

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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CABOT OIL & GAS CORP

CIK: **858470** | IRS No.: **043072771** | State of Incorporation: **DE** | Fiscal Year End: **1231**

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended June 30, 2010

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

Commission file number 1-10447

CABOT OIL & GAS CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

04-3072771
(I.R.S. Employer
Identification Number)

Three Memorial City Plaza
840 Gessner Road, Suite 1400, Houston, Texas 77024
(Address of principal executive offices including ZIP code)

(281) 589-4600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 26, 2010, there were 104,135,398 shares of Common Stock, Par Value \$.10 Per Share, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CABOT OIL & GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
(In thousands, except per share amounts)				
OPERATING REVENUES				
Natural Gas Production	\$159,761	\$176,213	\$325,842	\$360,735
Brokered Natural Gas	13,348	11,704	38,221	45,085
Crude Oil and Condensate	21,211	16,210	41,193	30,452
Other	1,154	697	2,774	2,491
	195,474	204,824	408,030	438,763
OPERATING EXPENSES				
Brokered Natural Gas Cost	11,793	10,684	33,061	40,433
Direct Operations - Field and Pipeline	24,347	23,073	47,330	48,552
Taxes Other Than Income	11,841	10,914	22,646	23,812
Exploration	10,233	10,397	18,659	16,863
Depreciation, Depletion and Amortization	67,687	55,108	125,962	110,893
Impairment of Unproved Properties	9,039	6,730	24,262	16,037

General and Administrative	<u>12,853</u>	<u>17,117</u>	<u>28,599</u>	<u>34,182</u>
	147,793	134,023	300,519	290,772
Gain / (Loss) on Sale of Assets	<u>4,387</u>	<u>(16,562)</u>	<u>5,146</u>	<u>(3,855)</u>
INCOME FROM OPERATIONS	52,068	54,239	112,657	144,136
Interest Expense and Other	<u>15,769</u>	<u>15,046</u>	<u>30,681</u>	<u>29,272</u>
Income Before Income Taxes	36,299	39,193	81,976	114,864
Income Tax Expense	<u>14,617</u>	<u>13,691</u>	<u>31,598</u>	<u>41,782</u>
NET INCOME	<u>\$21,682</u>	<u>\$25,502</u>	<u>\$50,378</u>	<u>\$73,082</u>
Basic Earnings Per Share	\$0.21	\$0.25	\$0.49	\$0.71
Diluted Earnings Per Share	\$0.21	\$0.24	\$0.48	\$0.70
Weighted-Average Common Shares Outstanding	103,915	103,640	103,855	103,581
Diluted Common Shares (Note 5)	104,964	104,815	104,838	104,312
Dividends per Common Share	\$0.03	\$0.03	\$0.06	\$0.06

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CABOT OIL & GAS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

<u>(In thousands, except share amounts)</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$47,685	\$40,158
Accounts Receivable, Net (Note 3)	79,162	80,362
Income Taxes Receivable	3,767	8,909
Inventories (Note 3)	23,534	27,990
Derivative Contracts (Note 7)	85,773	114,686
Other Current Assets (Note 3)	8,336	9,397
Total Current Assets	248,257	281,502
Properties and Equipment, Net (Successful Efforts Method) (Note 2)	3,571,349	3,358,199
Derivative Contracts (Note 7)	3,629	–
Investment in Equity Securities (Note 2)	20,636	20,636
Other Assets (Note 3)	26,329	23,064
	<u>\$3,870,200</u>	<u>\$3,683,401</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current Liabilities

Accounts Payable (Note 3)	\$152,035	\$215,588
Deferred Income Taxes	25,516	35,104
Accrued Liabilities (Note 3)	49,282	58,049
Total Current Liabilities	226,833	308,741
Long-Term Liability for Pension and Postretirement Benefits	48,931	54,835
Long-Term Debt (Note 4)	1,015,000	805,000
Deferred Income Taxes	675,824	644,801
Other Liabilities (Note 3)	57,708	57,510
Total Liabilities	2,024,296	1,870,887

Commitments and Contingencies (Note 6)

Stockholders' Equity

Common Stock:

Authorized – 240,000,000 Shares of \$0.10 Par Value in 2010 and 2009 Issued – 104,135,009 Shares and 103,856,447 Shares in 2010 and 2009, respectively	10,414	10,386
Additional Paid-in Capital	709,954	705,569
Retained Earnings	1,101,622	1,057,472
Accumulated Other Comprehensive Income (Note 9)	27,263	42,436

Less Treasury Stock, at Cost:

202,200 Shares in 2010 and 2009, respectively

(3,349) (3,349)

Total Stockholders' Equity

1,845,904 1,812,514

\$3,870,200 **\$3,683,401**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CABOT OIL & GAS CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
(In thousands)	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$50,378	\$73,082
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	125,962	110,893
Impairment of Unproved Properties	24,262	16,037
Deferred Income Tax Expense	29,091	38,252
(Gain) / Loss on Sale of Assets	(5,146)	3,855
Exploration Expense	8,426	16,863
Unrealized Loss / (Gain) on Derivatives	(355)	(815)
Stock-Based Compensation Expense and Other	8,355	13,513
Changes in Assets and Liabilities:		
Accounts Receivable, Net	1,200	55,092
Income Taxes Receivable	5,083	—

Inventories	4,456	16,163
Other Current Assets	1,061	(65)
Accounts Payable and Accrued Liabilities	(5,937)	(41,894)
Income Taxes Payable	–	3,441
Other Assets and Liabilities	(3,658)	(4,032)
Net Cash Provided by Operating Activities	<u>243,178</u>	<u>300,385</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(454,143)	(309,833)
Proceeds from Sale of Assets	16,742	79,667
Net Cash Used in Investing Activities	<u>(437,401)</u>	<u>(230,166)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Debt	210,000	70,000
Repayments of Debt	–	(122,000)
Dividends Paid	(6,228)	(6,213)
Capitalized Debt Issuance Costs	(1,986)	(10,409)
Other	(36)	150
Net Cash Provided by / (Used in) Financing Activities	<u>201,750</u>	<u>(68,472)</u>

Net Increase in Cash and Cash Equivalents	7,527	1,747
Cash and Cash Equivalents, Beginning of Period	<u>40,158</u>	<u>28,101</u>
Cash and Cash Equivalents, End of Period	<u>\$47,685</u>	<u>\$29,848</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. FINANCIAL STATEMENT PRESENTATION

During interim periods, Cabot Oil & Gas Corporation (the Company) follows the same accounting policies used in its Annual Report on Form 10-K for the year ended December 31, 2009 (Form 10-K) filed with the Securities and Exchange Commission (SEC). The interim financial statements should be read in conjunction with the notes to the consolidated financial statements and information presented in the Form 10-K. In management's opinion, the accompanying interim condensed consolidated financial statements contain all material adjustments, consisting only of normal recurring adjustments, necessary for a fair statement. The results for any interim period are not necessarily indicative of the expected results for the entire year.

Certain reclassifications have been made to prior year statements to conform to the current year presentation. These reclassifications have no impact on net income.

In 2009, the Company restructured its operations by combining the Rocky Mountain and Appalachian areas to form the North region and by combining the Anadarko Basin with its Texas and Louisiana areas to form the South region. Certain prior year amounts have been reclassified to reflect this reorganization. Additionally, the Company exited Canada through the sale of its reserves. Prior to the third quarter of 2009, the Company presented the geographic areas as East, Gulf Coast, West and Canada.

With respect to the unaudited financial information of the Company as of June 30, 2010 and for the three and six months ended June 30, 2010 and 2009, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated July 30, 2010 appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

Recently Adopted Accounting Standards

In February 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-09, "Subsequent Events," which amends Accounting Standards Codification (ASC) 855 to eliminate the requirement to disclose the date through which management has evaluated subsequent events in the financial statements. ASU No. 2010-09 was effective upon issuance and its adoption had no impact on the Company's financial position, results of operations or cash flows.

Effective January 1, 2010, the Company partially adopted the provisions of FASB ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements," which amends ASC 820-10-50 to require new disclosures concerning (1) transfers into and out of Levels 1 and 2 of the fair value measurement hierarchy, and (2) activity in Level 3 measurements. In addition, ASU No. 2010-06 clarifies certain existing disclosure requirements regarding the level of disaggregation and inputs and valuation techniques and makes conforming amendments to the guidance on employers' disclosures about postretirement benefit plans assets. The requirements to disclose separately purchases, sales, issuances, and settlements in the Level 3 reconciliation are effective for fiscal years beginning after December 15, 2010 (and for interim periods within such years). Accordingly, the Company will apply the disclosure requirements relative to the Level 3 reconciliation in the first quarter of 2011. There was no impact on the Company's financial position, results of operations or cash flows as a result of the partial adoption of ASU No. 2010-06. For further information, please refer to Note 8.

CABOT OIL & GAS CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)****2. PROPERTIES AND EQUIPMENT, NET**

Properties and equipment, net are comprised of the following:

<u>(In thousands)</u>	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Unproved Oil and Gas Properties	\$465,979	\$423,373
Proved Oil and Gas Properties	4,357,770	4,118,005
Gathering and Pipeline Systems	306,815	294,755
Land, Building and Other Equipment	81,747	77,474
	5,212,311	4,913,607
Accumulated Depreciation, Depletion and Amortization	(1,640,962)	(1,555,408)
	<u>\$3,571,349</u>	<u>\$3,358,199</u>

At June 30, 2010, the Company did not have any projects that had exploratory well costs that were capitalized for a period of greater than one year after drilling.

In April 2009, the Company sold substantially all of its Canadian properties to a private Canadian company. Total consideration received from the sale was \$84.4 million, consisting of \$64.3 million in cash and \$20.1 million in common stock of a privately held Canadian company (included on the Condensed Consolidated Balance Sheet as Investment in Equity Securities at June 30, 2010 and December 31, 2009). The common stock investment is being accounted for using the cost method. The total net book value of the Canadian properties sold was \$95.0 million.

The Company recognized a \$3.9 million aggregate loss on sale of assets in the first half of 2009. The Company recorded a \$10.5 million loss on sale of assets in the second quarter of 2009, primarily due to the sale of the Canadian properties described above. The Company recognized a \$12.7 million gain on sale of assets in the first quarter of 2009 primarily related to the sale of the Thornwood properties in the North region. Cash proceeds of \$11.4 million were received from the sale of the Thornwood properties.

In June 2010, the Company sold its Woodford shale prospect located in Oklahoma to Continental Resources Inc. The Company received approximately \$15.9 million in cash proceeds and recognized a \$10.3 million gain on sale of assets.

In June 2010, primarily as a result of the Company's decision to divest of certain oil and gas properties, an impairment loss of approximately \$5.8 million was recognized related to the assets held for sale. The impairment charge is included in Gain / (Loss) on Sale of Assets in the Condensed Consolidated Statement of Operations. The net book value of these properties at June 30, 2010 was approximately \$3.0 million, which approximates fair value. The fair value was determined using a market approach which considered the execution of a purchase and sale

agreement the Company entered into on June 30, 2010. Accordingly, the inputs associated with the fair value of assets held for sale was considered level 2 in the fair value hierarchy.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

3. ADDITIONAL BALANCE SHEET INFORMATION

Certain balance sheet amounts are comprised of the following:

<u>(In thousands)</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
ACCOUNTS RECEIVABLE, NET		
Trade Accounts	\$72,365	\$78,656
Joint Interest Accounts	9,015	3,564
Other Accounts	1,774	1,756
	<u>83,154</u>	<u>83,976</u>
Allowance for Doubtful Accounts	(3,992)	(3,614)
	<u>\$79,162</u>	<u>\$80,362</u>
INVENTORIES		
Natural Gas in Storage	\$10,333	\$14,434
Tubular Goods and Well Equipment	12,517	14,420
Pipeline Imbalances	684	(864)
	<u>\$23,534</u>	<u>\$27,990</u>
OTHER CURRENT ASSETS		
Drilling Advances	\$3,840	\$3,417
Prepaid Balances	4,496	5,980

	<u>\$8,336</u>	<u>\$9,397</u>
OTHER ASSETS		
Rabbi Trust Deferred Compensation Plan	\$13,441	\$ 10,031
Deferred Charges for Credit Agreements	11,471	11,621
Other Accounts	<u>1,417</u>	<u>1,412</u>
	<u>\$26,329</u>	<u>\$ 23,064</u>

ACCOUNTS PAYABLE

Trade Accounts	\$19,510	\$ 17,434
Natural Gas Purchases	7,075	3,558
Royalty and Other Owners	40,812	40,080
Capital Costs	70,807	141,122
Taxes Other Than Income	4,058	4,267
Drilling Advances	541	864
Wellhead Gas Imbalances	5,255	4,140
Other Accounts	<u>3,977</u>	<u>4,123</u>
	<u>\$152,035</u>	<u>\$ 215,588</u>

ACCRUED LIABILITIES

Employee Benefits	\$5,411	\$ 11,222
Current Liability for Pension Benefits	488	488

Current Liability for Postretirement Benefits	981	981
Taxes Other Than Income	19,677	22,780
Interest Payable	20,923	20,205
Derivative Contracts	—	425
Other Accounts	1,802	1,948
	<u>\$49,282</u>	<u>\$ 58,049</u>
OTHER LIABILITIES		
Rabbi Trust Deferred Compensation Plan	\$19,727	\$ 19,087
Accrued Plugging and Abandonment Liability	30,488	29,676
Derivative Contracts	1,599	1,954
Other Accounts	5,894	6,793
	<u>\$57,708</u>	<u>\$ 57,510</u>

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

4. LONG-TERM DEBT

The Company's debt consisted of the following:

<u>(In thousands)</u>	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Long-Term Debt		
7.33% Weighted-Average Fixed Rate Notes	\$170,000	\$ 170,000
6.51% Weighted-Average Fixed Rate Notes	425,000	425,000
9.78% Notes	67,000	67,000
Credit Facility	353,000	143,000
	<u>\$1,015,000</u>	<u>\$ 805,000</u>

In April 2009, the Company entered into a new revolving credit facility and terminated its prior credit facility. The credit facility provides for an available credit line of \$500 million and contains an accordion feature allowing the Company to increase the available credit line to \$600 million, if any one or more of the existing banks or new banks agree to provide such increased commitment amount. The credit facility also provides for the issuance of letters of credit, which would reduce the Company's borrowing capacity. In June 2010, the Company amended the facility to provide that the Company's asset coverage ratio under the facility would be calculated in accordance with agreements governing its senior notes, as such agreements may be amended from time to time. Under the credit facility, the Company is currently required to maintain an asset coverage ratio of the present value of the Company's proved reserves plus working capital to debt of 1.75:1. The term of the facility expires in April 2012.

In June 2010, the Company amended the agreements governing its senior notes to amend the required asset coverage ratio (the present value of the Company's proved reserves plus working capital to debt) contained in the agreements. The amendments revised the calculation of present value of proved reserves to reflect specified pricing assumptions based on quoted futures prices in lieu of historical realized prices, reduced the limit on proved undeveloped reserves included in the calculation from 35% to 30%, and increased the required ratio to 1.75:1 from 1.50:1. The amendments also provided that for so long as a borrowing base calculation is required under the Company's credit facility, the calculated indebtedness may not exceed 115% of such borrowing base for this ratio. If such a borrowing base calculation is not required under the credit facility, the Company would no longer be subject to the asset coverage ratio under the agreements, but would instead be required to maintain a ratio of debt to consolidated EBITDAX (as defined) not to exceed 3.0 to 1.0. In conjunction with the amendments, the Company incurred \$2.0 million of debt issuance costs which were capitalized and are being amortized over the term of the respective amended agreements in accordance with ASC 470-50, "Debt Modifications and Extinguishments."

The Company believes it is in compliance in all material respects with its debt covenants.

At June 30, 2010, the Company had \$353.0 million of borrowings outstanding under its revolving credit facility at a weighted-average interest rate of 3.75% and \$146.0 million available for future borrowings. In addition, the Company had letters of credit outstanding at June 30, 2010 of \$1.0 million.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

5. EARNINGS PER COMMON SHARE

Basic EPS is computed by dividing net income (the numerator) by the weighted-average number of common shares outstanding for the period (the denominator). Diluted EPS is similarly calculated except that the denominator is increased using the treasury stock method to reflect the potential dilution that could occur if outstanding stock options and stock appreciation rights were exercised and stock awards were vested at the end of the applicable period.

The following is a calculation of basic and diluted weighted-average shares outstanding for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
<u>(In thousands)</u>	2010	2009	2010	2009
Weighted-Average Shares–Basic	103,915	103,640	103,855	103,581
Dilution Effect of Stock Options, Stock Appreciation Rights and Stock Awards at End of Period	1,049	1,175	983	731
Weighted-Average Shares–Diluted	<u>104,964</u>	<u>104,815</u>	<u>104,838</u>	<u>104,312</u>
Weighted-Average Stock Awards and Shares				
Excluded from Diluted Earnings per Share due to the Anti-Dilutive Effect	<u>634</u>	<u>220</u>	<u>429</u>	<u>752</u>

6. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is a defendant in various legal proceedings arising in the normal course of its business. When deemed necessary, the Company establishes reserves for certain legal proceedings. All known liabilities are accrued based on an estimation process that includes the advice of legal counsel and subjective judgment of management. While the outcome and impact of such legal proceedings on the Company cannot be predicted with certainty, management believes that the resolution of these proceedings through settlement or adverse judgment will not have a material adverse effect on the Company's condensed consolidated financial position or cash flow. Operating results, however, could be significantly impacted in the reporting periods in which such matters are resolved.

While management believes established reserves are adequate, it is reasonably possible that the Company could incur approximately \$1.0 million of additional loss with respect to those matters in which reserves have been established. Future changes in facts and circumstances could result in the actual liability exceeding the estimated ranges of loss and amounts accrued.

Environmental Matters

On November 4, 2009, the Company and the Pennsylvania Department of Environmental Protection (PaDEP) entered into a single settlement agreement (Consent Order) covering a number of separate, unrelated environmental issues occurring in 2008 and 2009, including releases of drilling mud and other substances, record keeping violations at various wells and alleged natural gas contamination of 13 water wells in Susquehanna County, Pennsylvania. The Company paid an aggregate \$120,000 civil penalty with respect to all the matters covered by the Consent Order, which were consolidated at the request of the PaDEP.

On April 15, 2010, the Company and PaDEP reached agreement on modifications to the Consent Order (First Modified Consent Order). In the First Modified Consent Order, PaDEP and the Company agreed that the Company will provide a permanent source of potable water to 14 households, most of which the Company has already been supplying with water. The Company agreed to plug and abandon three vertical wells in close proximity to two of the households and to bring into compliance a fourth well in the nine square mile area of concern in Susquehanna County. The Company agreed to complete these actions prior to any new well drilling permits being issued for drilling in Pennsylvania, and prior to initiating hydraulic fracturing of seven wells already drilled in the area of concern. The Company also agreed to postpone drilling of new wells in the area of concern for one year. In addition, the Company agreed to take certain other actions if requested by PaDEP, which could include the plugging and abandonment of up to eleven additional wells. In the event the PaDEP requires the Company to plug and abandon all eleven additional wells in the area of concern, the decrease in production would have a minimal impact on the Company's overall production.

