, exploitation, exploration, production and marketing of oil and gas properties through its subsidiaries. The company primarily operates in the Appalachian Basin, onshore Gulf Coast, including south and east Texas and north Louisiana, the Rocky Mountains and the Anadarko Basin. It also transports, stores, gathers and produces natural gas for resale. Cabot manages its business in the US through offices located in Texas, West Virginia and Colorado.

The company operates through one segment: natural gas and oil development, exploitation and exploration. Cabot's activities include: east region, gulf coast region and west region activities.

Cabot's East region exploration, development and production operations are primarily concentrated in West Virginia and Pennsylvania. The company also operates a number of gas gathering and transmission pipeline systems, made up of approximately 3,200 miles of pipeline with interconnects to three interstate transmission systems, seven local distribution companies and numerous end users. Cabot manages two natural gas storage fields located in West Virginia with a combined working capacity of approximately 4 Billion cubic feet (Bcf). The principal markets for the East region natural gas is in the northeast US. The company sells natural gas to industrial customers, local distribution companies and gas marketers.

The company's Gulf Coast region development, exploitation, exploration and production activities are primarily concentrated in east and south Texas and north Louisiana. The principal producing intervals in this area are in the Cotton Valley, Haynesville and James Lime formations in north Louisiana and east Texas and the Frio, Vicksburg and Wilcox formations in south Texas at depths ranging from 2,200 to 17,400 feet, with an average depth of approximately 10,900 feet. Cabot's principal markets for Gulf Coast region natural gas are in the industrialized Gulf Coast area and the northeast US. The company sells natural gas to intrastate pipelines, natural gas processors and marketing companies.

Cabot's West region activities comprised of the Rocky Mountains and Mid-Continent areas. The Rocky Mountains activities are concentrated in the Green River and Washakie Basins in Wyoming and Paradox Basin in Colorado. The Mid-Continent activities are concentrated in the Anadarko Basin in southwest Kansas, Oklahoma and the panhandle of Texas. The company sells approximately 90% of its natural gas production in the West region under contracts with a term of one to three years. Cabot sells natural gas to power generators, natural gas processors, local distribution companies, industrial customers and marketing companies.

The company's subsidiaries include Big Sandy Gas Company, Cabot Oil & Gas Marketing Corporation, Cody Energy LLC, Cody Oil & Gas Inc, Cody Texas LP, Cranberry Pipeline Corporation, Cabot Petroleum Canada Corporation, Cabot Oil & Gas Holdings Company, COG Finance Corporation and Gas Search Drilling Services Corporation.

## **HISTORY**

Cabot Oil & Gas Corporation (Cabot) can trace its origins back to the 1890s, when Godfrey Cabot moved to West Virginia, and drilled his first well there in 1899. The company has had continuous natural gas operations in West Virginia since that time.

In 1935, Mr. Cabot began drilling in Texas. A gas processing plant was opened in west Texas in 1937 (and was eventually sold in the 1980s). Immediately after World War II, a new process for manufacturing carbon black using oil, rather than natural gas, came into use. As a result, the company's carbon black and natural gas businesses were no longer interdependent and began to be run separately.

Cabot became a publicly-owned company in 1963. During 1970s, the company increased drilling operations and upgraded the pipeline gathering and distribution system.

In 1980's, the company cut back on its businesses in order to concentrate on its core assets. It sold much of its energy assets in the late 1980s, and the remaining oil and gas assets were consolidated into Cabot Oil & Gas Corporation.

Cabot changed structurally in the 1990s, following the adoption of a three-prong strategy in 1996. This strategy involved growth through the drill bit, pursuit of synergistic acquisitions, and exploitation of marketing expertise.

In 2000, the company expanded its portfolio with the acquisition of 5.7 Bcfe (Billion cubic feet equivalent) of proven reserves, 2.2 Bcfe of probable reserves and 43,000 undeveloped acres contiguous to its existing properties on the Moxa Arch of the Green River Basin in southwest Wyoming.

