

Range Resources and the Pennsylvania Superior Court

Yesterday a court ruling in Pennsylvania cast doubt on the title of thousands of shale gas leases, as reported in Bloomberg . Range Resources (RRC) is as heavily invested in the Marcellus shale area, which includes Pennsylvania, as any other company out there. The company is well run and we like the management. The stock has also been exceptionally buoyant recently on takeover rumors. However, this news will likely put any potential acquisition on hold until the title issues are resolved, either by the Pennsylvania State Supreme Court or through state legislation. We are not currently invested in RRC although had been invested until recently when the U.S. Geologic Survey revised down their forecast of total reserves available in the Marcellus (which runs from NY State to Tennessee). This may create an opportunity to invest at lower prices once the story has had some time to play out.