Under the First Modified Consent Order, the Company paid a \$240,000 civil penalty and agreed to pay an additional \$30,000 per month until all obligations under the First Modified Consent Order are satisfied, which is expected by November 2010. As of June 30, 2010, the Company has paid an additional \$60,000 under the First Modified Consent Order. The Company is vigorously pursuing compliance with the First Modified Consent Order; however, there are no assurances that the PaDEP will not require additional actions.

On July 19, 2010, the Company and the PaDEP entered a Second Modification to Consent Order (Second Modified Consent Order) under which the Company and the PaDEP agreed that the Company has satisfactorily plugged and abandoned the three vertical wells and brought the fourth well into compliance. As a result, the Company and the PaDEP agreed that the PaDEP will commence the processing and issuance of new well drilling permits outside the area of concern so long as the Company continues to provide temporary potable water and offers to provide gas/water separators to the 14 households and within 60 days of the Second Modified Consent Order permanently restores or replaces the water supplies to the 14 households. No penalties were assessed under the Second Modified Consent Order.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

As of June 30, 2010, the Company had paid \$300,000 and had agreed to pay an additional \$30,000 per month until all obligations under the Modified Consent Order are satisfied, which is expected by November 2010. The Company is vigorously pursuing compliance with the Modified Consent Order; however, there are no assurances that the PaDEP will not require additional actions.

Firm Gas Transportation Agreements

The Company has incurred, and will incur over the next several years, demand charges on firm gas transportation agreements. These agreements provide firm transportation capacity rights on pipeline systems primarily in the North region. The remaining terms on these agreements range from less than one year to approximately 17 years and require the Company to pay transportation demand charges regardless of the amount of pipeline capacity utilized by the Company. If the Company does not utilize the capacity, it can release it to others, thus reducing its potential liability. The agreements that the Company previously had in place on pipeline systems in Canada were transferred in April 2009 to the buyer in connection with the sale of the Company's Canadian properties (discussed in Note 2).

During the first six months of 2010, the Company entered into new firm gas transportation arrangements with third party pipelines to transport approximately 296 Mmcf/day in the North region. One of the new agreements commenced in the second quarter of 2010 and the remaining new agreements are expected to commence in the third and fourth quarters of 2011. These new agreements have terms of five to twelve years from the respective commencement dates. As of June 30, 2010, future obligations under firm gas transportation agreements, including the new agreements, were \$247.6 million. As previously disclosed in the Form 10-K, obligations under firm gas transportation agreements in effect at December 31, 2009 were \$80.4 million. For further information on these future obligations, please refer to Note 7 of the Notes to the Consolidated Financial Statements in the Form 10-K.

Drilling Rig Commitments

In the Form 10-K, the Company disclosed that it had total commitments during 2010 of \$6.4 million on two drilling rigs in the South region that are under contracts with initial terms of greater than one year. One of these contracts ended in the second quarter of 2010 and the second will end in the third quarter of 2010. During the first half of 2010, the Company entered into commitments on two drilling rigs in the South region. As of June 30, 2010, the Company had outstanding commitments of \$3.9 million on three drilling rigs in the South region. The Company does not have any commitments that extend beyond 2010.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company periodically enters into commodity derivative instruments to hedge its exposure to price fluctuations on natural gas and crude oil production. The Company's credit agreement restricts the ability of the Company to enter into commodity hedges other than to hedge or mitigate risks to which the Company has actual or projected exposure or as permitted under the Company's risk management policies and not subjecting the Company to material speculative risks. All of the Company's derivatives are used for risk management purposes and are not held for trading purposes. As of June 30, 2010, the Company had 23 derivative contracts open: 15 natural gas price swap arrangements, six natural gas basis swaps and two crude oil price swap arrangements. During the first six months of 2010, the Company entered into five new derivative contracts covering anticipated crude oil production for 2010 and natural gas production for 2011. These natural gas basis swaps mitigate the risk associated with basis differentials that may expand or increase over time, thus reducing the exposure and risk of basis fluctuations.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

As of June 30, 2010, the Company had the following outstanding commodity derivatives:

Commodity and Derivative Type	Weighted-Average		Volume		Contract Period
	Contract Price				
Derivatives designated as Hedging Instruments					
Natural Gas Swap	\$9.30	per Mcf	17,977	Mmcf	July - December 2010
Natural Gas Swap	\$6.26	per Mcf	12,909	Mmcf	January - December 2011
Crude Oil Swap	\$104.25	per Bbl	366	Mbbl	July - December 2010

Derivatives not designated as Hedging Instruments

Natural Gas Basis Swap	\$(0.27)	per Mcf	16,123	Mmcf	January - December 2012
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The change in the fair value of derivatives designated as hedges that is effective is recorded to Accumulated Other Comprehensive Income in Stockholders' Equity in the Balance Sheet. The ineffective portion of the change in the fair value of derivatives designated as hedges, and the change in fair value of derivatives not designated as hedges, are recorded currently in earnings as a component of Natural Gas Production and Crude Oil and Condensate Revenue, as appropriate.

The following schedules reflect the fair values of derivative instruments on the Company's condensed consolidated financial statements:

Effect of derivative instruments on the Condensed Consolidated Balance Sheet

		<u>Fair Value Asset (Liability)</u>	
<u>(In thousands)</u>	<u>Balance Sheet Location</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Derivatives designated as hedging instruments			
Natural Gas Commodity Contracts	Derivative Contracts - current assets	\$ 75,765	\$ 99,151
Natural Gas Commodity Contracts	Accrued Liabilities	\$ –	\$ (425)

Natural Gas Commodity Contracts	Derivative Contracts - long-term assets	3,629	—
Crude Oil Commodity Contracts	Derivative Contracts - current assets	10,008	15,535
		<u>\$ 89,402</u>	<u>\$ 114,261</u>
Derivatives not designated as hedging instruments			
Natural Gas Commodity Contracts	Other Liabilities	\$ (1,599)	\$ (1,954)
		<u>\$ 87,803</u>	<u>\$ 112,307</u>

At June 30, 2010 and December 31, 2009, unrealized gains of \$89.4 million (\$55.4 million, net of tax) and \$114.3 million (\$71.9 million, net of tax), respectively, were recorded in Accumulated Other Comprehensive Income. Based upon estimates at June 30, 2010, the Company expects to reclassify \$53.2 million in after-tax income associated with its commodity hedges from Accumulated Other Comprehensive Income to the Condensed Consolidated Statement of Operations over the next 12 months.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

Effect of derivative instruments on the Condensed Consolidated Statement of Operations

Derivatives designated as Hedging Instruments (In thousands)	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)				Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	Three Months Ended		Six Months Ended			Three Months Ended		Six Months Ended	
	June 30,		June 30,			June 30,		June 30,	
	2010	2009	2010	2009		2010	2009	2010	2009
Natural Gas Commodity Contracts	\$(6,266)	\$(18,980)	\$50,938	\$141,694	Natural Gas Production Revenues	\$41,812	\$100,956	\$70,253	\$182,666
Crude Oil Contracts					Crude Oil and Condensate Revenues				
	4,195	18,236	3,818	(4,301)		4,779	5,972	9,362	13,356
	\$(2,071)	\$(744)	\$54,756	\$137,393		\$46,591	\$106,928	\$79,615	\$196,022

For the three and six months ended June 30, 2010 and 2009, respectively, there was no ineffectiveness recorded in our condensed consolidated statement of operations related to our derivative instruments.

Derivatives not qualifying as Hedging Instruments (In thousands)	Location of Gain (Loss) Recognized in Income on Derivative		Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009	2010	2009
Natural Gas Commodity Contracts	\$ 942	\$ (126)	\$ 355	\$ 815		

Additional Disclosures about Derivative Instruments and Hedging Activities

The use of derivative instruments involves the risk that the counterparties will be unable to meet their obligation under the agreement. The Company enters into derivative contracts with multiple counterparties in order to limit its exposure to individual counterparties. The Company also has netting arrangements with all of its counterparties that allow it to offset payables against receivables from separate derivative contracts with that counterparty.

The counterparties to the Company' s derivative instruments are also lenders under its credit facility. The Company' s credit facility and derivative instruments contain certain cross default and acceleration provisions that may require immediate payment of its derivative liability in certain situations.

8. FAIR VALUE MEASUREMENTS

Effective January 1, 2009, the Company applied the authoritative guidance that applies to non-financial assets and liabilities required to be measured and recorded at fair value. The Company previously adopted the guidance as it relates to financial assets and liabilities that are measured at fair value on a recurring basis effective January 1, 2008.

This guidance established a formal framework for measuring fair values of assets and liabilities in financial statements that are already required by generally accepted accounting principles (GAAP) to be measured at fair value. Fair value is the price that would be received to

sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The transaction is based on a hypothetical transaction in the principal or most advantageous market considered from the perspective of the market participant that holds the asset or owes the liability.

The Company utilizes market data or assumptions that market participants who are independent, knowledgeable and willing and able to transact would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. The Company attempts to utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company is able to classify fair value balances based on the observability of those inputs. A formal fair value hierarchy was established based on the inputs used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to level 3 measurements, and accordingly, Level 1 measurements should be used whenever possible.

The Company has classified its assets and liabilities into these levels depending upon the data relied on to determine the fair values. For further information regarding the fair value hierarchy, refer to Note 11 of the Notes to the Consolidated Financial Statements in the Form 10-K.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

Non-Financial Assets and Liabilities

The Company discloses or recognizes its non-financial assets and liabilities, such as asset retirement obligations and impairments of long-lived assets, at fair value on a nonrecurring basis. During the three and six month periods ended June 30, 2010, the Company recorded an impairment related to certain oil and gas properties held for sale. Refer to Note 2 for additional disclosures related to fair value associated with the impaired properties. As none of the Company's other non-financial assets and liabilities were impaired as of June 30, 2010 and 2009 and no other fair value measurements were required to be recognized on a non-recurring basis, additional disclosures were not provided.

Financial Assets and Liabilities

Our financial assets and liabilities are measured at fair value on a recurring basis. The following fair value hierarchy table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2010:

<u>(In thousands)</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Balance as of June 30, 2010</u>
Assets				
Rabbi Trust Deferred Compensation Plan	\$ 13,441	\$ –	\$ –	\$13,441
Derivative Contracts	–	–	89,402	89,402
Total Assets	<u>\$ 13,441</u>	<u>\$ –</u>	<u>\$ 89,402</u>	<u>\$102,843</u>
Liabilities				
Rabbi Trust Deferred Compensation Plan	\$ 19,727	\$ –	\$ –	\$19,727
Derivative Contracts	–	–	1,599	1,599
Total Liabilities	<u>\$ 19,727</u>	<u>\$ –</u>	<u>\$ 1,599</u>	<u>\$21,326</u>

The Company's investments associated with its Rabbi Trust Deferred Compensation Plan consist of mutual funds and deferred shares of the Company's common stock that are publicly traded and for which market prices are readily available.

The derivative contracts were measured based on quotes from the Company' s counterparties. Such quotes have been derived using valuation models that consider various inputs including current market and contractual prices for the underlying instruments, quoted forward prices for natural gas and crude oil, volatility factors and interest rates, such as a LIBOR curve for a similar length of time as the derivative contract term as applicable. These estimates are verified using relevant NYMEX futures contracts or are compared to multiple quotes obtained from counterparties for reasonableness. The Company measured the nonperformance risk of its counterparties by reviewing credit default swap spreads for the various financial institutions in which it has derivative transactions. The resulting reduction to the net receivable derivative contract position was \$0.2 million. In times where the Company has net derivative contract liabilities, the nonperformance risk of the Company is evaluated using a market credit spread provided by the Company' s bank.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

The following table sets forth a reconciliation of changes for the three and six month periods ended June 30, 2010 and 2009 in the fair value of financial assets and liabilities classified as Level 3 in the fair value hierarchy:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Balance at beginning of period	\$135,532	\$405,186	\$112,307	\$355,202
Total Gains or (Losses) (Realized or Unrealized):				
Included in Earnings ⁽¹⁾	47,534	106,802	79,972	196,837
Included in Other Comprehensive Income	(48,672)	(107,672)	(24,861)	(58,629)
Purchases, Issuances and Settlements	(46,591)	(106,928)	(79,615)	(196,022)
Transfers In and/or Out of Level 3	—	—	—	—
Balance at end of period	\$87,803	\$297,388	\$87,803	\$297,388

(1)

A gain of \$0.9 million and \$0.4 million for the three and six months ended June 30, 2010 and a loss of \$0.1 million, respectively, and a gain of \$0.8 million for the three and six months ended June 30, 2009, respectively, was unrealized and included in Natural Gas Production Revenues in the Statement of Operations.

There were no transfers between Level 1 and Level 2 measurements for the three and six months ended June 30, 2010.

Fair Value of Other Financial Instruments

The estimated fair value of financial instruments is the amount at which the instrument could be exchanged currently between willing parties. The carrying amounts reported in the Condensed Consolidated Balance Sheet for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturities of these instruments.

The fair value of long-term debt is the estimated cost to acquire the debt, including a credit spread for the difference between the issue rate and the period end market rate. The credit spread is the Company's default or repayment risk. The credit spread (premium or discount) is determined by comparing the Company's fixed-rate notes and credit facility to new issuances (secured and unsecured) and secondary trades

of similar size and credit statistics for both public and private debt. The fair value of all of the notes and credit facility is based on interest rates currently available to the Company.

The Company uses available market data and valuation methodologies to estimate the fair value of debt. The carrying amounts and fair values of long-term debt are as follows:

<u>(In thousands)</u>	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Long-Term Debt	\$1,015,000	\$1,134,677	\$805,000	\$863,559

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

9. COMPREHENSIVE INCOME / (LOSS)

Comprehensive Income / (Loss) includes Net Income and certain items recorded directly to Stockholders' Equity and classified as Accumulated Other Comprehensive Income. The following tables illustrate the calculation of Comprehensive Income for the three and six months ended June 30, 2010 and 2009:

(In thousands)	Three Months Ended June 30,	
	2010	2009
Net Income	\$21,682	\$25,502
Other Comprehensive Income / (Loss), net of taxes:		
Reclassification Adjustment for Settled Contracts, net of taxes of \$17,219 and \$40,182, respectively	(29,372)	(66,746)
Changes in Fair Value of Hedge Positions, net of taxes of \$325 and \$277, respectively	(1,746)	(467)
Defined Benefit Pension and Postretirement Plans:		
Amortization of Net Obligation at Transition, net of taxes of \$(61) and \$(59), respectively	\$97	\$99
Amortization of Prior Service Cost, net of taxes of \$(9) and \$(67), respectively	12	112
Amortization of Net Loss, net of taxes of \$(257) and \$(358), respectively	396	505
Foreign Currency Translation Adjustment, net of taxes of \$41 and \$(4,751), respectively	606	817
	(107)	7,985

Total Other Comprehensive Income / (Loss)

(30,720) (58,411)

Comprehensive Income / (Loss)

\$(9,038) \$(32,909)

Six Months Ended

June 30,

(In thousands)

2010

2009

Net Income

\$50,378 \$73,082

Other Comprehensive Income / (Loss), net of taxes:

Reclassification Adjustment for Settled Contracts, net of taxes of
\$29,537 and \$73,413, respectively

(50,078) (122,609)

Changes in Fair Value of Hedge Positions, net of taxes of \$(21,122) and
\$(51,604), respectively

33,634 85,789

Defined Benefit Pension and Postretirement Plans:

Amortization of Net Obligation at Transition, net of taxes of
\$(120) and \$(118), respectively

\$196 \$198

Amortization of Prior Service Cost, net of taxes of \$(15) and
\$(134), respectively

27 225

Amortization of Net Loss, net of taxes of \$(570) and \$(717),
respectively

928 1,151 1,210 1,633

Foreign Currency Translation Adjustment, net of taxes of \$(41) and
\$(4,167), respectively

120 7,034

Total Other Comprehensive Income / (Loss)

(15,173) (28,153)

Comprehensive Income / (Loss)

\$35,205 \$44,929

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

Changes in the components of Accumulated Other Comprehensive Income, net of taxes, for the six months ended June 30, 2010 were as follows:

<u>Accumulated Other Comprehensive Income / (Loss), net of taxes (In thousands)</u>	<u>Net Gains / (Losses) on Cash Flow Hedges</u>	<u>Defined Benefit Pension and Postretirement Plans</u>	<u>Foreign Currency Translation Adjustment</u>	<u>Total</u>
Balance at December 31, 2009	\$71,872	\$ (29,349)	\$ (87)	\$42,436
Net change in unrealized gain on cash flow hedges, net of taxes of \$8,415	(16,444)			\$(16,444)
Net change in defined benefit pension and postretirement plans, net of taxes of \$(705)		1,151		\$1,151
Change in foreign currency translation adjustment, net of taxes of \$(41)			120	\$120
Balance at June 30, 2010	<u>\$55,428</u>	<u>\$ (28,198)</u>	<u>\$ 33</u>	<u>\$27,263</u>

10. PENSION AND OTHER POSTRETIREMENT BENEFITS

The components of net periodic benefit costs for the three and six months ended June 30, 2010 and 2009 were as follows:

<u>(In thousands)</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Qualified and Non-Qualified Pension Plans				
Current Period Service Cost	\$896	\$861	\$1,794	\$1,722
Interest Cost	993	928	1,985	1,856
Expected Return on Plan Assets	(1,039)	(671)	(2,080)	(1,342)

Amortization of Prior Service Cost	21	13	42	26
Amortization of Net Loss	<u>591</u>	<u>794</u>	<u>1,182</u>	<u>1,588</u>
Net Periodic Pension Cost	<u>\$1,462</u>	<u>\$1,925</u>	<u>\$2,923</u>	<u>\$3,850</u>

Postretirement Benefits Other than Pension Plans

Current Period Service Cost	\$316	\$320	\$633	\$640
Interest Cost	424	398	847	797
Amortization of Prior Service Cost	–	167	–	333
Amortization of Net Loss	62	169	316	338
Amortization of Net Obligation at Transition	<u>158</u>	<u>158</u>	<u>316</u>	<u>316</u>
Total Postretirement Benefit Cost	<u>\$960</u>	<u>\$1,212</u>	<u>\$2,112</u>	<u>\$2,424</u>

Employer Contributions

The funding levels of the pension and postretirement plans are in compliance with standards set by applicable law or regulation. As of June 30, 2010, the Company contributed \$5 million to its qualified pension plan. Additional contributions may be made prior to December 31, 2010. The Company does not have any required minimum funding obligations for its qualified pension plan in 2010. The Company previously disclosed in its financial statements for the year ended December 31, 2009 that it expected to contribute \$0.5 million to its non-qualified pension plan and \$1.0 million to the postretirement benefit plan during 2010.

Subsequent Event

The Company is terminating its tax qualified defined benefit pension plan effective September 30, 2010, with the plan and its related trust to be liquidated following appropriate filings with the Pension Benefit Guaranty Corporation and Internal Revenue Service. Because no further benefits will be accrued under this pension plan after September 30, 2010, the Company's related supplemental nonqualified pension arrangements that provide benefits by reference to the tax qualified plan will effectively be frozen and no additional benefits will be accrued under those arrangements after September 30, 2010. Management has not yet completed its determination of the estimated curtailment gain or loss associated with the termination of the plans.

The Company also amended the Savings Investment Plan to provide for discretionary profit sharing contributions. The Company presently anticipates contributing to this plan an amount equal to 9% of an eligible plan participant's salary and bonus.