Cabot also expanded through the purchase of the Cody Company, the parent of Cody Energy in 2001. The company had exploration and production reserves in Texas and Louisiana.

In 2003, the company announced that Cabot and its partners bid on 16 blocks at the Central Gulf of Mexico Outer Continental Shelf Sale 185, and were the apparent successful bidder on 12 blocks. These 12 blocks were to be used by the company and focused on moderate depth exploration targets on the shelf. In the same year, Cabot sold its wholly owned subsidiary, Franklin Brine Corporation, and stated it no longer owned or operated any brine treatment facilities.

The company sold its off shore portfolio and certain Louisiana properties to Phoenix Exploration Company in 2006.

In June 2008, Cabot entered into an agreement to acquire producing properties, leasehold acreage and a gathering infrastructure from a private party in east Texas.

Rhys J Best was appointed as a Director at the company in July 2008.

In April 2009, Cabot entered into a definitive agreement to sell its Canadian operations to a private Canadian company.

## KEY EMPLOYEES

<b>Name</b>	<b>Job Title</b>	<b>Board</b>	<b>Compensation</b>
Dan O Dinges	Chairman, President and Chief Executive Officer	Executive Board	4496943 USD
David M Carmichael	Director	Non Executive Board	
Rhys J Best	Director	Non Executive Board	
Robert L Keiser	Director	Non Executive Board	
Robert Kelley	Director	Non Executive Board	
Dexter P Peacock	Director	Non Executive Board	
William P Vititoe	Director	Non Executive Board	
Scott C Schroeder	Vice President and Chief Financial Officer	Senior Management	1861498 USD
Michael B Walen	Senior Vice President and Chief Operating Officer	Senior Management	2510582 USD
J Scott Arnold	Vice President of Land and Associate General Counsel	Senior Management	1387407 USD
Jeffrey W Hutton	Vice President of Marketing	Senior Management	1012149 USD
Lisa A Machesney	Vice President of Managing Counsel and Corporate Secretary	Senior Management	
Henry C Smyth	Vice President, Controller and Treasurer	Senior Management	

## **KEY EMPLOYEE BIOGRAPHIES**

### **Dan O Dinges**

Board: Executive Board  
Job Title: Chairman, President and Chief Executive Officer  
Since: 2002  
Age: 55

Mr. Dinges has been the Chairman, President and Chief Executive Officer at Cabot Oil & Gas Corporation (Cabot) since 2002. He served as the President and Chief Operating Officer at the company from 2001 to 2002. Mr. Dinges served in various senior management roles at Samedan Oil Corporation (a subsidiary of Noble Affiliates Inc, now Noble Energy Inc) including Senior Vice President and Division General Manager of Offshore Division from 1998 to 2001; Vice President and Division General Manager of Offshore Division from 1989 to 1998; Division General Manager of Offshore Division from 1986 to 1989; and Division Landman of Offshore Division from 1981 to 1986. He served as a Land Supervisor from 1978 to 1981 at Mobil Oil Corporation. Mr. Dinges also holds Directorships at American Exploration & Production Council, Spitzer Industries Inc, Texas Energy Education Partnership, Boy Scouts of America - Sam Houston Area Council and Palmer Drug Abuse Program.

### **David M Carmichael**

Board: Non Executive Board  
Job Title: Director  
Since: 2006  
Age: 70

Mr. Carmichael has been a Director at Cabot since 2006. He has been a private investor (securities and energy investment) since 1996. Mr. Carmichael served as the Vice Chairman and Chairman of the Management Committee at KN Energy Inc from 1994 to 1996. He served as Chairman, Chief Executive Officer and President at American Oil & Gas Corporation (merged with KN Energy, Inc. in 1994) from 1985 to 1994. Mr. Carmichael holds Directorships at Ensco International Incorporated and Natural Resource Partners LP.

