Cabot Oil & Gas Provides Operations Update; Announces Addition of a Sixth Rig in the Marcellus Shale

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HOUSTON, July 24, 2013 /PRNewswire/ -- Cabot Oil & Gas Corporation (NYSE: COG) today announced the addition of a sixth rig in its Marcellus Shale drilling program to establish an early start to the 2014 program. "Based on a variety of factors including our continued well performance improvements, better visibility on infrastructure projects, our near-term free cash flow profile and our views on future natural gas demand, we have made the decision to bring a sixth Marcellus rig into the field," said Dan O. Dinges, Chairman, President and Chief Executive Officer. "We will spud the first well utilizing the sixth rig in August and while no impact is expected on 2013 production, as additional wells will not be turned-in-line until next year, this effort will provide a positive impact on 2014 production growth." Additionally, the Company reported continued success from its step-out drilling in the Marcellus and impressive results from its Eagle Ford drilling program, where its most recent wells have outperformed the average results for the program.

Marcellus

In the Marcellus Shale, the Company is currently producing 1.2 billion cubic feet (Bcf) per day of gross natural gas from 226 producing horizontal wells. "Our current Marcellus daily production rate represents a 15 percent sequential increase from our first quarter exit rate, which is a result of several new wells turned-in-line and the recent commissioning of the Central compressor station at the end of June," stated Dinges. "Though Central's primary purpose will be as the major discharge station for the Constitution Pipeline in early 2015, we have seen production gains from our existing wells as Central has served to lower line pressure in our initial drilling area."

Recent noteworthy wells include:

- A two-well pad representing a 5 mile step-out to the northeast of the Zick area was completed with 27 fracture stimulation (frac) stages with an initial production (IP) rate of 34.8 Mmcf per day and an average 30-day production rate of 28.1 Mmcf per day.
- A two-well pad representing a 2 mile step-out to the north of the Zick area was completed with 37 frac stages with an IP rate of 51.2 Mmcf per day and an average 30-day production rate of 43.6 Mmcf per day.

Eagle Ford

Cabot operated one rig in the Eagle Ford during the second quarter and turned-in-line four wells. Cabot's last six Eagle Ford wells with at least 30 days of production data have averaged a 24-hour peak rate of approximately 900 barrels of oil equivalent (Boe) per day and an average 30-day rate of approximately 570 Boe per day. One noteworthy well is Cabot's first extended lateral well that was completed with a lateral length more than 8,000 feet. The well had a 24-hour peak rate of approximately 1,130 Boe per day and is currently producing approximately 1,100 Boe per day after 120 days of production. "We continue to see improvements in well performance across our Eagle Ford program while also driving down well costs, leading to further increases in returns," explained Dinges. "Based on these results, we are bringing in a second rig at the end of this month that will focus solely on pad drilling, which we anticipate will result in cost savings of more than $500,000 for a typical well."

Guidance

The Company has revised its 2013 production growth guidance range, increasing the low end to 44 percent and the high end to 54 percent. This reflects the Company's confidence in the timing of the continued infrastructure build-out in the Marcellus Shale during the second half of the year. Separately, the Company increased its 2013 program spending guidance to a range of $1.1 to $1.2 billion to reflect an increase in estimated net wells drilled for the year due to this rig addition. The Company now expects to drill 155 to 165 net wells in 2013, up from the previous guidance of 130 to 145 net wells. This includes an increase in Marcellus wells drilled from 85 to 100 net wells. "Even with this increase in drilling activity, we expect our capital spending to approximate cash flow for the year based on current commodity price expectations," affirmed Dinges.

Cabot Oil & Gas Corporation, headquartered in Houston, Texas is a leading independent natural gas producer, with its entire resource base located in the continental United States. For additional information, visit the Company's homepage at www.cabotog.com.

The statements regarding future financial performance and results and the other statements which are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties, including, but not limited to, market factors, the market price (including regional basis differentials) of natural gas and oil, results of future drilling and marketing activity, future production and costs, and other factors detailed in the Company's Securities and Exchange Commission filings.

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