CABOT OIL & GAS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)

11. STOCK-BASED COMPENSATION

Compensation expense charged against income for stock-based awards (including the supplemental employee incentive plan) during the first half of June 30, 2010 and 2009 was \$5.1 million and \$11.3 million, respectively, and is included in General and Administrative Expense in the Condensed Consolidated Statement of Operations. Stock-based compensation expense in the second quarter of 2010 and 2009 was \$1.9 million and \$6.2 million, respectively.

As disclosed in the Form 10-K, the Company realized a \$13.8 million tax benefit during the year ended December 31, 2009 related primarily to the federal tax deduction in excess of book compensation cost for employee stock-based compensation for 2008 and, to a lesser extent, state tax deductions for 2007. For regular federal income tax purposes, the Company was in a net operating loss position in 2008. In accordance with ASC 718, the Company recognized this tax benefit only to the extent it reduced the Company's income taxes payable. As the Company carried back net operating losses concurrent with its 2008 tax return filing, the income tax benefit related to stock-based compensation was recorded in Additional Paid-in Capital in 2009. Due to the Company's net operating loss carryforward position, no income tax benefit related to stock-based compensation has been recognized for 2010 or 2009. For further information regarding Stock-Based Compensation or the Company's Incentive Plans, please refer to Note 10 of the Notes to the Consolidated Financial Statements in the Form 10-K.

Restricted Stock Awards

During the first half of 2010, the Compensation Committee granted 11,800 restricted stock awards with a weighted-average grant date per share value of \$38.88. The fair value of restricted stock grants is based on the average of the high and low stock price on the grant date. During the first half of 2010, 4,600 restricted stock awards granted in prior periods vested with a weighted-average grant date per share value of \$30.10.

Compensation expense recorded for all unvested restricted stock awards for the six months ended June 30, 2010 and 2009 was \$0.8 million and \$0.2 million, respectively. The Company used an annual forfeiture rate ranging from 0% to 7.0% based on approximately ten years of the Company's history for this type of award to various employee groups.

Restricted Stock Units

During the six months ended June 30, 2010, 23,340 restricted stock units were granted to non-employee directors of the Company with a grant date per share value of \$41.15. The fair value of these units is measured at the average of the high and low stock price on grant date and compensation expense is recorded immediately. These units immediately vest and are issued when the director ceases to be a director of the Company. The compensation cost, which reflects the total fair value of these units, recorded in the first half of 2010 and 2009 was \$1.0 and \$0.8 million, respectively. There was no expense recorded in the second quarter of either 2010 or 2009.

Stock Appreciation Rights

During the first half of 2010, the Compensation Committee granted 79,550 stock appreciation rights (SARs) to employees. These awards allow the employee to receive common stock of the Company equal to the intrinsic value over the \$40.53 grant date market price that may result from the price appreciation during the contractual term of seven years. The Company calculates the fair value using a Black-Scholes model.

CABOT OIL & GAS CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)**

The assumptions used in the Black-Scholes fair value calculation on the date of grant for SARs are as follows:

Weighted-Average Value per Stock Appreciation Rights Granted During the Period

\$18.96

Assumptions

Stock Price Volatility

52.9 %

Risk Free Rate of Return

2.4 %

Expected Dividend Yield

0.3 %

Expected Term (in years)

5.0

Compensation expense recorded during the first half of 2010 and 2009 for SARs was \$0.9 million and \$1.3 million, respectively. Included in these amounts were \$0.3 million and \$0.7 million in the first half of 2010 and 2009, respectively, related to the immediate expensing of shares granted in 2010 and 2009 to retirement-eligible employees. Compensation expense in the second quarter of 2010 and 2009 was \$0.4 million and \$0.3 million, respectively.

Performance Share Awards

During 2010, the Compensation Committee granted three types of performance share awards to employees for a total of 347,170 performance shares. The performance period for two of the three types of these awards commenced on January 1, 2010 and ends December 31, 2012.

Awards totaling 84,470 performance shares are earned, or not earned, based on the comparative performance of the Company's common stock measured against sixteen other companies in the Company's peer group over a three year performance period. Depending on the Company's performance, employees may receive an aggregate of up to 100% of the fair market value of a share of common stock payable in common stock plus up to 100% of the fair market value of a share of common stock payable in cash.

Awards totaling 180,180 performance shares are earned, or not earned, based on the Company's internal performance metrics rather than performance compared to a peer group. The grant date per share value of this award was \$40.53. These awards represent the right to receive up to 100% of the award in shares of common stock. The actual number of shares issued at the end of the performance period will be determined based on the Company's performance against three performance criteria set by the Company's Compensation Committee. An employee will earn one-third of the award granted for each internal performance metric that the Company meets at the end of the performance period. These performance criteria measure the Company's average production, average finding costs and average reserve replacement over three years. Based on the Company's probability assessment at June 30, 2010, it is considered probable that these three criteria will be met.

The third type of performance share award, totaling 82,520 performance shares, with a grant date per share value of \$40.53, has a three-year graded performance period, one-third of the shares are issued on each anniversary date following the date of grant, provided that the Company

has \$100 million or more of operating cash flow for the year preceding the performance period. If the Company does not have \$100 million or more of operating cash flow for the year preceding a performance period, then the portion of the performance shares that would have been issued on that date will be forfeited. As of June 30, 2010, it is considered probable that this performance metric will be met.

For all performance share awards granted to employees in 2010, an annual forfeiture rate ranging from 0% to 7% has been assumed based on the Company's history for this type of award to various employee groups.

For awards that are based on the internal metrics of the Company (performance condition), fair value is measured based on the average of the high and low stock price of the Company on the grant date and expense is amortized over the three year period. To determine the fair value for awards that are based on the Company's comparative performance against a peer group (market condition), the equity and liability components are bifurcated. On the

CABOT OIL & GAS CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)–(Continued)**

grant date, the equity component was valued using a Monte Carlo binomial model and is amortized on a straight-line basis over three years. The liability component is valued at each reporting period by using a Monte Carlo binomial model.

The four primary inputs for the Monte Carlo model are the risk-free rate, volatility of returns, correlation in movement of total shareholder return and the expected dividend. An interpolated risk-free rate was generated from the Federal Reserve website for constant maturity treasuries for two and three year bonds (as of the reporting date) set equal to the remaining duration of the performance period. Volatility was set equal to the annualized daily volatility for the remaining duration of the performance period ending on the reporting date. Correlation in movement of total shareholder return was determined based on a correlation matrix that was created which identifies total shareholder return correlations for each pair of companies in the peer group, including the Company. The paired returns in the correlation matrix ranged from approximately 59% to approximately 84% for the Company and its peer group. The expected dividend is calculated using the total Company annual dividends expected to be paid (\$0.12 per share) divided by the June 30, 2010 closing price of the Company's stock (\$31.32 per share). Based on these inputs discussed above, a ranking was projected identifying the Company's rank relative to the peer group for each award period.

The following assumptions were used for the Monte Carlo model to value the liability components of the peer group measured performance share awards. The equity portion of the awards was valued on the respective grant date using the Monte Carlo model and this portion was not marked to market.

	Grant Date	June 30, 2010
Value per Share	\$17.63 - \$41.53	\$3.91 - \$8.34
Risk Free Rate of Return	1.33% - 1.74%	0.22% - 0.81%
Stock Price Volatility	37.65% - 61.76%	53.76% - 67.44%
Expected Dividend Yield	0.24% - 0.54%	0.38%

The Monte Carlo value per share for the liability component for all outstanding market condition performance share awards ranged from \$3.91 to \$8.34 at June 30, 2010. The long-term liability for market condition performance share awards, included in Other Liabilities in the Condensed Consolidated Balance Sheet, at June 30, 2010 and December 31, 2009 was \$0.5 million and \$1.1 million, respectively. The short-term liability, included in Accrued Liabilities in the Condensed Consolidated Balance Sheet, at June 30, 2010 and December 31, 2009, for market condition performance share awards was \$0.3 million and \$2.4 million, respectively.

During the first half of 2010, 363,284 performance shares were issued. As discussed in Note 10 of the Notes to the Consolidated Financial Statements in the Form 10-K, the performance period ended on December 31, 2009 for two types of performance awards granted in 2007. A total of 92,400 shares measured based on the Company's performance against a peer group (valued at \$2.8 million) were issued in addition to cash of \$1.3 million. A total of 150,100 shares measured based on internal performance metrics of the Company (valued at \$5.3 million) were also issued. During the first quarter of 2010, 120,784 shares were issued (valued at \$3.8 million), which represents one-third of the three-year graded performance share awards granted in 2009, 2008 and 2007 with a grant date per share value of \$22.63, \$48.48 and \$35.22, respectively. These awards met the performance criteria that the Company had \$100 million or more of operating cash flow for the awards granted in 2009 and positive operating income for awards granted in 2008 and 2007.

As of June 30, 2010, 225,800 shares of the Company' s common stock representing issued stock in association with past performance share awards were deferred into the Rabbi Trust Deferred Compensation Plan. For the first half of 2010, an increase to the rabbi trust deferred compensation liability of \$0.6 million was recognized. The net increase was due to an increase in the value of the investments held by the trust, partially offset by a decrease in the closing price of shares of the Company' s common stock held by the trust from December 31, 2009 to June 30, 2010. This decrease in stock-based compensation expense was included in General and Administrative expense in the Condensed Consolidated Statement of Operations.

Total compensation cost recognized for both the equity and liability components of all performance share awards as well as expense related to the shares deferred into the rabbi trust during the six months ended June 30, 2010 and 2009 was \$3.0 million and \$8.8 million, respectively.

Total compensation cost recognized for both the equity and liability components of all performance share awards as well as expense related to the shares deferred into the rabbi trust during the second quarter of 2010 and 2009 was \$1.7 million and \$5.7 million, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Cabot Oil & Gas Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of Cabot Oil & Gas Corporation and its subsidiaries (the Company) as of June 30, 2010, and the related condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2010 and 2009 and the condensed consolidated statement of cash flows for the six-month periods ended June 30, 2010 and 2009. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of operations, of cash flows, of stockholders' equity and of comprehensive income for the year then ended (not presented herein), and in our report dated February 26, 2010, which included an explanatory paragraph related to changes in the manner of accounting for fair value measurements, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet information as of December 31, 2009, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
July 30, 2010

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following review of operations for the three and six month periods ended June 30, 2010 and 2009 should be read in conjunction with our Condensed Consolidated Financial Statements and the Notes included in this Form 10-Q and with the Consolidated Financial Statements, Notes and Management's Discussion and Analysis included in the Cabot Oil & Gas Annual Report on Form 10-K for the year ended December 31, 2009 (Form 10-K).

In 2009, we restructured our operations by combining the Rocky Mountain and Appalachian areas to form the North region and by combining the Anadarko Basin with its Texas and Louisiana areas to form the South region. Certain prior year amounts have been reclassified to reflect this reorganization. Additionally, we exited Canada through the sale of our reserves. Prior to the third quarter of 2009, we presented the geographic areas as East, Gulf Coast, West and Canada.

Overview

On an equivalent basis, our production for the six months ended June 30, 2010 increased by 12% compared to the six months ended June 30, 2009. For the six months ended June 30, 2010, we produced 57.1 Bcfe compared to production of 51.2 Bcfe for the six months ended June 30, 2009. Natural gas production was 54.4 Bcf and oil production was 424 Mbbls for the first half of 2010. Natural gas production increased by 11% when compared to the first half of 2009, which had production of 48.8 Bcf. This increase was primarily a result of increased production in the North region associated with the drilling program and the start up of our Lathrop compressor station in Susquehanna County, Pennsylvania. Partially offsetting the production increase in the North region were decreases in production in Canada due to the sale of our Canadian properties in April 2009, as well as lower production in the South region due to normal production declines, delays in completion, and a shift from gas to oil projects. Oil production increased by 11%, to 424 Mbbls from 383 Mbbls in the first half of 2009. This was primarily the result of increased production in the South region.

Our average realized natural gas price for the first half of 2010 was \$5.99 per Mcf, 19% lower than the \$7.38 per Mcf price realized in the first half of 2009. Our average realized crude oil price for the first half of 2010 was \$97.04 per Bbl, 22% higher than the \$79.55 per Bbl price realized in the first half of 2009. These realized prices include realized gains and losses resulting from commodity derivatives. For information about the impact of these derivatives on realized prices, refer to "Results of Operations" below. Commodity prices are determined by many factors that are outside of our control. Historically, commodity prices have been volatile, and we expect them to remain volatile. Commodity prices are affected by changes in market supply and demand, which are impacted by overall economic activity, weather, pipeline capacity constraints, inventory storage levels, basis differentials and other factors. As a result, we cannot accurately predict future natural gas, NGL and crude oil prices and, therefore, we cannot determine with any degree of certainty what effect increases or decreases will have on our future revenues, capital program or production volumes.

Operating revenues for the six months ended June 30, 2010 decreased by \$30.7 million, or 7%, from the six months ended June 30, 2009 as the lower realized natural gas prices noted above more than offset the higher equivalent production. Natural gas production revenues decreased by \$34.9 million, or 10 %, for the six months ended June 30, 2010 as compared to the six months ended June 30, 2009 due to the decrease in realized natural gas prices, partially offset by the increase in natural gas production. Crude oil and condensate revenues increased by \$10.7 million, or 35%, for the first six months of 2010 as compared to the first six months of 2009, due to increases in realized crude oil prices and crude oil production. Brokered natural gas revenues decreased by \$6.8 million, or 15%, due to a decreased sales price, partially offset by increased brokered volumes.

In addition to production volumes and commodity prices, finding and developing sufficient amounts of crude oil and natural gas reserves at economical costs are critical to our long-term success. For 2010, we expect to spend approximately \$725 million in capital and exploration expenditures. We believe our cash on hand, operating cash flow in 2010 and borrowings from our credit facility will be sufficient to fund our budgeted capital and exploration spending. We will continue to assess the natural gas and crude oil price environment and our liquidity position and may increase or decrease our capital and exploration expenditures accordingly. For the six months ended June 30, 2010, we invested approximately \$394 million in our exploration and development efforts.

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During the first six months of 2010, we drilled 45 gross wells (41 development, two exploratory and two extension wells) with a success rate of 98% compared to 82 gross wells (77 development, two exploratory and three extension wells) with a success rate of 98% for the comparable period of the prior year. For the full year of 2010, we plan to drill approximately 137 gross (107 net) wells.

We continue to remain focused on our strategies of pursuing lower risk drilling opportunities that provide more predictable results on our accumulated acreage position. Additionally, we intend to maintain spending discipline and manage our balance sheet in an effort to ensure sufficient liquidity, including cash resources and available credit. We believe these strategies are appropriate for our portfolio of projects and the current industry environment and will continue to add shareholder value over the long-term.

In June 2010, we sold our Woodford shale prospect located in Oklahoma to Continental Resources Inc. We received approximately \$15.9 million in cash proceeds and recognized a \$10.3 million gain on sale of assets. As a result of our decision to divest of certain oil and gas properties, we recognized an impairment loss of approximately \$5.8 million related to the assets held for sale in the second quarter of 2010. In April 2009, we sold our Canadian properties to a privately held Canadian company for a \$10.5 million loss. In the first quarter of 2009, we received approximately \$11.4 million in cash proceeds and recognized a \$12.7 million gain on sale of assets primarily related to the sale of the Thornwood properties in the North region. Refer to Note 2 of the Notes to the Condensed Consolidated Financial Statements for further details.

In April 2009, we entered into a new revolving credit facility and terminated our prior credit facility. In June 2010, we amended the agreements governing our senior notes and credit facility to amend the required asset coverage ratio (the present value of our proved reserves plus working capital to debt) contained in the agreements. The amendment also impacted the ratio for maximum calculated indebtedness to borrowing base (as defined in the credit facility agreement). Refer to Note 4 of the Notes to the Condensed Consolidated Financial Statements for further details.

The preceding paragraphs, discussing our strategic pursuits and goals, contain forward-looking information. Please read “Forward-Looking Information” for further details.

Financial Condition

Capital Resources and Liquidity

Our primary sources of cash for the six months ended June 30, 2010 were funds generated from the sale of natural gas and crude oil production, realized derivative contracts, borrowings under our credit facility and asset dispositions. These cash flows were primarily used to fund our development and exploratory expenditures, in addition to payment of dividends. See below for additional discussion and analysis of cash flow.

We generate cash from the sale of natural gas and crude oil. Operating cash flow fluctuations are substantially driven by commodity prices and changes in our production volumes. Prices for crude oil and natural gas have historically been volatile, including seasonal influences characterized by peak demand and higher prices in the winter heating season; however, the impact of other risks and uncertainties, as described in our Form 10-K and other filings with the Securities and Exchange Commission, have also influenced prices throughout the recent years. Commodity prices continue to experience increased volatility due to adverse market conditions in the economy. In addition, fluctuations in cash flow may result in an increase or decrease in our capital and exploration expenditures. See “Results of Operations” for a review of the impact of prices and volumes on sales.

Our working capital is also substantially influenced by variables discussed above. From time to time, our working capital will reflect a surplus, while at other times it will reflect a deficit. This fluctuation is not unusual. We believe we have adequate credit availability and liquidity to meet our working capital requirements.

Six Months Ended

June 30,

(In thousands)

	<u>2010</u>	<u>2009</u>
Cash Flows Provided by Operating Activities	\$243,178	\$300,385
Cash Flows Used in Investing Activities	(437,401)	(230,166)
Cash Flows Provided by / (Used in) Financing Activities	<u>201,750</u>	<u>(68,472)</u>
Net Increase in Cash and Cash Equivalents	<u>\$7,527</u>	<u>\$1,747</u>

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Operating Activities. Key components impacting net operating cash flows are commodity prices, production volumes and operating costs. Net cash provided by operating activities in the first six months of 2010 decreased by \$57.2 million over the first six months of 2009. This decrease was mainly due to lower natural gas prices offset by higher crude oil prices and equivalent production. Average realized natural gas prices decreased by 19% for the first six months of 2010 compared to the first six months of 2009, while average realized crude oil prices increased by 22% compared to the same period. Equivalent production volumes increased by 12% for the six months ended June 30, 2010 compared to the six months ended June 30, 2009 as a result of higher natural gas and crude oil production. See “Results of Operations” for additional information relative to commodity price and production movements. We are unable to predict future commodity prices and, as a result, cannot provide any assurance about future levels of net cash provided by operating activities. Realized prices may decline in future periods.

As of June 30, 2010, we have natural gas price swaps covering 18.0 Bcf of our 2010 natural gas production at an average price of \$9.30 per Mcf and natural gas price swaps covering 12.9 Bcf of our 2011 natural gas production at an average price of \$6.26 per Mcf. Accordingly, based on our current hedge position, we are more subject to the effects of natural gas price volatility in 2010 than we were in 2009.

Investing Activities. The primary uses of cash in investing activities were capital spending. We established the budget for these amounts based on our current estimate of future commodity prices and cash flows. Due to the volatility of commodity prices and new opportunities which may arise, our capital expenditures may be periodically adjusted during any given year. Cash flows used in investing activities increased by \$207.3 million from the first six months of 2010 compared to the first six months of 2009. The increase primarily was due to an increase of \$144.3 million in capital expenditures offset by lower proceeds from sale of assets of \$62.9 million.