### **Rhys J Best**

Board: Non Executive Board  
Job Title: Director  
Since: 2008  
Age: 62

Mr. Best has been a Director at Cabot since 2008. He serves as the Non Executive Chairman of the Board at Crosstex Energy LP since February 2009. Mr. Best also serves as the President at Seren Management LLC (private investment company) since 2007. He served as the Chairman and Chief Executive Officer at Lone Star Technologies Inc from 1999 to 2007. Mr. Best holds Directorships at Crosstex Energy LP, Trinity Industries Inc, Austin Industries Inc and McJunkin Red Man Corporation.

### **Robert L Keiser**

Board: Non Executive Board  
Job Title: Director  
Since: 2006  
Age: 66

Mr. Keiser has been a Director at Cabot since 2006. He served as the Chairman at Kerr-McGee Corporation during 1999. Mr. Keiser served as the Chairman and Chief Executive Officer at Oryx Energy Company (merged with Kerr-McGee Corporation) from 1995 to 1999.

### **Robert Kelley**

Board: Non Executive Board  
Job Title: Director  
Since: 2003  
Age: 63

Mr. Kelley has been a Director at Cabot since 2003. He serves as the President at Kelco Investments Inc since 2001. Mr. Kelley served as the Chairman of the Board from 1992 to 2001 and President and Chief Executive Officer from 1986 to 2000 at Noble Affiliates Inc. He holds Directorships at OGE Energy Corporation and Smith International Inc.

### **Dexter P Peacock**

Board: Non Executive Board  
Job Title: Director  
Since: 1998  
Age: 67

Mr. Peacock has been a Director at Cabot since 1998. He served as the President at Andrews Kurth LLP, Houston, Texas from 1975 to 1997 and also served as its Managing Partner from 1986 to 1991. Mr. Peacock holds Directorship at Rowan Companies Inc.

### **William P Vittoe**

Board: Non Executive Board

Job Title: Director  
Since: 1994  
Age: 70

Mr. Vititoe has been a Director at Cabot since 1994. He as the Consultant to Puget Sound Energy Inc form 1997 to 1998. Mr. Vititoe served as the Chairman of the Board, Chief Executive Officer and President at Washington Energy Company form 1994 to 1997. He served as the President and Chief Executive Officer at ANR Pipeline Company from 1990 to 1993. Mr. Vititoe holds Directorships at Comerica Inc, Amerisure Inc and Aegis Technologies.

### **Scott C Schroeder**

Board: Senior Management  
Job Title: Vice President and Chief Financial Officer  
Since: 2001  
Age: 46

Mr. Schroeder has been the Vice President and Chief Financial Officer at Cabot since 2001. Prior, he served as Vice President and Treasurer at the company since 1998 to 2001. Mr. Schroeder joined Cabot in 1995 as Assistant Treasurer. Before joining the company, he held various management positions at Pride Petroleum Services and DeKalb Energy Company. Mr. Schroeder holds a Bachelor of Science degree in Business Finance from Northern Illinois University and a Master of Business Administration degree from the University of Colorado.

### **Michael B Walen**

Board: Senior Management  
Job Title: Senior Vice President and Chief Operating Officer  
Age: 60

Mr. Walen serves as the Senior Vice President and Chief Operating Officer at Cabot. He has served as an Officer since 1998, starting as Vice President and Regional Manager of the Gulf Coast. Since joining the company in 1987, Mr. Walen has held various exploration-related positions in three of Cabot's four core operating areas. He holds a Bachelor's degree from Central Washington University and a Master's from Western Washington University, both in Geology.

### **J Scott Arnold**

Board: Senior Management  
Job Title: Vice President of Land and Associate General Counsel  
Age: 55

Mr. Arnold serves as the Vice President of Land and General Counsel at Cabot. He joined the company in 1983 as a Corporate Attorney. Since that time, Mr. Arnold has served as Regional Land

Manager for both the company's Denver and Charleston operations and as a Senior Corporate Attorney in the Corporate Legal Department. Prior to joining Cabot, he worked in various positions at Texas Eastern Transmission Corporation and Amoco Production Company. Mr. Arnold is licensed to practice law in the state of Texas and is a member of the State Bar of Texas and the State Bar of Texas Oil, Gas and Mineral Law section. He received his Bachelor of Arts degree in Psychology from Rice University and Juris Doctor degree from The University of Texas at Austin.