Financing Activities. Cash flows provided by financing activities increased by \$270.2 million from the first six months of 2009 to the first six months of 2010. This was primarily due to an increase in borrowings under our credit facility in the first six months of 2010 and to debt repayments in the first six months of 2009.

At June 30, 2010, we had \$353.0 million of borrowings outstanding under our unsecured credit facility at a weighted-average interest rate of 3.75%. The credit facility provides for an available credit line of \$500 million and contains an accordion feature allowing us to increase the available credit line to \$600 million, if any one or more of the existing banks or new banks agree to provide such increased commitment amount. The available credit line is subject to adjustment on the basis of the present value of estimated future net cash flows from proved oil and gas reserves (as determined by the banks based on our reserve reports and engineering reports) and certain other assets and the outstanding principal balance of our senior notes. As of June 30, 2010, our available credit under our credit facility is \$146.0 million.

In June 2010, the Company amended the agreements governing its senior notes and credit facility to amend the required asset coverage ratio (the present value of the Company’s proved reserves plus working capital to debt) contained in the agreements. The amendments revised the calculation of present value of proved reserves to reflect specified pricing assumptions based on quoted futures prices in lieu of historical realized prices, reduced the limit on proved undeveloped reserves included in the calculation from 35% to 30%, and increased the required ratio from 1.75:1 from 1.50:1. The amendments to the senior note agreements also provided that for so long as a borrowing base calculation is required under the Company’s credit facility, the Company’s debt may not exceed 115% of such borrowing base. If such a borrowing base calculation is not required under the credit facility, the Company would no longer be subject to the asset coverage ratio under the agreements, but would instead be required to maintain a ratio of debt to consolidated EBITDAX (as defined) not to exceed 3.0:1.

We strive to manage our debt at a level below the available credit line in order to maintain excess borrowing capacity. Our revolving credit facility includes a covenant limiting our total debt. Management believes that, with internally generated cash, existing cash and availability under our revolving credit facility, we have the capacity to finance our spending plans and maintain our strong financial position. At the same time, we continue to closely monitor the capital markets.

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Capitalization

Information about our capitalization is as follows:

<u>(Dollars in millions)</u>	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Debt ⁽¹⁾	\$1,015.0	\$ 805.0
Stockholders' Equity	<u>1,845.9</u>	<u>1,812.5</u>
Total Capitalization	<u>\$2,860.9</u>	<u>\$ 2,617.5</u>
Debt to Capitalization	35.5 %	30.8 %
Cash and Cash Equivalents	\$47.7	\$ 40.2

(1)

Includes \$353.0 million and \$143.0 million of borrowings outstanding under our revolving credit facility at June 30, 2010 and December 31, 2009, respectively.

During the six months ended June 30, 2010, we paid dividends of \$6.2 million (\$0.06 per share) on our common stock. A regular dividend has been declared for each quarter since we became a public company in 1990.

Capital and Exploration Expenditures

On an annual basis, we generally fund most of our capital and exploration activities, excluding any significant oil and gas property acquisitions, with cash generated from operations and, when necessary, our revolving credit facility. We budget these capital expenditures based on our projected cash flows for the year.

The following table presents major components of capital and exploration expenditures for the six-month period ended June 30, 2010 and 2009:

<u>(In millions)</u>	<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Capital Expenditures		

Drilling and Facilities ⁽¹⁾	\$261.6	\$222.8
Leasehold Acquisitions	90.3	11.5
Acquisitions	0.8	0.2
Pipeline and Gathering	18.1	7.9
Other	4.5	1.3
	375.3	243.7
Exploration Expense	18.7	16.9
Total	<u>\$394.0</u>	<u>\$260.6</u>

(1)

Includes Canadian currency translation effects of \$4.6 million in 2009. There was no impact from Canadian currency translation in 2010.

For the full year of 2010, we plan to drill approximately 137 gross (107 net) wells. This 2010 drilling program includes approximately \$725 million in total capital and exploration expenditures. See the “Overview” discussion for additional information regarding the current year drilling program. We will continue to assess the natural gas and crude oil price environment and our liquidity position and may increase or decrease the capital and exploration expenditures accordingly.

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Contractual Obligations

At June 30, 2010, we were obligated to make future payments under drilling rig commitments and firm gas transportation agreements. For further information, please refer to “Firm Gas Transportation Agreements” and “Drilling Rig Commitments” under Note 6 in the Notes to the Condensed Consolidated Financial Statements and Note 7 in the Notes to Consolidated Financial Statements included in our Form 10-K.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted and adopted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. See our Form 10-K for further discussion of our critical accounting policies.

Recently Adopted Accounting Standards

In February 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-09, “Subsequent Events,” which amends Accounting Standards Codification (ASC) 855 to eliminate the requirement to disclose the date through which management has evaluated subsequent events in the financial statements. ASU No. 2010-09 was effective upon issuance and its adoption had no impact on our financial position, results of operations or cash flows.

Effective January 1, 2010, we partially adopted the provisions of FASB ASU No. 2010-06, “Improving Disclosures about Fair Value Measurements,” which amends ASC 820-10-50 to require new disclosures concerning (1) transfers into and out of Levels 1 and 2 of the fair value measurement hierarchy, and (2) activity in Level 3 measurements. In addition, ASU No. 2010-06 clarifies certain existing disclosure requirements regarding the level of disaggregation and inputs and valuation techniques and makes conforming amendments to the guidance on employers’ disclosures about postretirement benefit plans assets. The requirements to disclose separately purchases, sales, issuances, and settlements in the Level 3 reconciliation are effective for fiscal years beginning after December 15, 2010 (and for interim periods within such years). The principal impact was to require the expansion of our disclosure regarding our derivative instruments. Accordingly, we will apply the disclosure requirements relative to the Level 3 reconciliation in the first quarter of 2011. There was no impact on our financial position, results of operations or cash flows as a result of the partial adoption of ASU No. 2010-06. For further information, please refer to Note 8 in the Notes to the Condensed Consolidated Financial Statements.

Results of Operations

Second Quarters of 2010 and 2009 Compared

We reported net income in the second quarter of 2010 of \$21.7 million, or \$0.21 per share. For the second quarter of 2009, we reported net income of \$25.5 million, or \$0.25 per share. Net income decreased in the second quarter of 2010 by \$3.8 million, primarily due to a decrease in operating revenues and an increase in operating expenses offset by an increase in gain / (loss) on sale of assets. Operating revenues decreased by \$9.4 million primarily due to a reduction in natural gas production revenues partially offset by increases in crude oil condensate revenues, brokered natural gas revenues and other revenues. Operating expenses increased by \$13.8 million between periods due primarily to increases in depreciation, depletion and amortization, impairment of unproved properties, partially offset by decreased general and administrative expenses, including stock-based compensation.

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Natural Gas Production Revenues

Our average total company realized natural gas production sales price, including the realized impact of derivative instruments, was \$5.48 per Mcf for the three months ended June 30, 2010 compared to \$7.25 per Mcf for the comparable period of the prior year. These prices include the realized impact of derivative instrument settlements, which increased the price by \$1.44 per Mcf in 2010 and by \$4.15 per Mcf in 2009. The following table excludes the unrealized gain from the change in fair value of our derivatives that do not qualify for hedging of \$0.9 million for the quarter ended June 30, 2010 and the unrealized loss from the change in derivative fair value of \$0.1 million for the quarter ended June 30, 2009, which have been included within Natural Gas Production Revenues in the Condensed Consolidated Statement of Operations.

	Three Months Ended				
	June 30,				
	2010	2009	Amount	Percent	
Natural Gas Production (<i>Mmcf</i>)					
North	17,124	11,843	5,281	45	%
South	11,837	12,134	(297)	(2	%)
Canada	—	353	(353)	(100	%)
Total Company	28,961	24,330	4,631	19	%

Natural Gas Production Sales Price (*\$/Mcf*)

North	\$4.47	\$6.29	\$(1.82)	(29 %)
South	\$6.95	\$8.30	\$(1.35)	(16 %)
Canada	\$—	\$3.22	\$(3.22)	(100 %)
Total Company	\$5.48	\$7.25	\$(1.77)	(24 %)

Natural Gas Production Revenue (*In thousands*)

North	\$76,503	\$74,440	\$2,063	3 %
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South	82,316	100,761	(18,445)	(18 %)
Canada	—	1,138	(1,138)	(100 %)
Total Company	<u>\$158,819</u>	<u>\$176,339</u>	<u>\$(17,520)</u>	(10 %)

Price Variance Impact on Natural Gas Production Revenue

(In thousands)

North	\$ (30,960)
South	(16,098)
Canada	—
Total Company	<u>\$(47,058)</u>

Volume Variance Impact on Natural Gas Production Revenue

(In thousands)

North	\$33,023
South	(2,347)
Canada	(1,138)
Total Company	<u>\$29,538</u>

The decrease in Natural Gas Production Revenue of \$17.5 million, excluding the impact of the unrealized gain discussed above, is due to the decrease in realized natural gas prices in both the North and South regions, decreased production in the South region associated with normal production declines, delays in completions and a shift from gas to oil projects, as well as the sale of our Canadian properties in April 2009. Partially offsetting these decreases was an increase in natural gas production in the North region associated with increased drilling and the start up of the Lathrop compressor station in the Marcellus shale.

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Brokered Natural Gas Revenue and Cost

	Three Months Ended June 30,		Variance		
	2010	2009	Amount	Percent	
Sales Price (\$/Mcf)	\$5.04	\$4.83	\$0.21	4	%
Volume Brokered (Mmcf)	x2,649	x2,424	225	9	%
Brokered Natural Gas Revenues (In thousands)	<u>\$13,348</u>	<u>\$11,704</u>			
Purchase Price (\$/Mcf)	\$4.45	\$4.41	\$0.04	1	%
Volume Brokered (Mmcf)	x2,649	x2,424	225	9	%
Brokered Natural Gas Cost (In thousands)	<u>\$11,793</u>	<u>\$10,684</u>			
Brokered Natural Gas Margin (In thousands)	<u>\$1,555</u>	<u>\$1,020</u>	<u>\$535</u>	52	%
(In thousands)					
Sales Price Variance Impact on Revenue	\$556				
Volume Variance Impact on Revenue	1,087				
	<u>\$1,643</u>				
(In thousands)					
Purchase Price Variance Impact on Purchases	\$(116)				
Volume Variance Impact on Purchases	(992)				
	<u>\$(1,108)</u>				

The increased brokered natural gas margin is a result of an increase in brokered volumes coupled with an increase in sales price that outpaced the increase in purchase price.

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Crude Oil and Condensate Revenues

Our average total company realized crude oil sales price, including the realized impact of derivative instruments, was \$96.70 per Bbl for the second quarter of 2010 compared to \$83.76 per Bbl for the second quarter of 2009. These prices include the realized impact of derivative instrument settlements, which increased the price by \$21.82 per Bbl in 2010 and by \$30.78 per Bbl in 2009. There was no revenue impact from the unrealized change in crude oil and condensate derivative fair value for the three months ended June 30, 2010 and 2009.

	Three Months Ended			
	June 30,		Variance	
	2010	2009	Amount	Percent
Crude Oil Production (Mbbbl)				
North	26	30	(4)	(13 %)
South	193	162	31	19 %
Canada	—	2	(2)	(100 %)
Total Company	219	194	25	13 %

Crude Oil Sales Price (\$/Bbl)

North	\$67.27	\$52.61	\$14.66	28 %
South	\$100.65	\$90.15	\$10.50	12 %
Canada	\$—	\$45.14	\$(45.14)	(100 %)
Total Company	\$96.70	\$83.76	\$12.94	15 %

Crude Oil Revenue (In thousands)

North	\$1,744	\$1,602	\$142	9 %
South	19,467	14,514	4,953	34 %

Canada

— 94 (94) (100 %)

Total Company

\$21,211 **\$16,210** **\$5,001** 31 %

Price Variance Impact on Crude Oil Revenue

(In thousands)

North

\$328

South

2,030

Canada

—

Total Company

\$2,358

Volume Variance Impact on Crude Oil Revenue

(In thousands)

North

\$(186)

South

2,923

Canada

(94)

Total Company

\$2,643

The \$5.0 million increase in crude oil and condensate revenues is primarily due to an increase in realized crude oil prices in the North and South regions and an increase in crude oil production in the South region due to a shift from gas to oil projects. These increases are partially offset by lower production in the North region and Canada.

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Impact of Derivative Instruments on Operating Revenues

The following table reflects the realized impact of cash settlements and the net unrealized change in fair value of derivative instruments:

	Three Months Ended			
	June 30,			
	2010		2009	
(In thousands)	Realized	Unrealized	Realized	Unrealized
Operating Revenues—Increase / (Decrease) to Revenue				
Cash Flow Hedges				
Natural Gas Production	\$41,812	\$ –	\$100,956	\$ –
Crude Oil	4,779	–	5,972	–
Total Cash Flow Hedges	46,591	\$ –	106,928	–
Other Derivative Financial Instruments				
Natural Gas Basis Swaps	–	942	–	(126)
Total Other Derivative Financial Instruments	–	942	–	(126)
Total Cash Flow Hedges and Other Derivative Financial Instruments	\$46,591	\$ 942	\$106,928	\$ (126)

We are exposed to market risk on derivative instruments to the extent of changes in market prices of natural gas and crude oil. However, the market risk exposure on these derivative contracts is generally offset by the gain or loss recognized upon the ultimate sale of the commodity. Although notional contract amounts are used to express the volume of natural gas price agreements, the amounts that can be subject to credit risk in the event of non-performance by third parties are substantially smaller. We do not anticipate any material impact on our financial results due to non-performance by third parties. Our primary derivative contract counterparties are Bank of Montreal, BNP Paribas, JPMorgan Chase, Key Bank, Bank of America and Morgan Stanley.

Operating Expenses

Total costs and expenses from operations increased by \$13.8 million in the second quarter of 2010 compared to the same period of 2009. The primary reasons for this fluctuation are as follows:

Depreciation, Depletion and Amortization increased by \$12.6 million from the second quarter of 2009 compared to the second quarter of 2010. This is primarily due to a higher DD&A rate as a result of higher capital costs and increased equivalent production volumes.

Impairment of Unproved Properties increased \$2.3 million primarily due to increased unproved leasehold costs in Susquehanna County and South Texas in late 2009 and early 2010.

General and Administrative expenses decreased by \$4.3 million from the second quarter of 2009 compared to the second quarter of 2010. This decrease is primarily due to lower stock compensation and pension and post retirement benefit expense, partially offset by increased salaries and wages, incentive compensation and professional service costs.

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Gain on Sale of Assets

An aggregate gain of \$4.4 million was recognized in the second quarter of 2010. During the second quarter of 2010, a gain of \$10.3 million was recognized on the sale of the Woodford shale prospect, offset by an impairment charge of \$5.8 million on assets held for sale. In the second quarter of 2009, a loss of \$16.6 million was recognized primarily due to the sale of the our Canadian properties.

Income Tax Expense

Income tax expense increased by \$0.9 million in the second quarter of 2010 due to a higher effective tax rate partially offset by lower pre-tax income compared to the second quarter of 2009. The effective tax rates for the second quarter of 2010 and 2009 were 40.3% and 34.9%, respectively. The effective tax rate was higher as a result of a shift in earnings being generated from states with lower tax rates to states with higher tax rates.

Six Months of 2010 and 2009 Compared

We reported net income in the first six months of 2010 of \$50.4 million, or \$0.49 per share, compared to the first six months of 2010 of \$73.1 million, or \$0.71 per share. Net income decreased in the first half of 2010 by \$22.7 million, primarily due to a decrease in operating revenues and an increase in operating expenses.

Operating revenues decreased by \$30.7 million, largely due to decreases in natural gas production revenues offset by increases in crude oil and condensate revenues. Operating expenses increased by \$9.7 million between periods due primarily to increases in depreciation, depletion and amortization, impairment of unproved properties and exploration expense offset by lower brokered costs and general and administration expenses. In addition, net income was impacted in the first half of 2009 by a loss on sale of assets as well as an increase in expenses of \$1.5 million resulting from a combination of higher interest and other expenses and decreased income tax expense.

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Natural Gas Production Revenues

Our average total company realized natural gas production sales price, including the realized impact of derivative instruments, was \$5.99 per Mcf for the six months ended June 30, 2010 compared to \$7.38 per Mcf for the comparable period of the prior year. These prices include the realized impact of derivative instrument settlements, which increased the price by \$1.29 per Mcf in 2010 and decreased the price by \$3.74 per Mcf in 2009. The following table excludes the unrealized gain from the change in fair value of our basis swaps of \$0.4 million for the six months ended June 30, 2009 and \$0.8 million for the six months ended June 30, 2009, which have been included within Natural Gas Production Revenues in the Condensed Consolidated Statement of Operations.

	Six Months Ended				
	June 30,				
	2010	2009	Amount	Percent	
Natural Gas Production (<i>Mmcf</i>)					
North	31,510	22,577	8,933	40	%
South	22,843	25,250	(2,407)	(10	%)
Canada	—	958	(958)	(100	%)
Total Company	54,353	48,785	5,568	11	%

Natural Gas Production Sales Price (*\$/Mcf*)

North	\$4.98	\$6.72	\$(1.74)	(26 %)
South	\$7.38	\$8.12	\$(0.74)	(9 %)
Canada	\$—	\$3.40	\$(3.40)	(100 %)
Total Company	\$5.99	\$7.38	\$(1.39)	(19 %)

Natural Gas Production Revenue (*In thousands*)

North	\$156,895	\$151,656	\$5,239	3 %
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South	168,592	205,004	(36,412)	(18 %)
Canada	—	3,258	(3,258)	(100 %)
Total Company	<u>\$325,487</u>	<u>\$359,918</u>	<u>\$(34,433)</u>	(10 %)

Price Variance Impact on Natural Gas Production Revenue

(In thousands)

North	\$(54,765)
South	(16,868)
Canada	<u>\$—</u>
Total Company	<u>\$(71,633)</u>

Volume Variance Impact on Natural Gas Production Revenue

(In thousands)

North	\$60,002
South	(19,544)
Canada	<u>(3,258)</u>
Total Company	<u>\$37,200</u>

The decrease in Natural Gas Production Revenue of \$34.4 million, excluding the impact of the unrealized gain discussed above, is due to primarily to the decrease in realized natural gas prices in both the North and South regions, decreased production in the South region associated with normal production declines, delays in completions and a shift from gas to oil projects, as well as the sale of our Canadian properties in April 2009. Partially offsetting these decreases was an increase in natural gas production in the North region associated with increased drilling and the start up of the Lathrop compressor station in the Marcellus shale.

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Brokered Natural Gas Revenue and Cost

	Six Months Ended		Variance		
	June 30,		Amount	Percent	
	2010	2009			
Sales Price (\$/Mcf)	\$5.75	\$7.39	\$(1.64)	(22	%)
Volume Brokered (Mmcf)	x6,644	x6,099	545	9	%
Brokered Natural Gas Revenues (In thousands)	<u>\$38,221</u>	<u>\$45,085</u>			
Purchase Price (\$/Mcf)	\$4.98	\$6.63	\$(1.65)	(25	%)
Volume Brokered (Mmcf)	x6,644	x6,099	545	9	%
Brokered Natural Gas Cost (In thousands)	<u>\$33,061</u>	<u>\$40,433</u>			
Brokered Natural Gas Margin (In thousands)	<u>\$5,160</u>	<u>\$4,652</u>	<u>\$508</u>	11	%
(In thousands)					
Sales Price Variance Impact on Revenue	\$ (10,889)				
Volume Variance Impact on Revenue	4,028				
	<u>\$ (6,861)</u>				
(In thousands)					
Purchase Price Variance Impact on Purchases	\$10,982				
Volume Variance Impact on Purchases	(3,613)				
	<u>\$7,369</u>				

The increased brokered natural gas margin of \$0.5 million is a result of an increase in volumes brokered, offset by decreases in sales and purchase price.

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Crude Oil and Condensate Revenues

Our average total company realized crude oil sales price, including the realized impact of derivative instruments, was \$97.04 per Bbl for the first half of 2010 compared to \$79.55 per Bbl for the first half of 2009. These prices include the realized impact of derivative instrument settlements, which increased the price by \$22.09 in 2010 and \$34.87 in 2009. There was no revenue impact from the unrealized change in crude oil and condensate derivative fair value for the six months ended June 30, 2009 and 2008.

		Six Months Ended		Variance	
		June 30,			
		2010	2009	Amount	Percent
Crude Oil Production (Mbbbl)					
North	48	55	(7)	(13 %)	
South	377	321	56	17 %	
Canada	—	6	(6)	(98 %)	
Total Company	425	383	42	11 %	

Crude Oil Sales Price (\$/Bbl)

North	\$67.63	\$42.73	\$24.88	58 %
South	\$100.75	\$86.72	\$14.02	16 %
Canada	\$—	\$36.46	\$(36.46)	(100 %)
Total Company	\$97.04	\$79.55	\$17.49	22 %

Crude Oil Revenue (In thousands)

North	\$3,258	\$2,350	\$909	39 %
South	37,935	27,838	10,097	36 %

Canada

— 219 (219) (100 %)

Total Company

\$41,193 **\$30,407** **\$10,787** 35 %

Price Variance Impact on Crude Oil Revenue

(In thousands)

North

\$1,210

South

5,281

Canada

—

Total Company

\$6,491

Volume Variance Impact on Crude Oil Revenue

(In thousands)

North

\$(300)

South

4,815

Canada

(219)

Total Company

\$4,296

The \$10.8 million increase in crude oil and condensate revenues is primarily due to an increase in realized crude oil prices in the North and South regions and an increase in crude oil production in the South regions. These increases are partially offset by lower production in the North region and Canada.

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Impact of Derivative Instruments on Operating Revenues

The following table reflects the realized impact of cash settlements and the net unrealized change in fair value of derivative instruments:

	Six Months Ended			
	June 30,			
	2010		2009	
(In thousands)	Realized	Unrealized	Realized	Unrealized
Operating Revenues—Increase / (Decrease) to Revenue				
Cash Flow Hedges				
Natural Gas Production	\$70,253	\$ —	\$182,666	\$ —
Crude Oil	9,362	—	13,356	—
Total Cash Flow Hedges	79,615	—	196,022	—
Other Derivative Financial Instruments				
Natural Gas Basis Swaps	—	355	—	815
Total Other Derivative Financial Instruments	—	355	—	815
Total Cash Flow Hedges and Other Derivative Financial Instruments	\$79,615	\$ 355	\$196,022	\$ 815

Operating Expenses

Total costs and expenses from operations increased by \$9.7 million in the first six months of 2010 compared to the same period of 2009. The primary reasons for this fluctuation are as follows:

Depreciation, Depletion and Amortization increased by \$15.1 million from the first half of 2009 compared to the first half of 2010. This is primarily due to a higher DD&A rate as a result of higher capital costs and increased equivalent production volumes.

Impairment of Unproved Properties increased \$8.2 million primarily due to increased unproved leasehold costs in Susquehanna County and South Texas in late 2009 and early 2010.

Exploration expense increase \$1.8 million primarily due to increased geological and geophysical costs and professional services fees partially offset by decreased delay rentals, other exploration expense and employee related costs.

Brokered Natural Gas Cost decreased by \$7.4 million from the first half of 2010 compared to the first half of 2009. See the preceding table titled "Brokered Natural Gas Revenue and Cost" for further analysis.

General and Administrative expenses decreased by \$5.6 million from the second first half of 2009 compared to the first half of 2010. This decrease is primarily due to lower stock compensation and pension and post retirement benefit expense, partially offset by increased salaries and wages, incentive compensation and professional service costs.

Gain on Sale of Assets

An aggregate gain of \$5.1 million was recognized in the first half of 2010. During the first half of 2010, a gain of \$10.3 million was recognized on the sale of the Woodford shale prospect, offset by an impairment charge of \$5.8 million on assets held for sale. In the first half of 2009, a loss of \$16.6 million was recognized primarily due to the sale of the our Canadian properties offset by a \$12.7 million gain on sale of assets in the first quarter of 2009 primarily related to the sale of the Thornwood properties in the North region.

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Income Tax Expense

Income tax expense increased by \$10.2 million in the first half of 2010 due to a higher effective tax rate partially offset by lower pre-tax income compared to the first half of 2009. The effective tax rates for the first half of 2010 and 2009 were 38.5% and 36.4%, respectively. The effective tax rate was higher as a result of a shift in earnings being generated from states with lower tax rates to states with higher tax rates.

Forward-Looking Information

The statements regarding future financial performance and results, market prices and the other statements which are not historical facts contained in this report are forward-looking statements. The words “expect,” “project,” “estimate,” “believe,” “anticipate,” “intend,” “budget,” “plan,” “forecast,” “predict” and similar expressions are also intended to identify forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, market factors, market prices (including regional basis differentials) of natural gas and crude oil, results for future drilling and marketing activity, future production and costs and other factors detailed herein and in our other Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Our primary market risk is exposure to crude oil and natural gas prices. Realized prices are mainly driven by worldwide prices for crude oil and spot market prices for North American natural gas production. Commodity prices are volatile and unpredictable.

The debt and equity markets continue to experience unfavorable conditions, which may affect our ability to access those markets. As a result of the volatility and continued uncertainty in the capital markets and our increased level of borrowings, we may experience increased costs associated with future borrowings and debt issuances. We will continue to monitor events and circumstances surrounding each of our lenders in our revolving credit facility.

Derivative Instruments and Hedging Activity

Our hedging strategy is designed to reduce the risk of price volatility for our production in the natural gas and crude oil markets. A hedging committee that consists of members of senior management oversees our hedging activity. Our hedging arrangements apply to only a portion of our production and provide only partial price protection. These hedging arrangements limit the benefit to us in periods of increasing prices, but offer protection in the event of price declines. Further, if our counterparties defaulted, this protection might be limited as we might not receive the benefits of the hedges. Please read the discussion below as well as Note 7 of the Notes to the Condensed Consolidated Financial Statements for a more detailed discussion of our hedging arrangements.

As of June 30, 2010, we had 23 derivative contracts open: 15 natural gas price swap arrangements, six natural gas basis swaps and two crude oil price swap arrangements. During the first six months of 2010, the Company entered into five new derivative contracts covering anticipated crude oil production for 2010 and natural gas production for 2011.

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As of June 30, 2010, we had the following outstanding commodity derivatives:

						Net Unrealized Gain /
<u>Commodity and Derivative Type</u>	<u>Weighted-Average Contract Price</u>		<u>Volume</u>		<u>Contract Period</u>	<u>(Loss) (In thousands)</u>
Derivatives designated as Hedging Instruments						
Natural Gas Swap	\$9.30	per Mcf	17,977	Mmcf	July - December 2010	\$ 75,765
Natural Gas Swap	\$6.26	per Mcf	12,909	Mmcf	January - December 2011	3,629
Crude Oil Swap	\$104.25	per Bbl	366	Mbbl	July - December 2010	10,008
						\$ 89,402

Derivatives not qualifying as Hedging Instruments

Natural Gas Basis Swap	\$(0.27)	per Mcf	16,123	Mmcf	January - December 2012	\$ (1,599)
						\$ 87,803

The amounts set forth under the net unrealized gain column in the table above represent our total unrealized gain position at June 30, 2010 and include the impact of nonperformance risk. Nonperformance risk was primarily evaluated by reviewing credit default swap spreads for the various financial institutions in which we have derivative transactions.

From time to time, we enter into natural gas and crude oil swap agreements with counterparties to hedge price risk associated with a portion of our production. These cash flow hedges are not held for trading purposes. Under these price swaps, we receive a fixed price on a notional quantity of natural gas or crude oil in exchange for paying a variable price based on a market-based index, such as the NYMEX gas and crude oil futures.

During the first half of 2010, natural gas price swaps covered 17,879 Mmcf, or 33%, of our first half of 2010 gas production at an average price of \$9.30 per Mcf.

We had two crude oil price swaps covering 364 Mbbl, or 85%, of our second quarter of 2010 oil production at an average price of \$104.25 per Bbl.

We are exposed to market risk on these open contracts, to the extent of changes in market prices of natural gas and crude oil. However, the market risk exposure on these hedged contracts is generally offset by the gain or loss recognized upon the ultimate sale of the commodity that is hedged.

The preceding paragraphs contain forward-looking information concerning future production and projected gains and losses, which may be impacted both by production and by changes in the future market prices of energy commodities. See “Forward-Looking Information” for further details.

Fair Market Value of Financial Instruments

The estimated fair value of financial instruments is the amount at which the instrument could be exchanged currently between willing parties. The carrying amounts reported in the Condensed Consolidated Balance Sheet for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value.

The fair value of long-term debt is the estimated cost to acquire the debt, including a credit spread for the difference between the issue rate and the period end market rate. The credit spread is our default or repayment risk. The credit spread (premium or discount) is determined by comparing our fixed-rate notes and credit facility to new issues (secured and unsecured) and secondary trades of similar size and credit statistics for both public and private debt. The fair value of all of the fixed-rate notes and credit facility is based on interest rates currently available to us.

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We use available marketing data and valuation methodologies to estimate the fair value of debt.

<u>(In thousands)</u>	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Long-Term Debt	\$1,015,000	\$1,134,677	\$805,000	\$863,559

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ITEM 4. Controls and Procedures

As of the end of the current reported period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective at a reasonable assurance level with respect to the recording, processing, summarizing and reporting, within the time periods specified in the Commission's rules and forms, of information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

There were no changes in the Company's internal control over financial reporting that occurred during the second quarter of 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The information set forth under the heading "Environmental Matters" in Note 6 of the Notes to Condensed Consolidated Financial Statements included in Item 1 of Part I of this quarterly report is incorporated by reference in response to this item.

ITEM 1A. Risk Factors

For additional information about the risk factors facing the Company, see Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The Board of Directors has authorized a share repurchase program under which the Company may purchase shares of common stock in the open market or in negotiated transactions. There is no expiration date associated with the authorization. During the three months ended June 30, 2010, the Company did not repurchase any shares of common stock. All purchases executed to date have been through open market transactions. The maximum number of shares that may yet be purchased under the plan as of June 30, 2010 was 4,795,300.

ITEM 6. Exhibits

Exhibit

<u>Number</u>	<u>Description</u>
4.1	Note Purchase Agreement dated as of July 26, 2001 among Cabot Oil & Gas Corporation and the Purchasers listed therein (Form 8-K for August 30, 2001). (a) Amendment No. 1 to Note Purchase Agreement, dated as of June 30, 2010.
4.2	Note Purchase Agreement dated as of July 16, 2008 among Cabot Oil & Gas Corporation and the Purchasers named therein (Form 8-K for July 16, 2008). (a) Amendment No. 1 to Note Purchase Agreement, dated as of June 30, 2010.
4.3	Note Purchase Agreement dated as of December 1, 2008 among Cabot Oil & Gas Corporation and the Purchasers named therein (Form 10-K for 2008) (a) Amendment No. 1 to Note Purchase Agreement, dated as of June 30, 2010.

- 4.5 Credit Agreement, dated as of April 24, 2009, among the Company, JPMorgan Chase Bank, N.A., as Administrative Agent, Banc of America Securities LLC, as Syndication Agent, Bank of Montreal, as Documentation Agent, and the Lenders party thereto (Form 8-K for April 24, 2009).
 - (a) First Amendment to Credit Agreement, dated as of June 17, 2010.
- 15.1 Awareness letter of PricewaterhouseCoopers LLP
- 31.1 302 Certification - Chairman, President and Chief Executive Officer

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31.2	302 Certification - Vice President, Chief Financial Officer and Treasurer
32.1	906 Certification
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished, not filed. Users of this data submitted electronically herewith are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CABOT OIL & GAS CORPORATION
(Registrant)

July 30, 2010

By: /S/ DAN O. DINGES

Dan O. Dinges
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

July 30, 2010

By: /S/ SCOTT C. SCHROEDER

Scott C. Schroeder
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

July 30, 2010

By: /S/ TODD M. ROEMER

Todd M. Roemer
Controller
(Principal Accounting Officer)

CABOT OIL & GAS CORPORATION
AMENDMENT NO. 1 TO NOTE PURCHASE AGREEMENT

As of June 30, 2010

To the Holders of Notes Named
on the Signature Pages Hereto

Ladies and Gentlemen:

Cabot Oil & Gas Corporation (hereinafter, together with its successors and assigns, the “**Company**”) agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuances, etc.

Pursuant to that certain Note Purchase Agreement dated as of July 26, 2001 (as in effect immediately prior to giving effect to the Amendments (as defined below) provided for hereby, the “**Existing Note Purchase Agreement**”, and as amended by this Amendment Agreement (as defined below) and as may be further amended, restated or otherwise modified from time to time, the “**Note Purchase Agreement**”) the Company issued and sold (a) \$75,000,000 in aggregate principal amount of its 7.26% Senior Notes, Series A, due 2011 (the “**Series A Notes**”), (b) \$75,000,000 in aggregate principal amount of its 7.36% Senior Notes, Series B, due 2013 (the “**Series B Notes**”) and (c) \$20,000,000 in aggregate principal amount of its 7.46% Senior Notes, Series C, due 2016 (the “**Series C Notes**”). The Series A Notes, the Series B Notes and the Series C Notes (as each may be amended, restated or otherwise modified from time to time as of the date hereof, collectively, the “**Notes**”) as of the date hereof remain outstanding. The register for the registration and transfer of the Notes indicates that the parties named in Annex 1 (the “**Noteholders**”) to this Amendment No. 1 to Note Purchase Agreement (the “**Amendment Agreement**”) are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Existing Note Purchase Agreement.

3. AMENDMENTS TO THE EXISTING NOTE PURCHASE AGREEMENT.

Subject to Section 5 of this Amendment Agreement, the Required Lenders and the Company hereby agree to each of the amendments to the Existing Note Purchase Agreement as provided for by this Amendment Agreement and specified in this Section 3. Such amendments are referred to herein, collectively, as the “**Amendments**”.

3.1. The defined term “Present Value of Proved Reserves” appearing in Section 1.01 of the Existing Note Purchase Agreement is hereby amended and restated to read as follows:

““**Present Value of Proved Reserves**” means, at any time, the net present value, discounted at 10% per annum, of the future after-tax net revenues expected to accrue to the

Issuer's and its Subsidiaries' collective interests in Proved Reserves expected to be produced from their Petroleum Properties during the remaining expected economic lives of such reserves. Each calculation of such expected future net revenues shall be made in accordance with the then existing standards of the Society of Petroleum Engineers, provided that in any event (a) appropriate deductions shall be made for severance and ad valorem taxes, and for operating, gathering, transportation and marketing costs required for the production and sale of such reserves, (b) appropriate adjustments shall be made for hedging operations, provided that Swap Agreements with non-investment grade counterparties shall not be taken into account to the extent that such Swap Agreements improve the position of or otherwise benefit the Issuer or any of its Subsidiaries, (c) the pricing assumptions used in determining net present value for any particular reserves shall be based upon the following price decks: (i) for natural gas, the quotation for deliveries of natural gas for each such year from the New York Mercantile Exchange for Henry Hub, provided that with respect to quotations for calendar years after the fifth calendar year, the quotation for the fifth calendar year shall be applied and (ii) for crude oil, the quotation for deliveries of West Texas Intermediate crude oil for each such calendar year from the New York Mercantile Exchange for Cushing, Oklahoma, provided that with respect to quotations for calendar years after the fifth calendar year, the quotation for the fifth calendar year shall be applied, and (d) the cash-flows derived from the pricing assumptions set forth in clause (c) above shall be further adjusted to account for the historical basis differentials for each month during the preceding 12-month period calculated by comparing realized crude oil and natural gas prices to Cushing, Oklahoma and Henry Hub NYMEX prices for each month during such period; provided that in calculating the Present Value of Proved Reserves, Proved Undeveloped Reserves shall not be taken into account to the extent that more than 30% of the Present Value of Proved Reserves is attributable to Proved Undeveloped Reserves."

3.2. Section 1.01 of the Existing Note Purchase Agreement is hereby amended by inserting the following new definitions into such Section, in their proper alphabetical order, to read as follows:

“**Bank Credit Agreement**” means the Credit Agreement dated as of April 24, 2009 among the Issuer, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Banc of America Securities LLC, as syndication agent, and Bank of Montreal, as documentation agent, as such agreement hereafter may be amended, restated, supplemented, modified, refinanced, extended or replaced.”

“**Borrowing Base**” shall have the meaning set forth in the Bank Credit Agreement.”

“**Consolidated EBITDAX**” means, for any period, the sum of (a) Consolidated Net Income of the Issuer and its Subsidiaries for such period, plus (b) the following expenses or charges, without duplication and to the extent deducted in calculating such Consolidated Net Income for such period: (i) Consolidated Interest Expense, (ii) income and franchise taxes, (iii) depreciation, depletion, amortization, exploration and abandonment expenses, and intangible drilling costs, (iv) lease impairment expenses; (v) extraordinary losses (or less extraordinary gains) attributable to writeups or writedowns of assets, including ceiling test writedown and impairments of long-lived assets, (vi) other noncash charges, and (vii) to the extent expensed and recognized in such period, the transaction fees and expenses incurred on or about the closing of the First Amendment in connection with the negotiation, execution and closing of the First Amendment in an aggregate amount not to exceed \$4,000,000, minus (c) all noncash income added to Consolidated Net Income; provided that EBITDAX (and any defined term used herein) for any applicable period shall be calculated on a pro forma basis for any acquisitions or dispositions during such period, as if such acquisition or disposition had occurred on the first day of such period and, concurrently with such determination, the Issuer shall furnish to the holders of

the Notes audited financial statements or other financing information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Lenders the basis for such computations.”

“**Consolidated Interest Expense**” is defined in Section 5.12(a)(iii).”

“**Consolidated Net Income**” means with respect to the Issuer and its Subsidiaries, for any period, the aggregate of the net income (or loss) of the Issuer and its Subsidiaries after allowances for taxes for such period determined on a consolidated basis in accordance with generally accepted accounting principles; provided that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the net income of any Person in which the Issuer or any Subsidiary has an interest (which interest does not cause the net income of such other Person to be consolidated with the net income of the Issuer and its Subsidiaries in accordance with generally accepted accounting principles), except to the extent of the amount of dividends or distributions actually paid in cash during such period by such other Person to the Issuer or a Subsidiary, as the case may be; (b) the net income (but not loss) during such period of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by such Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement, instrument or Governmental Requirement applicable to such Subsidiary or is otherwise restricted or prohibited, in each case determined in accordance with generally accepted accounting principles; (c) the net income (or loss) of any Person acquired in a pooling-of-interests transaction for any period prior to the date of such transaction; (d) any extraordinary gains or losses during such period and (e) any gains or losses attributable to writeups or writedowns of assets, including ceiling test writedowns and impairments of long-lived assets.”