### **Jeffrey W Hutton**

Board: Senior Management  
Job Title: Vice President of Marketing  
Since: 1994  
Age: 53

Mr. Hutton has been the Vice President of Marketing at Cabot since 1994. He joined the company in 1985 as a Marketing Representative. From 1989 to 1994, Mr. Hutton held various marketing positions including Manager of Gas Control, Manager of Market Development and Acting Manager of the Marketing Department. Prior to joining Cabot, he worked at Columbia Gas Systems. Mr. Hutton holds a Bachelor of Arts degree in Business Administration from West Virginia University and attended the University of Charleston Executive Master of Business Administration Program.

### **Lisa A Machesney**

Board: Senior Management  
Job Title: Vice President of Managing Counsel and Corporate Secretary  
Age: 53

Ms. Machesney serves as the Vice President, Managing Counsel and Corporate Secretary at Cabot. She joined the company in 1985 as an Attorney and served as Corporate Secretary and Managing Counsel prior to her current position. Before joining Cabot, Ms. Machesney was an Attorney at ANR Pipeline Company in Houston. She earned a Bachelor of Arts degree from the University of Michigan and Juris Doctor degree from the University of Detroit Mercy School of Law.

## **MAJOR PRODUCTS AND SERVICES**

Cabot Oil & Gas Corporation and its subsidiaries are engaged in the development exploitation, exploration, production and marketing of oil and gas. The company's key products and activities include the following:

**Products:**

Oil  
Natural gas

**Activities:**

Development, exploitation and exploration of oil and gas  
Transportation, storage and marketing of natural gas

## **TOP COMPETITORS**

The following companies are the major competitors of Cabot Oil & Gas Corporation

EOG Resources, Inc.  
Carrizo Oil & Gas, Inc.  
GeoMet, Inc.  
Approach Resources Inc.  
EXCO Resources, Inc.

## COMPANY VIEW

A statement by Dan O Dinges the Chairman, President and Chief Executive Officer, at Cabot Oil & Gas Corporation is given below. The statement has been taken from the company's 2008 annual report:

A year of extremes — that is the best characterization i can think of for 2008. The year began with promise and excitement; it peaked in july with historic natural gas commodity prices, but closed with a great deal of uncertainty as the world's credit markets and economies came to a grinding halt.

For 2008, Cabot focused its investment efforts on our East Texas assets and the East region. With the strength of our underlevered capital structure and a strong hedge position, we were able to aggressively exploit these areas, adding significant acreage positions and reserves in the process. This successful execution resulted in several achievements including:

- Adding 292,381 net acres to our leasehold position in both of the targeted regions, and our West region.
- Closing our first producing property acquisition in seven years focused in East Texas.
- Funding these acquisitions with external financing of new debt and new common equity (which was timed to coincide with the S&P 500 index inclusion), that marked the first time since 2001 for adding new external capital to the business.

In the last few months of the year, the landscape changed significantly...

- A credit crisis occurred that effectively shut down the capital markets.
- Several traditionally solid, household name companies were facing bankruptcy.
- A rush by investors to cash as panic became the daily mantra in the markets.
- In the energy sector:
  - crude oil prices dropped more than \$100 per barrel
  - natural gas prices declined more than \$7 per Mcf.

Bottom line, Cabot works! As evidenced by these statistics, along with our financial strength, Cabot is positioned to weather the uncertainty of the future. Our conservative operating strategy, together with our philosophy to operate within our means, has served the Company and its shareholders well

in the past and will continue to do so in the future. The above statistics individually give us optimism about the potential that lies ahead for our Company as the industry works through this cycle.