“**First Amendment**” shall mean that certain Amendment No. 1 to Note Purchase Agreement, dated as of June 30, 2010, among the Issuer and the holders of Notes party thereto.”

“**Governmental Authority**” means (a) the government of (i) the United States of America or any State or other political subdivision thereof, or (ii) any other jurisdiction in which the Issuer or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Issuer or any Subsidiary, or (b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.”

“**Governmental Requirement**” means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, rules of common law, authorization or other directive or requirement, whether now or hereinafter in effect, of any Governmental Authority.”

3.3. Section 1.02 of the Existing Note Purchase Agreement is hereby amended by inserting the following at the end thereof:

“Notwithstanding the foregoing or any other provision of this Agreement, for purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Issuer to measure any portion of a non-derivative financial liability at fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Section 825-10 or any similar accounting standard), other than to reflect a hedge of such non-derivative financial liability (including both interest rate and foreign currency hedges), shall be disregarded and such determination shall be made as if such election had not been made.”

3.4. Clause (b) of Section 4.04 of the Existing Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

“(b) As of June 2001, there are no statements or conclusions in the Reserve Report included in the Offering Memorandum provided to the Purchasers regarding reserves which are based upon or include misleading information or fail to take into account material information known to the Issuer regarding the matters reported therein, it being understood that such statements and conclusions are necessarily based upon professional opinions, estimates and forecasts, and the Issuer does not warrant that such opinions, estimates and forecasts will ultimately prove to have been accurate. Such reserve data has, in the judgment of the Issuer, been properly compiled from engineering tests conducted in accordance with prevailing industry standards.”

3.5. Section 4.05 of the Existing Note Purchase Agreement is hereby amended by amending and restating in its entirety the first and second sentences thereof to read as follows:

“None of the financial statements and other financial or factual information included in the Offering Memorandum (excluding estimates, financial projections and pro forma financial statements) contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading as of June 2001. All other financial and reserve information, financial statements and other documents (excluding estimates, projections and pro forma financial information) furnished by the Issuer to the Purchasers in connection with the Notes and this Agreement and set forth on Schedule 4.05, taken as a whole, do not and will not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances in which they were made.”

3.6. Section 4.10 of the Existing Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

“Section 4.10 The Issuer and each Subsidiary has valid and defensible title to its material (individually or in the aggregate) Petroleum Properties and good, valid, defensible and indefeasible title to its other real and personal property, including all such properties reflected in the audited balance sheet for the fiscal year ended December 31, 2009, except as sold or otherwise disposed of in compliance with this Agreement, in each case free and clear of all Liens except Liens expressly permitted by Section 5.10. Each lease under which the Issuer or any of its Subsidiaries is the lessee which is material to the business or operations of the Issuer or the Issuer and its Subsidiaries considered as a whole is valid and subsisting and is in full force and effect.”

3.7. Schedules 4.05 and 4.15 of the Existing Note Purchase Agreement are hereby amended and restated in their entireties as set forth on Schedules 4.05 and 4.15, respectively, attached hereto.

3.8. Section 5.01 of the Existing Note Purchase Agreement is hereby amended by (a) re-lettering existing clause (h) thereof as clause (i) and (b) adding the following as a new clause (h):

“(h) promptly, and in any event within three (3) Business Days of receipt thereof, a copy of each New Borrowing Base Notice (as defined in the Bank Credit Agreement) (or similar borrowing base notice under any successor agreement) received by the Issuer; and”

3.9. Section 5.09 of the Existing Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

“(a) The ratio of (i) Present Value of Proved Reserves plus Adjusted Cash to (ii) Indebtedness and Other Liabilities shall at no time be less than 1.75:1 (the “**Asset Coverage Ratio**”); in addition, for so long as any Bank Credit Agreement is in effect and the Borrowing Base therein is being calculated, at no time shall Indebtedness and Other Liabilities exceed 115% of the Borrowing Base then in effect; provided however, that if at any time the Borrowing Base shall cease to be calculated under any Bank Credit Agreement, then (x) the ratio of (i) Indebtedness and Other Liabilities as of the end of any fiscal quarter of the Issuer (commencing with the fiscal quarter ended immediately preceding the date Borrowing Base is no longer being calculated) to (ii) Consolidated EBITDAX for the period of four fiscal quarters ending on such date shall not be greater than 3.00:1 and (y) the Asset Coverage Ratio shall no longer be calculated hereunder.

(b) The Present Value of Proved Reserves will be determined and adjusted periodically as follows:

(i) The calculation of Present Value of Proved Reserves will be determined from the most recent Reserve Report.

(ii) Upon any sale by the Issuer or any Subsidiary of any Petroleum Property including but not limited to a sale of a lesser interest such as a royalty or a net profit interest to the extent the sale of such lesser interest is not considered to create a Lien (other than the sale of hydrocarbons after severance occurring in the ordinary course of the Issuer's business), the calculation of Present Value of Proved Reserves shall be reduced, effective on the date of consummation of such sale, by an amount equal to the Present Value of Proved Reserves attributable to Proved Reserves included in such sale.

(iii) Immediately upon acquisition or development by the Issuer or any Subsidiary of any Petroleum Property owned directly by the Issuer or any Subsidiary and not reflected in the most recent Reserve Report, the calculation of Present Value of Proved Reserves shall be increased in an amount equal to the Present Value of Proved Reserves attributable to such Petroleum Property."

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, the Company represents and warrants as follows:

4.1. Reaffirmation of Representations and Warranties.

After giving effect to this Amendment Agreement, all of the representations and warranties contained in Article IV of the Existing Note Purchase Agreement are correct with the same force and effect as if made by the Company on the date hereof (or, if any representation or warranty is expressly stated to have been made as of a specific date, as of such date).

4.2. Organization, Power and Authority, etc.

The Company has all requisite corporate power and authority to enter into and perform its obligations under this Amendment Agreement.

4.3. Legal Validity.

The execution and delivery of this Amendment Agreement by the Company and compliance by the Company with its obligations hereunder and under the Note Purchase Agreement: (a) are within the corporate powers and authority of the Company; and (b) will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other material agreement or instrument to which the Company is bound or by which the Company or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or governmental body, agency or official applicable to the Company or (iii) violate any provision of any statute or other rule or regulation of any governmental body, agency or official applicable to the Company.

This Amendment Agreement has been duly authorized by all necessary action on the part of the Company, has been executed and delivered by a duly authorized officer of the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.4. No Defaults.

No event has occurred and no condition exists that: (a) would constitute a Default or an Event of Default or (b) could reasonably be expected to have a material adverse effect.

4.5. Disclosure.

This Amendment Agreement and the documents, certificates or other writings delivered to the Noteholders by or on behalf of the Company in connection therewith, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. There is no fact known to the Company that could reasonably be expected to have a material adverse effect that has not been set forth herein or in the other documents, certificates and other writings delivered to the Noteholders by or on behalf of the Company specifically for use in connection with the transactions contemplated by the this Amendment Agreement.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective only upon the date of the satisfaction in full of the following conditions precedent (the "Effective Date"):

5.1. Execution and Delivery of this Amendment Agreement.

The Company and the Required Lenders shall have executed and delivered this Amendment Agreement.

5.2. Representations and Warranties True.

The representations and warranties set forth in Section 4 shall be true and correct on such date in all respects.

5.3. Authorization.

The Company shall have authorized, by all necessary action, the execution, delivery and performance of all documents, agreements and certificates in connection with this Amendment Agreement.

5.4. Amendment to July 2008 Note Purchase Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain Amendment No. 1 to Note Purchase Agreement, dated as of the date hereof, by and among the Company and each of the Persons signatory thereto with respect to that certain Note Purchase Agreement, dated as of July 16, 2008, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Lenders.

5.5. Amendment to December 2008 Note Purchase Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain Amendment No. 1 to Note Purchase Agreement, dated as of the date hereof, by and among the Company and each of the Persons signatory thereto with respect to that certain Note Purchase Agreement, dated as of December 1, 2008, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Lenders.

5.6. Amendment to Bank Credit Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain First Amendment to Credit Agreement, dated as of June 17, 2010, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Lenders.

5.7. Amendment Fee.

The Company shall have paid the amendment fee in accordance with Section 7 below.

5.8. Special Counsel Fees.

The Company shall have paid the reasonable fees and disbursements of Noteholders' special counsel in accordance with Section 6 below.

5.9. Proceedings Satisfactory.

All proceedings taken in connection with this Amendment Agreement and all documents and papers relating thereto shall be satisfactory to the Noteholders signatory hereto and their special counsel, and such Noteholders and their special counsel shall have received copies of such documents and papers as they or their special counsel may reasonably request in connection herewith.

6. EXPENSES.

Whether or not the Amendments become effective, the Company will promptly (and in any event within thirty (30) days of receiving any statement or invoice therefor) pay all reasonable fees, expenses and costs of your special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of this Amendment Agreement and any other documents related thereto. Nothing in this Section shall limit the Company's obligations pursuant to Section 8.03 of the Existing Note Purchase Agreement.

7. AMENDMENT FEE.

The Company shall pay to each Noteholder, on or prior to the Effective Date, an amendment fee equal to, in the aggregate, 0.30% of the outstanding principal amount of the Notes held by each such Noteholder, such fee to be paid to the account or accounts designated by each Noteholder pursuant to Section 8.09 of the Existing Note Purchase Agreement.

8. MISCELLANEOUS.

8.1. Part of Existing Note Purchase Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Note Purchase Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Purchase Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Note Purchase Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

8.2. Counterparts, Facsimiles.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

8.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

[Remainder of page intentionally left blank. Next page is signature page.]

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among you and the Company.

CABOT OIL & GAS CORPORATION

By: _____ /s/ Scott C. Schroeder _____

Name:

Title:

Signature Page to Amendment No. 1 to 2001 Note Purchase Agreement

The foregoing Amendment Agreement is hereby accepted as of the date first above written. By its execution below, each of the undersigned represents that it is the owner of one or more of the Notes and is authorized to enter into this Amendment Agreement in respect thereof.

**JACKSON NATIONAL LIFE INSURANCE
COMPANY**

By: PPM America, Inc., as attorney in fact, on behalf of
Jackson National Life Insurance Company

By: /s/ Brian Manczak

Name: Brian Manczak,

Title: Vice President

**MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY**

By: Babson Capital Management LLC as Investment
Adviser

By: /s/ Mark B. Ackerman

Name: Mark B. Ackerman

Title: Managing Director

**UNITED OF OMAHA LIFE INSURANCE
COMPANY**

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Senior Vice President

MUTUAL OF OMAHA INSURANCE COMPANY

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Senior Vice President

COMPANION LIFE INSURANCE COMPANY

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Authorized Signer

**GENWORTH LIFE AND ANNUITY INSURANCE
COMPANY**

By: /s/Stephen Demotto

Name: Stephen Demotto

Title: Investment Officer

UNION FIDELITY LIFE INSURANCE COMPANY

By: MetLife Investment Advisors Company, LLC,
its investment advisor

By: /s/John A. Tanyeri

Name: John A. Tanyeri

Title: Director

**THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY**

By: /s/Timothy S. Collins

Name: Timothy S. Collins

Title: Its Authorized Representative

NATIONWIDE LIFE INSURANCE COMPANY
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY
NATIONWIDE INDEMNITY COMPANY
AMCO INSURANCE COMPANY

By: /s/ Mary Beth Cadle

Name: Mary Beth Cadle

Title: Authorized Signatory

**CONNECTICUT GENERAL LIFE INSURANCE
COMPANY**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

**LIFE INSURANCE COMPANY OF NORTH
AMERICA**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

LIFE INSURANCE COMPANY OF NEW YORK

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

**SUN LIFE INSURANCE AND ANNUITY
COMPANY OF NEW YORK**

By: /s/ Srbui Seferian

Name: Srbui Seferian

Title: Authorized Signer

By: /s/ Deborah J. Foss

Name: Deborah J. Foss

Title: Authorized Signer

**SUN LIFE ASSURANCE COMPANY OF CANADA
(U.S.)**

By: /s/ Srbui Seferian

Name: Srbui Seferian

Title: Authorized Signer

By: /s/ Deborah J. Foss

Name: Deborah J. Foss

Title: Authorized Signer

Annex 1

Noteholders

Jackson National Life Insurance Company
Massachusetts Mutual Life Insurance Company
United of Omaha Life Insurance Company
Mutual of Omaha Insurance Company
Companion Life Insurance Company
Genworth Life and Annuity Insurance Company
Union Fidelity Life Insurance Company
The Northwestern Mutual Life Insurance Company
Nationwide Life Insurance Company
Nationwide Life and Annuity Insurance Company
Nationwide Indemnity Company
Amco Insurance Company
Connecticut General Life Insurance Company
Life Insurance Company of North America
Life Insurance Company of New York
Sun Life Insurance and Annuity Company of New York
Sun Life Assurance Company of Canada (U.S.)

CABOT OIL & GAS CORPORATION
AMENDMENT NO. 1 TO NOTE PURCHASE AGREEMENT

As of June 30, 2010

To the Holders of Notes Named
on the Signature Pages Hereto

Ladies and Gentlemen:

Cabot Oil & Gas Corporation (hereinafter, together with its successors and assigns, the “**Company**”) agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuances, etc.

Pursuant to that certain Note Purchase Agreement dated as of July 16, 2008 (as in effect immediately prior to giving effect to the Amendments (as defined below) provided for hereby, the “**Existing Note Purchase Agreement**”, and as amended by this Amendment Agreement (as defined below) and as may be further amended, restated or otherwise modified from time to time, the “**Note Purchase Agreement**”) the Company issued and sold (a) \$245,000,000 in aggregate principal amount of its 6.44% Series D Senior Notes due July 16, 2018 (the “**Series D Notes**”), (b) \$100,000,000 in aggregate principal amount of its 6.54% Series E Senior Notes due July 16, 2020 (the “**Series E Notes**”) and (c) \$80,000,000 in aggregate principal amount of its 6.69% Series F Senior Notes due July 16, 2023 (the “**Series F Notes**”). The Series D Notes, the Series E Notes and the Series F Notes (as each may be amended, restated or otherwise modified from time to time as of the date hereof, collectively, the “**Notes**”) as of the date hereof remain outstanding. The register for the registration and transfer of the Notes indicates that the parties named in Annex 1 (the “**Noteholders**”) to this Amendment No. 1 to Note Purchase Agreement (the “**Amendment Agreement**”) are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Existing Note Purchase Agreement.

3. AMENDMENTS TO THE EXISTING NOTE PURCHASE AGREEMENT.

Subject to Section 5 of this Amendment Agreement, the Required Holders and the Company hereby agree to each of the amendments to the Existing Note Purchase Agreement as provided for by this Amendment Agreement and specified in this Section 3. Such amendments are referred to herein, collectively, as the “**Amendments**”.

3.1. Section 5.3 of the Existing Note Purchase Agreement is hereby amended by (a) deleting the reference to “June 26, 2008” and inserting “March 31, 2010” in lieu thereof, (b) deleting the reference to “December 31, 2007” and inserting “December 31, 2009” in lieu thereof and (c) amending and restating in its entirety the second sentence thereof to read as follows:

“The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries as of June 2008.”

3.2. Section 5.15 of the Existing Note Purchase Agreement is hereby amended by deleting the reference to “July 16, 2008” in clause (a) and inserting “June 14, 2010” in lieu thereof.

3.3. Section 7.1 of the Existing Note Purchase Agreement is hereby amended by (a) re-lettering existing clause (h) thereof as clause (i) and (b) adding the following as a new clause (h):

“(h) promptly, and in any event within three (3) Business Days of receipt thereof, a copy of each New Borrowing Base Notice (as defined in the Bank Credit Agreement) (or similar borrowing base notice under any successor agreement) received by the Company; and”

3.4. Section 10.8 of the Existing Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

“(a) The ratio of (i) Present Value of Proved Reserves plus Adjusted Cash to (ii) Indebtedness and Other Liabilities shall at no time be less than 1.75:1 (the “**Asset Coverage Ratio**”); in addition, for so long as any Bank Credit Agreement is in effect and the Borrowing Base therein is being calculated, at no time shall Indebtedness and Other Liabilities exceed 115% of the Borrowing Base then in effect; provided however, that if at any time the Borrowing Base shall cease to be calculated under any Bank Credit Agreement, then (x) the ratio of (i) Indebtedness and Other Liabilities as of the end of any fiscal quarter of the Company (commencing with the fiscal quarter ended immediately preceding the date Borrowing Base is no longer being calculated) to (ii) Consolidated EBITDAX for the period of four fiscal quarters ending on such date shall not be greater than 3.00:1 and (y) the Asset Coverage Ratio shall no longer be calculated hereunder.

(b) The Present Value of Proved Reserves will be determined and adjusted periodically as follows:

(i) The calculation of Present Value of Proved Reserves will be determined from the most recent Reserve Report.

(ii) Upon any sale by the Company or any Subsidiary of any Petroleum Property including but not limited to a sale of a lesser interest such as a royalty or a net profit interest to the extent the sale of such lesser interest is not considered to create a Lien (other than the sale of hydrocarbons after severance occurring in the ordinary course of the Company’s business), the calculation of Present Value of Proved Reserves shall be reduced, effective on the date of consummation of such sale, by an amount equal to the Present Value of Proved Reserves attributable to Proved Reserves included in such sale.

(iii) Immediately upon acquisition or development by the Company or any Subsidiary of any Petroleum Property owned directly by the Company or any Subsidiary and not reflected in the most recent Reserve Report, the calculation of Present Value of Proved Reserves shall be increased in an amount equal to the Present Value of Proved Reserves attributable to such Petroleum Property.”

3.5. Section 22.3 of the Existing Note Purchase Agreement is hereby amended by inserting the following at the end thereof:

“Notwithstanding the foregoing or any other provision of this Agreement, for purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure any portion of a non-derivative financial liability at fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Section 825-10 or any similar accounting standard), other than to reflect a hedge of such non-derivative financial liability (including both interest rate and foreign currency hedges), shall be disregarded and such determination shall be made as if such election had not been made.”

3.6. The defined terms “Bank Credit Agreement” and “Present Value of Proved Reserves” appearing in Schedule B of the Existing Note Purchase Agreement are each hereby amended and restated to read as follows, respectively:

“**Bank Credit Agreement**” means the Credit Agreement dated as of April 24, 2009 among the Company, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Banc of America Securities LLC, as syndication agent, and Bank of Montreal, as documentation agent, as such agreement hereafter may be amended, restated, supplemented, modified, refinanced, extended or replaced.”

“**Present Value of Proved Reserves**” means, at any time, the net present value, discounted at 10% per annum, of the future after-tax net revenues expected to accrue to the Company’s and its Subsidiaries’ collective interests in Proved Reserves expected to be produced from their Petroleum Properties during the remaining expected economic lives of such reserves. Each calculation of such expected future net revenues shall be made in accordance with the then existing standards of the Society of Petroleum Engineers, provided that in any event (a) appropriate deductions shall be made for severance and ad valorem taxes, and for operating, gathering, transportation and marketing costs required for the production and sale of such reserves, (b) appropriate adjustments shall be made for hedging operations, provided that Swap Agreements with non-investment grade counterparties shall not be taken into account to the extent that such Swap Agreements improve the position of or otherwise benefit the Company or any of its Subsidiaries, (c) the pricing assumptions used in determining net present value for any particular reserves shall be based upon the following price decks: (i) for natural gas, the quotation for deliveries of natural gas for each such year from the New York Mercantile Exchange for Henry Hub, provided that with respect to quotations for calendar years after the fifth calendar year, the quotation for the fifth calendar year shall be applied and (ii) for crude oil, the quotation for deliveries of West Texas Intermediate crude oil for each such calendar year from the New York Mercantile Exchange for Cushing, Oklahoma, provided that with respect to quotations for calendar years after the fifth calendar year, the quotation for the fifth calendar year shall be applied, and (d) the cash-flows derived from the pricing assumptions set forth in clause (c) above shall be further adjusted to account for the historical basis differentials for each month during the preceding 12-month period calculated by comparing realized crude oil and natural gas prices to Cushing, Oklahoma and Henry Hub NYMEX prices for each month during such period; provided that in calculating the Present Value of Proved Reserves, Proved Undeveloped Reserves shall not be taken into account to the extent that more than 30% of the Present Value of Proved Reserves is attributable to Proved Undeveloped Reserves.”

3.7. Schedule B of the Existing Note Purchase Agreement shall be amended by adding the following new definitions in their proper alphabetical order:

“**Borrowing Base**” shall have the meaning set forth in the Bank Credit Agreement.”

“**Consolidated EBITDAX**” means, for any period, the sum of (a) Consolidated Net Income of the Company and its Subsidiaries for such period, plus (b) the following expenses or charges, without duplication and to the extent deducted in calculating such Consolidated Net Income for such period: (i)

Consolidated Interest Expense, (ii) income and franchise taxes, (iii) depreciation, depletion, amortization, exploration and abandonment expenses, and intangible drilling costs, (iv) lease impairment expenses; (v) extraordinary losses (or less extraordinary gains) attributable to writeups or writedowns of assets, including ceiling test writedown and impairments of long-lived assets, (vi) other noncash charges, and (vii) to the extent expensed and recognized in such period, the transaction fees and expenses incurred on or about the closing of the First Amendment in connection with the negotiation, execution and closing of the First Amendment in an aggregate amount not to exceed \$4,000,000, minus (c) all noncash income added to Consolidated Net Income; provided that EBITDAX (and any defined term used herein) for any applicable period shall be calculated on a pro forma basis for any acquisitions or dispositions during such period, as if such acquisition or disposition had occurred on the first day of such period and, concurrently with such determination, the Company shall furnish to the holders of the Notes audited financial statements or other financing information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Holders the basis for such computations.”

““**Consolidated Interest Expense**” is defined in Section 10.9(c).”

““**Consolidated Net Income**” means with respect to the Company and its Subsidiaries, for any period, the aggregate of the net income (or loss) of the Company and its Subsidiaries after allowances for taxes for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the net income of any Person in which the Company or any Subsidiary has an interest (which interest does not cause the net income of such other Person to be consolidated with the net income of the Company and its Subsidiaries in accordance with GAAP), except to the extent of the amount of dividends or distributions actually paid in cash during such period by such other Person to the Company or a Subsidiary, as the case may be; (b) the net income (but not loss) during such period of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by such Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement, instrument or Governmental Requirement applicable to such Subsidiary or is otherwise restricted or prohibited, in each case determined in accordance with GAAP; (c) the net income (or loss) of any Person acquired in a pooling-of-interests transaction for any period prior to the date of such transaction; (d) any extraordinary gains or losses during such period and (e) any gains or losses attributable to writeups or writedowns of assets, including ceiling test writedowns and impairments of long-lived assets.”

““**First Amendment**” shall mean that certain Amendment No. 1 to Note Purchase Agreement, dated as of June 30, 2010, among the Company and the holders of Notes party thereto.”

““**Governmental Requirement**” means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, rules of common law, authorization or other directive or requirement, whether now or hereinafter in effect, of any Governmental Authority.”

3.8. Schedules 5.4, 5.5 and 5.15 of the Existing Note Purchase Agreement are hereby amended and restated in their entireties as set forth on Schedules 5.4, 5.5 and 5.15, respectively, attached hereto.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, the Company represents and warrants as follows:

4.1. Reaffirmation of Representations and Warranties.

After giving effect to this Amendment Agreement, all of the representations and warranties contained in Section 5 of the Existing Note Purchase Agreement are correct with the same force and effect as if made by the Company on the date hereof (or, if any representation or warranty is expressly stated to have been made as of a specific date, as of such date).

4.2. Organization, Power and Authority, etc.

The Company has all requisite corporate power and authority to enter into and perform its obligations under this Amendment Agreement.

4.3. Legal Validity.

The execution and delivery of this Amendment Agreement by the Company and compliance by the Company with its obligations hereunder and under the Note Purchase Agreement: (a) are within the corporate powers and authority of the Company; and (b) will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company is bound or by which the Company or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

This Amendment Agreement has been duly authorized by all necessary action on the part of the Company, has been executed and delivered by a duly authorized officer of the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.4. No Defaults.

No event has occurred and no condition exists that: (a) would constitute a Default or an Event of Default or (b) could reasonably be expected to have a Material Adverse Effect.

4.5. Disclosure.

This Amendment Agreement and the documents, certificates or other writings delivered to the Noteholders by or on behalf of the Company in connection therewith, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the other documents, certificates and other writings delivered to the Noteholders by or on behalf of the Company specifically for use in connection with the transactions contemplated by the this Amendment Agreement.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective only upon the date of the satisfaction in full of the following conditions precedent (the “Effective Date”):

5.1. Execution and Delivery of this Amendment Agreement.

The Company and the Required Holders shall have executed and delivered this Amendment Agreement.

5.2. Representations and Warranties True.

The representations and warranties set forth in Section 4 shall be true and correct on such date in all respects.

5.3. Authorization.

The Company shall have authorized, by all necessary action, the execution, delivery and performance of all documents, agreements and certificates in connection with this Amendment Agreement.

5.4. Amendment to 2001 Note Purchase Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain Amendment No. 1 to Note Purchase Agreement, dated as of the date hereof, by and among the Company and each of the Persons signatory thereto with respect to that certain Note Purchase Agreement, dated as of July 26, 2001, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Holders.

5.5. Amendment to December 2008 Note Purchase Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain Amendment No. 1 to Note Purchase Agreement, dated as of the date hereof, by and among the Company and each of the Persons signatory thereto with respect to that certain Note Purchase Agreement, dated as of December 1, 2008, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Holders.

5.6. Amendment to Bank Credit Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain First Amendment to Credit Agreement, dated as of June 17, 2010, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Holders.

5.7. Amendment Fee.

The Company shall have paid the amendment fee in accordance with Section 7 below.

5.8. Special Counsel Fees.

The Company shall have paid the reasonable fees and disbursements of Noteholders' special counsel in accordance with Section 6 below.

5.9. Proceedings Satisfactory.

All proceedings taken in connection with this Amendment Agreement and all documents and papers relating thereto shall be satisfactory to the Noteholders signatory hereto and their special counsel, and such Noteholders and their special counsel shall have received copies of such documents and papers as they or their special counsel may reasonably request in connection herewith.

6. EXPENSES.

Whether or not the Amendments become effective, the Company will promptly (and in any event within thirty (30) days of receiving any statement or invoice therefor) pay all reasonable fees, expenses and costs of your special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of this Amendment Agreement and any other documents related thereto. Nothing in this Section shall limit the Company's obligations pursuant to Section 15.1 of the Existing Note Purchase Agreement.

7. AMENDMENT FEE.

The Company shall pay to each Noteholder, on or prior to the Effective Date, an amendment fee equal to, in the aggregate, 0.30% of the outstanding principal amount of the Notes held by each such Noteholder, such fee to be paid to the account or accounts designated by each Noteholder pursuant to Section 14 of the Existing Note Purchase Agreement.

8. MISCELLANEOUS.

8.1. Part of Existing Note Purchase Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Note Purchase Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Purchase Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Note Purchase Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

8.2. Counterparts, Facsimiles.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

8.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD PERMIT THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[Remainder of page intentionally left blank. Next page is signature page.]

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among you and the Company.

CABOT OIL & GAS CORPORATION

By: /s/ Scott C. Schroeder

Name:

Title:

Signature Page to Amendment No. 1 to July 2008 Note Purchase Agreement

The foregoing Amendment Agreement is hereby accepted as of the date first above written. By its execution below, each of the undersigned represents that it is the owner of one or more of the Notes and is authorized to enter into this Amendment Agreement in respect thereof.

**THE PRUDENTIAL INSURANCE COMPANY OF
AMERICA**

By: /s/ Brian N. Thomas
Name: Brian N. Thomas
Title: Vice President

**PRUDENTIAL ARIZONA REINSURANCE
CAPTIVE COMPANY**

By: Prudential Investment Management, Inc.,
as investment manager

By: /s/ Brian N. Thomas
Name: Brian N. Thomas
Title: Vice President

**PRUDENTIAL RETIREMENT INSURANCE AND
ANNUITY COMPANY**

By: Prudential Investment Management, Inc.,
as investment manager

By: /s/ Brian N. Thomas
Name: Brian N. Thomas
Title: Vice President

MEDICA HEALTH PLANS

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By: /s/ Brian N. Thomas
Name: Brian N. Thomas
Title: Vice President

**THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY**

By: /s/ Timothy S. Collins

Name: Timothy S. Collins

Title: Its Authorized Representative

**AMERICAN GENERAL LIFE INSURANCE
COMPANY
AMERICAN GENERAL LIFE INSURANCE
COMPANY OF DELAWARE (FORMERLY AIG
LIFE INSURANCE COMPANY)
AMERICAN INTERNATIONAL LIFE
ASSURANCE COMPANY OF NEW YORK**

By: AIG Asset Management (U.S.) LLC,
Investment Adviser

By: /s/ Victoria Y. Chin

Name: Victoria Y. Chin

Title: Vice President

JOHN HANCOCK LIFE INSURANCE COMPANY
(U.S.A.)

By: /s/ Adam Wise

Name: Adam Wise

Title: Director

**JPMORGAN CHASE BANK, N.A., NOT
INDIVIDUALLY BUT SOLELY IN ITS
CAPACITY AS DIRECTED TRUSTEE FOR THE
SBC MASTER PENSION TRUST**

By: /s/ Amy L. Schneeberger

Name: Amy L. Schneeberger

Title: Vice President

**COLONIAL LIFE & ACCIDENT INSURANCE
COMPANY**

By: Provident Investment Management, LLC
Its: Agent

By: /s/ Ben Vance
Name: Ben Vance
Title: Managing Director

**THE PAUL REVERE LIFE INSURANCE
COMPANY**

By: Provident Investment Management, LLC
Its: Agent

By: /s/ Ben Vance
Name: Ben Vance
Title: Managing Director

**PROVIDENT LIFE AND ACCIDENT INSURANCE
COMPANY**

By: Provident Investment Management, LLC
Its: Agent

By: /s/ Ben Vance
Name: Ben Vance
Title: Managing Director

PROTECTIVE LIFE INSURANCE COMPANY

By: /s/ Vita Padalino
Name: Vita Padalino
Title: Vice President

**PROTECTIVE LIFE & ANNUITY INSURANCE
COMPANY**

By: /s/ Vita Padalino
Name: Vita Padalino
Title: Vice President

AVIVA LIFE AND ANNUITY COMPANY

By: Aviva Investors North America, Inc.,
Its authorized attorney-in-fact

By: /s/ Roger D. Fors

Name: Roger D. Fors

Title: VP-Private Fixed Income

**JACKSON NATIONAL LIFE INSURANCE
COMPANY**

By: PPM America, Inc., as attorney in fact, on behalf of
Jackson National Life Insurance Company

By: /s/ Brian Manczak

Name: Brian Manczak,

Title: Vice President

**CONNECTICUT GENERAL LIFE INSURANCE
COMPANY**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

**LIFE INSURANCE COMPANY OF NORTH
AMERICA**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

BANKERS LIFE AND CASUALTY COMPANY
COLONIAL PENN LIFE INSURANCE COMPANY
CONSECO LIFE INSURANCE COMPANY
CONSECO HEALTH INSURANCE COMPANY
WASHINGTON NATIONAL INSURANCE
COMPANY

By: 40|86 Advisors, Inc. acting as Investment Advisor

By: /s/ Timothy L. Powell

Name: Timothy L. Powell

Title: Vice President

**MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY**

By: Babson Capital Management LLC
as Investment Adviser

By: /s/ Mark B. Ackerman

Name: Mark B. Ackerman

Title: Managing Director

C.M. LIFE INSURANCE COMPANY

By: Babson Capital Management LLC
as Investment Adviser

By: /s/ Mark B. Ackerman

Name: Mark B. Ackerman

Title: Managing Director

HARTFORD LIFE INSURANCE COMPANY

By: Hartford Investment Management Company
Its Agent and Attorney-in-Fact

By: /s/ Robert M. Milly

Name: Robert M. Milly

Title: Vice President

KNIGHTS OF COLUMBUS

By: /s/ Donald R. Kehoe

Name: Donald R. Kehoe

Title: Supreme Secretary

**LIFE INSURANCE COMPANY OF THE
SOUTHWEST**

/s/ R. Scott Higgins

By:

Name: R. Scott Higgins

Title: Senior Vice President

Sentinel Asset Management

**SOUTHERN FARM BUREAU LIFE INSURANCE
COMPANY**

By: /s/ David Divine

Name: David Divine

Title: Portfolio Manager

**THE OHIO NATIONAL LIFE INSURANCE
COMPANY**

By: /s/ Signature

Name:

Title:

**OHIO NATIONAL LIFE ASSURANCE
CORPORATION**

By: /s/ Signature

Name:

Title:

MUTUAL OF OMAHA INSURANCE COMPANY

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Senior Vice President

**UNITED OF OMAHA LIFE INSURANCE
COMPANY**

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Senior Vice President

**NATIONAL GUARDIAN LIFE INSURANCE
COMPANY**

By: /s/ R.A. Mucci

Name: R.A. Mucci

Title: Senior Vice President & Treasurer

SETTLERS LIFE INSURANCE COMPANY

By: /s/ R.A. Mucci

Name: R.A. Mucci

Title: Senior Vice President & Treasurer

Noteholders

The Prudential Insurance Company of America
Prudential Arizona Reinsurance Captive Company
Prudential Retirement Insurance and Annuity Company
Medica Health Plans
The Northwestern Mutual Life Insurance Company
American General Life Insurance Company
American General Life Insurance Company of Delaware
American International Life Assurance Company of New York
John Hancock Life Insurance Company (U.S.A.)
JPMorgan Chase Bank, As Directed Trustee for the SBC Master Pension Trust
Colonial Life & Accident Insurance Company
The Paul Revere Life Insurance Company
Provident Life and Accident Insurance Company
Protective Life Insurance Company
Protective Life & Annuity Insurance Company
Aviva Life and Annuity Company
Jackson National Life Insurance Company
Connecticut General Life Insurance Company
Life Insurance Company of North America
Bankers Life and Casualty Company
Colonial Penn Life Insurance Company
Conseco Life Insurance Company
Conseco Health Insurance Company
Washington National Insurance Company
Massachusetts Mutual Life Insurance Company
C.M. Life Insurance Company
Hartford Life Insurance Company
Knights of Columbus
Life Insurance Company of the Southwest
Southern Form Bureau Life Insurance Company
The Ohio National Life Insurance Company
Ohio National Life Assurance Corporation
Mutual of Omaha Insurance Company
United of Omaha Life Insurance Company
National Guardian Life Insurance Company
Settlers Life Insurance Company

CABOT OIL & GAS CORPORATION
AMENDMENT NO. 1 TO NOTE PURCHASE AGREEMENT

As of June 30, 2010

To the Holders of Notes Named
on the Signature Pages Hereto

Ladies and Gentlemen:

Cabot Oil & Gas Corporation (hereinafter, together with its successors and assigns, the “**Company**”) agrees with you as follows:

1. PRELIMINARY STATEMENTS.

1.1. Note Issuances, etc.

Pursuant to that certain Note Purchase Agreement dated as of December 1, 2008 (as in effect immediately prior to giving effect to the Amendments (as defined below) provided for hereby, the “**Existing Note Purchase Agreement**”, and as amended by this Amendment Agreement (as defined below) and as may be further amended, restated or otherwise modified from time to time, the “**Note Purchase Agreement**”) the Company issued and sold \$67,000,000 in aggregate principal amount of its 9.78% Series G Senior Notes due December 1, 2018 (as amended, restated or otherwise modified from time to time as of the date hereof, the “**Notes**”). All of the Notes as of the date hereof remain outstanding. The register for the registration and transfer of the Notes indicates that the parties named in Annex 1 (the “**Noteholders**”) to this Amendment No. 1 to Note Purchase Agreement (the “**Amendment Agreement**”) are currently the holders of the entire outstanding principal amount of the Notes.

2. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Existing Note Purchase Agreement.

3. AMENDMENTS TO THE EXISTING NOTE PURCHASE AGREEMENT.

Subject to Section 5 of this Amendment Agreement, the Required Holders and the Company hereby agree to each of the amendments to the Existing Note Purchase Agreement as provided for by this Amendment Agreement and specified in this Section 3. Such amendments are referred to herein, collectively, as the “**Amendments**”.

3.1. Section 5.3 of the Existing Note Purchase Agreement is hereby amended by (a) deleting the reference to “December 1, 2008” and inserting “March 31, 2010” in lieu thereof, (b) deleting the reference to “December 31, 2007” and inserting “December 31, 2009” in lieu thereof and (c) amending and restating in its entirety the second sentence thereof to read as follows:

“The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries as of October 2008.”

3.2. Section 5.15 of the Existing Note Purchase Agreement is hereby amended by deleting the reference to “December 1, 2008” in clause (a) and inserting “June 14, 2010” in lieu thereof.

3.3. Section 7.1 of the Existing Note Purchase Agreement is hereby amended by (a) re-lettering existing clause (h) thereof as clause (i) and (b) adding the following as a new clause (h):

“(h) promptly, and in any event within three (3) Business Days of receipt thereof, a copy of each New Borrowing Base Notice (as defined in the Bank Credit Agreement) (or similar borrowing base notice under any successor agreement) received by the Company; and”

3.4. Section 10.8 of the Existing Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

“(a) The ratio of (i) Present Value of Proved Reserves plus Adjusted Cash to (ii) Indebtedness and Other Liabilities shall at no time be less than 1.75:1 (the “Asset Coverage Ratio”); in addition, for so long as any Bank Credit Agreement is in effect and the Borrowing Base therein is being calculated, at no time shall Indebtedness and Other Liabilities exceed 115% of the Borrowing Base then in effect; provided however, that if at any time the Borrowing Base shall cease to be calculated under any Bank Credit Agreement, then (x) the ratio of (i) Indebtedness and Other Liabilities as of the end of any fiscal quarter of the Company (commencing with the fiscal quarter ended immediately preceding the date Borrowing Base is no longer being calculated) to (ii) Consolidated EBITDAX for the period of four fiscal quarters ending on such date shall not be greater than 3.00:1 and (y) the Asset Coverage Ratio shall no longer be calculated hereunder.