#### Looking Forward

As we plan and implement our 2009 program, shareholders should take comfort that Cabot's prudent management style will not only continue to protect its balance sheet, but also continue to add revenue producing assets to our Company at economic levels. Again, as we move forward, we continue to add value. A measure that Cabot's model works!

We will continue to adapt our plan of capital allocation in order to invest at levels that fall within the anticipated cash flow for the year. This plan is almost entirely directed towards our two main areas of focus from 2008 – the Marcellus Shale of Pennsylvania (further detailed on page 16) and the Bossier/ Haynesville Shale, along with various limestone formations, of East Texas (discussed in detail on page 8). These two areas remain the most exciting plays for our industry.

Execution of our 2009 program is supported by a strong balance sheet and underpinned with a hedge position that covers over 50 percent of anticipated 2009 equivalent production. The minimum weighted average natural gas price for these hedges is \$10.11 per Mcf, while the average hedge for oil is \$125.25 per barrel. The net positive from this hedge position to our cash flow affords us the ability to have a larger investment program for 2009, and still maintain our spending discipline.

It is widely anticipated that the cost of goods and services will mimic the dramatic declines we have realized in commodity prices. Assuming moderate commodity prices, our margin per dollar invested will increase, along with the efficiencies in our operations that are employed by our talented workforce, both maximizing our 2009 investment dollars.

Our industry has achieved the ability to identify and produce an abundant resource of natural gas, a cleaner resource capable of meeting our country's energy needs of the future. The enhanced development of natural gas (Cabot is 97% natural gas) was driven by a thriving economy, new technologies, and easy access to capital. With employment of new technologies and exploitation of shales, our industry can provide the nation with an adequate supply of natural gas, one of the most cost effective and cleanest alternative energy sources available for the foreseeable future.

As we enter 2009, we continue to see an increase in supply because of 2008 record levels of drilling activity. Demand has fallen as a result of the weak economy – even with the coldest broadly based winter in more than two decades. To this end, we (as an industry) have seen a dramatic slowdown in drilling activity. This slowdown will help to stabilize the supply/demand dynamics.

We have a solid production base (10-15% annual base decline), solid balance sheet and a conservative bent that has positioned us to prosper in this environment. I cannot say how long this economic downturn will last, however we are well equipped to manage and enhance shareholder value in these times. I continue to look forward to the challenging, but rewarding environment we face in 2009.

I would like to take this opportunity to thank John Cabot for his years of service as a member of our Board. John retired from the Board after serving as a director since Cabot's inception in 1990. John's insights about the business from his long association with our industry were always a valued and welcome addition to the strategic decisions we made. We thank John for this commitment to Cabot Oil & Gas Corporation.

Additionally, I would like to thank our Board of Directors and our employees for their support of Cabot and for their commitment to make Cabot stand out in these times. I remain excited about our future and look forward to delivering value accretion in a very challenging, but opportunistic time.

## LOCATIONS AND SUBSIDIARIES

### Head Office

Cabot Oil & Gas Corporation  
Three Memorial City Plaza  
840 Gessner  
Houston  
Texas 77024  
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P:1 281 589 4600  
<http://www.cabotog.com>

### Other Locations and Subsidiaries

Cabot Oil & Gas (North Denver) 600 17th Street Suite 900 North Denver Colorado 80202 USA	Cabot Oil & Gas (Charleston) 900 Lee Street East Suite 1500 Huntington Square Charleston West Virginia 25301 USA
Cabot Oil & Gas (Houston) 1200 Enclave Parkway Suite 300 Houston Texas 77077 USA	Cabot Oil & Gas (Danville) 6804 Lick Creek Road Danville West Virginia 25053 2060 USA
Cabot Oil & Gas (Glasgow) Route 60 & 3rd Street Glasgow West Virginia 25086 0454 USA	Cabot Oil & Gas (Corpus Christi) 5926 South Staples Unit D3 Corpus Christi Texas 78413 USA