(b) The Present Value of Proved Reserves will be determined and adjusted periodically as follows:

(i) The calculation of Present Value of Proved Reserves will be determined from the most recent Reserve Report.

(ii) Upon any sale by the Company or any Subsidiary of any Petroleum Property including but not limited to a sale of a lesser interest such as a royalty or a net profit interest to the extent the sale of such lesser interest is not considered to create a Lien (other than the sale of hydrocarbons after severance occurring in the ordinary course of the Company’s business), the calculation of Present Value of Proved Reserves shall be reduced, effective on the date of consummation of such sale, by an amount equal to the Present Value of Proved Reserves attributable to Proved Reserves included in such sale.

(iii) Immediately upon acquisition or development by the Company or any Subsidiary of any Petroleum Property owned directly by the Company or any Subsidiary and not reflected in the most recent Reserve Report, the calculation of Present Value of Proved Reserves shall be increased in an amount equal to the Present Value of Proved Reserves attributable to such Petroleum Property.”

3.5. Section 22.3 of the Existing Note Purchase Agreement is hereby amended by inserting the following at the end thereof:

“Notwithstanding the foregoing or any other provision of this Agreement, for purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure any portion of a non-derivative financial liability at fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Section 825-10 or any similar accounting standard), other than to reflect a hedge of such non-derivative financial liability (including both interest rate and foreign currency hedges), shall be disregarded and such determination shall be made as if such election had not been made.”

3.6. The defined terms “Bank Credit Agreement” and “Present Value of Proved Reserves” appearing in Schedule B of the Existing Note Purchase Agreement are each hereby amended and restated to read as follows, respectively:

“**Bank Credit Agreement**” means the Credit Agreement dated as of April 24, 2009 among the Company, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Banc of America Securities LLC, as syndication agent, and Bank of Montreal, as documentation agent, as such agreement hereafter may be amended, restated, supplemented, modified, refinanced, extended or replaced.”

“**Present Value of Proved Reserves**” means, at any time, the net present value, discounted at 10% per annum, of the future after-tax net revenues expected to accrue to the Company’s and its Subsidiaries’ collective interests in Proved Reserves expected to be produced from their Petroleum Properties during the remaining expected economic lives of such reserves. Each calculation of such expected future net revenues shall be made in accordance with the then existing standards of the Society of Petroleum Engineers, provided that in any event (a) appropriate deductions shall be made for severance and ad valorem taxes, and for operating, gathering, transportation and marketing costs required for the production and sale of such reserves, (b) appropriate adjustments shall be made for hedging operations, provided that Swap Agreements with non-investment grade counterparties shall not be taken into account to the extent that such Swap Agreements improve the position of or otherwise benefit the Company or any of its Subsidiaries, (c) the pricing assumptions used in determining net present value for any particular reserves shall be based upon the following price decks: (i) for natural gas, the quotation for deliveries of natural gas for each such year from the New York Mercantile Exchange for Henry Hub, provided that with respect to quotations for calendar years after the fifth calendar year, the quotation for the fifth calendar year shall be applied and (ii) for crude oil, the quotation for deliveries of West Texas Intermediate crude oil for each such calendar year from the New York Mercantile Exchange for Cushing, Oklahoma, provided that with respect to quotations for calendar years after the fifth calendar year, the quotation for the fifth calendar year shall be applied, and (d) the cash-flows derived from the pricing assumptions set forth in clause (c) above shall be further adjusted to account for the historical basis differentials for each month during the preceding 12-month period calculated by comparing realized crude oil and natural gas prices to Cushing, Oklahoma and Henry Hub NYMEX prices for each month during such period; provided that in calculating the Present Value of Proved Reserves, Proved Undeveloped Reserves shall not be taken into account to the extent that more than 30% of the Present Value of Proved Reserves is attributable to Proved Undeveloped Reserves.”

3.7. Schedule B of the Existing Note Purchase Agreement shall be amended by adding the following new definitions in their proper alphabetical order:

“**Borrowing Base**” shall have the meaning set forth in the Bank Credit Agreement.”

“**Consolidated EBITDAX**” means, for any period, the sum of (a) Consolidated Net Income of the Company and its Subsidiaries for such period, plus (b) the following expenses or charges, without duplication and to the extent deducted in calculating such Consolidated Net Income for such period: (i) Consolidated Interest Expense, (ii) income and franchise taxes, (iii) depreciation, depletion, amortization, exploration and abandonment expenses, and intangible drilling costs, (iv) lease impairment expenses; (v) extraordinary losses (or less extraordinary gains) attributable to writeups or writedowns of assets, including ceiling test writedown and impairments of long-lived assets, (vi) other noncash charges, and (vii) to the extent expensed and recognized in such period, the transaction fees and expenses incurred on

or about the closing of the First Amendment in connection with the negotiation, execution and closing of the First Amendment in an aggregate amount not to exceed \$4,000,000, minus (c) all noncash income added to Consolidated Net Income; provided that EBITDAX (and any defined term used herein) for any applicable period shall be calculated on a pro forma basis for any acquisitions or dispositions during such period, as if such acquisition or disposition had occurred on the first day of such period and, concurrently with such determination, the Company shall furnish to the holders of the Notes audited financial statements or other financing information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Holders the basis for such computations.”

“**Consolidated Interest Expense**” is defined in Section 10.9(c).”

“**Consolidated Net Income**” means with respect to the Company and its Subsidiaries, for any period, the aggregate of the net income (or loss) of the Company and its Subsidiaries after allowances for taxes for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the net income of any Person in which the Company or any Subsidiary has an interest (which interest does not cause the net income of such other Person to be consolidated with the net income of the Company and its Subsidiaries in accordance with GAAP), except to the extent of the amount of dividends or distributions actually paid in cash during such period by such other Person to the Company or a Subsidiary, as the case may be; (b) the net income (but not loss) during such period of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by such Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement, instrument or Governmental Requirement applicable to such Subsidiary or is otherwise restricted or prohibited, in each case determined in accordance with GAAP; (c) the net income (or loss) of any Person acquired in a pooling-of-interests transaction for any period prior to the date of such transaction; (d) any extraordinary gains or losses during such period and (e) any gains or losses attributable to writeups or writedowns of assets, including ceiling test writedowns and impairments of long-lived assets.”

“**First Amendment**” shall mean that certain Amendment No. 1 to Note Purchase Agreement, dated as of June 30, 2010, among the Company and the holders of Notes party thereto.”

“**Governmental Requirement**” means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, rules of common law, authorization or other directive or requirement, whether now or hereinafter in effect, of any Governmental Authority.”

3.8. Schedules 5.4, 5.5 and 5.15 of the Existing Note Purchase Agreement are hereby amended and restated in their entireties as set forth on Schedules 5.4, 5.5 and 5.15, respectively, attached hereto.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

To induce you to enter into this Amendment Agreement and to consent to the Amendments, the Company represents and warrants as follows:

4.1. Reaffirmation of Representations and Warranties.

After giving effect to this Amendment Agreement, all of the representations and warranties contained in Section 5 of the Existing Note Purchase Agreement are correct with the same force and effect as if made by the Company on the date hereof (or, if any representation or warranty is expressly stated to have been made as of a specific date, as of such date).

4.2. Organization, Power and Authority, etc.

The Company has all requisite corporate power and authority to enter into and perform its obligations under this Amendment Agreement.

4.3. Legal Validity.

The execution and delivery of this Amendment Agreement by the Company and compliance by the Company with its obligations hereunder and under the Note Purchase Agreement: (a) are within the corporate powers and authority of the Company; and (b) will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company is bound or by which the Company or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

This Amendment Agreement has been duly authorized by all necessary action on the part of the Company, has been executed and delivered by a duly authorized officer of the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.4. No Defaults.

No event has occurred and no condition exists that: (a) would constitute a Default or an Event of Default or (b) could reasonably be expected to have a Material Adverse Effect.

4.5. Disclosure.

This Amendment Agreement and the documents, certificates or other writings delivered to the Noteholders by or on behalf of the Company in connection therewith, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the other documents, certificates and other writings delivered to the Noteholders by or on behalf of the Company specifically for use in connection with the transactions contemplated by the this Amendment Agreement.

5. EFFECTIVENESS OF AMENDMENTS.

The Amendments shall become effective only upon the date of the satisfaction in full of the following conditions precedent (the "Effective Date"):

5.1. Execution and Delivery of this Amendment Agreement.

The Company and the Required Holders shall have executed and delivered this Amendment Agreement.

5.2. Representations and Warranties True.

The representations and warranties set forth in Section 4 shall be true and correct on such date in all respects.

5.3. Authorization.

The Company shall have authorized, by all necessary action, the execution, delivery and performance of all documents, agreements and certificates in connection with this Amendment Agreement.

5.4. Amendment to 2001 Note Purchase Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain Amendment No. 1 to Note Purchase Agreement, dated as of the date hereof, by and among the Company and each of the Persons signatory thereto with respect to that certain Note Purchase Agreement, dated as of July 26, 2001, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Holders.

5.5. Amendment to July 2008 Note Purchase Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain Amendment No. 1 to Note Purchase Agreement, dated as of the date hereof, by and among the Company and each of the Persons signatory thereto with respect to that certain Note Purchase Agreement, dated as of July 16, 2008, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Holders.

5.6. Amendment to Bank Credit Agreement.

The Company shall have delivered to the Noteholders a fully executed copy of that certain First Amendment to Credit Agreement, dated as of June 17, 2010, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto, together with each of the other instruments and agreements executed and/or delivered in connection therewith, in each case in form and substance reasonably satisfactory to the Required Holders.

5.7. Amendment Fee.

The Company shall have paid the amendment fee in accordance with Section 7 below.

5.8. Special Counsel Fees.

The Company shall have paid the reasonable fees and disbursements of Noteholders' special counsel in accordance with Section 6 below.

5.9. Proceedings Satisfactory.

All proceedings taken in connection with this Amendment Agreement and all documents and papers relating thereto shall be satisfactory to the Noteholders signatory hereto and their special counsel, and such Noteholders and their special counsel shall have received copies of such documents and papers as they or their special counsel may reasonably request in connection herewith.

6. EXPENSES.

Whether or not the Amendments become effective, the Company will promptly (and in any event within thirty (30) days of receiving any statement or invoice therefor) pay all reasonable fees, expenses and costs of your special counsel, Bingham McCutchen LLP, incurred in connection with the preparation, negotiation and delivery of this Amendment Agreement and any other documents related thereto. Nothing in this Section shall limit the Company's obligations pursuant to Section 15.1 of the Existing Note Purchase Agreement.

7. AMENDMENT FEE.

The Company shall pay to each Noteholder, on or prior to the Effective Date, an amendment fee equal to, in the aggregate, 0.30% of the outstanding principal amount of the Notes held by each such Noteholder, such fee to be paid to the account or accounts designated by each Noteholder pursuant to Section 14 of the Existing Note Purchase Agreement.

8. MISCELLANEOUS.

8.1. Part of Existing Note Purchase Agreement; Future References, etc.

This Amendment Agreement shall be construed in connection with and as a part of the Note Purchase Agreement and, except as expressly amended by this Amendment Agreement, all terms, conditions and covenants contained in the Existing Note Purchase Agreement are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment Agreement may refer to the Note Purchase Agreement without making specific reference to this Amendment Agreement, but nevertheless all such references shall include this Amendment Agreement unless the context otherwise requires.

8.2. Counterparts, Facsimiles.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed signature page by facsimile transmission shall be effective as delivery of a manually signed counterpart of this Amendment Agreement.

8.3. Governing Law.

THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD PERMIT THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

If you are in agreement with the foregoing, please so indicate by signing the acceptance below on the accompanying counterpart of this Amendment Agreement and returning it to the Company, whereupon it will become a binding agreement among you and the Company.

CABOT OIL & GAS CORPORATION

By: /s/ Scott C. Schroeder

Name:

Title:

Signature Page to Amendment No. 1 to December 2008 Note Purchase Agreement

The foregoing Amendment Agreement is hereby accepted as of the date first above written. By its execution below, each of the undersigned represents that it is the owner of one or more of the Notes and is authorized to enter into this Amendment Agreement in respect thereof.

**JOHN HANCOCK LIFE INSURANCE COMPANY
(U.S.A.)**

By: /s/ Adam Wise

Name: Adam Wise

Title: Director

**JOHN HANCOCK LIFE INSURANCE COMPANY
OF NEW YORK**

By: /s/ Adam Wise

Name: Adam Wise

Title: Authorized Signatory

**UNUM LIFE INSURANCE COMPANY OF
AMERICA**

By: Provident Investment Management, LLC

Its: Agent

By: /s/ Ben Vance

Name: Ben Vance

Title: Managing Director

KNIGHTS OF COLUMBUS

By: /s/ Donald R. Kehoe

Name: Donald R. Kehoe

Title: Supreme Secretary

**SOUTHERN FARM BUREAU LIFE INSURANCE
COMPANY**

By: /s/ David Divine

Name: David Divine

Title: Portfolio Manager

Annex 1
Noteholders

John Hancock Life Insurance Company (U.S.A.)
John Hancock Life Insurance Company of New York
Unum Life Insurance Company of America
Knights of Columbus
Southern Farm Bureau Life Insurance Company

FIRST AMENDMENT

TO

CREDIT AGREEMENT

dated as of June 17, 2010

among

**CABOT OIL & GAS CORPORATION,
as Borrower,**

**JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,**

and

The Lenders Party Hereto

FIRST AMENDMENT TO CREDIT AGREEMENT

This FIRST AMENDMENT TO CREDIT AGREEMENT (this “First Amendment”) executed as of June 17, 2010 is among CABOT OIL & GAS CORPORATION, a corporation duly formed and existing under the laws of the State of Delaware (the “Borrower”); each of the Lenders from time to time party hereto; and JPMORGAN CHASE BANK, N.A. (in its individual capacity, “JPMorgan”), as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the “Administrative Agent”).

Recitals

A. The Borrower, the Administrative Agent, the Lenders and others as agents, are parties to that certain Credit Agreement dated as of April 24, 2009, pursuant to which such lenders provided certain loans and extensions of credit to the Borrower (the “Credit Agreement”).

B. The Borrower has requested, and the Majority Lenders have agreed to amend certain provisions of the Credit Agreement.

C. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this First Amendment, shall have the meaning ascribed such term in the Credit Agreement. Unless otherwise indicated, all section references in this First Amendment refer to sections in the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1 Certain Defined Terms. The following defined terms in Section 1.02 are hereby amended and restated as follows:

“ ‘Agreement’ means this Credit Agreement, as amended by the First Amendment to Credit Agreement, dated as of June 17, 2010, as the same may from time to time be further amended, modified, supplemented or restated.”

“ ‘Asset Coverage Ratio’ means the ratio of the terms used to calculate the ratio set forth in Section 10.8 of the Note Purchase Agreement, as such terms and such other terms used or referred to in Section 10.8 are defined and calculated in accordance with Section 10.8.”

2.2 Amendments to Section 7.05. Section 7.05 is hereby amended by inserting the following phrase at the beginning of the first paragraph:

“Except as disclosed on Schedule 7.05,”

2.3 Addition of Schedule 7.05. Schedule 7.05, attached hereto, shall be incorporated into the Credit Agreement and attached thereto.

Section 3. Conditions Precedent. The effectiveness of this First Amendment is subject to the receipt by the Administrative Agent of the following documents and satisfaction of the other conditions provided in this Section 3:

3.1 The Administrative Agent shall have received from the Borrower and the Majority Lenders counterparts (in such number as may be requested by the Administrative Agent) of this First Amendment signed on behalf of such Person.

3.2 No Default or Event of Default shall have occurred and be continuing as of the date of this First Amendment.

The Administrative Agent is hereby authorized and directed to declare this First Amendment to be effective when it has received documents confirming or certifying, to the satisfaction of the Administrative Agent, compliance with the conditions set forth in this Section 3 or the waiver of such conditions as permitted hereby. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 4. Representations and Warranties; Etc. The Borrower hereby affirms that as of the date of execution and delivery of this First Amendment, and after giving effect to the transactions contemplated hereby, all of the representations and warranties contained in each Loan Document to which it is a party are true and correct in all material respects (unless made as of a specific earlier date, in which case, was true as of such date).

Section 5. Miscellaneous.

5.1 Confirmation. The provisions of the Credit Agreement (as amended by this First Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this First Amendment.

5.2 Counterparts. This First Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5.3 No Oral Agreement. THIS WRITTEN FIRST AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HERewith AND THEREwith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES.

5.4 Governing Law. THIS FIRST AMENDMENT (INCLUDING, BUT NOT LIMITED TO, THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed effective as of the date first written above.

BORROWER:

CABOT OIL & GAS CORPORATION

By: /s/ Scott C. Schroeder

Scott C. Schroeder

Vice President and Chief Financial Officer

First Amendment Signature Page 1

ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ Michael A. Kamauf
Michael A. Kamauf
Vice President

LENDERS:

JPMORGAN CHASE BANK, N.A.

By: /s/ Michael A. Kamauf
Michael A. Kamauf
Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: /s/ Jeffrey Rathkamp
Jeffrey Rathkamp
Managing Director

LENDERS:

BANK OF MONTREAL

By: /s/ James V. Ducote
Name: James V. Ducote
Title: Director

LENDERS:

BNP PARIBAS

By: /s/ Edward Pak
Name: Edward Pak
Title: Vice President

By: /s/ Juan Carlos Sandoval
Name: Juan Carlos Sandoval
Title: Vice President

First Amendment Signature Page 2

LENDERS:

COMPASS BANK

By: /s/ Signature

Name:

Title:

LENDERS:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Signature

Name:

Title:

LENDERS:

WELLS FARGO BANK, N.A.

By: /s/ Brett A. Steele

Name: Brett A. Steele

Title: Assistant Vice President

LENDERS:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Heather W. Kiely

Name: Heather W. Kiely

Title: Vice President

LENDERS:

COMERICA BANK

By: /s/ Signature

Name:

Title:

First Amendment Signature Page 3

LENDERS:

THE FROST NATIONAL BANK

By: /s/ Andrew A. Merryman

Name: Andrew A. Merryman

Title: Senior Vice President

First Amendment Signature Page 4

Environmental Matters

On November 4, 2009, the Company and the Pennsylvania Department of Environmental Protection (PaDEP) entered into a single settlement agreement (Consent Order) covering a number of separate, unrelated environmental issues occurring in 2008 and 2009, including releases of drilling mud and other substances, record keeping violations at various wells and alleged natural gas contamination of 13 water wells in Susquehanna County, Pennsylvania. The Company paid an aggregate \$120,000 civil penalty with respect to all the matters covered by the Consent Order, which were consolidated at the request of the PaDEP.

On April 15, 2010, the Company and PaDEP reached agreement on modifications to the Consent Order (First Modified Consent Order). In the First Modified Consent Order, PaDEP and the Company agreed that the Company will provide a permanent source of potable water to 14 households, most of which the Company has already been supplying with water. The Company agreed to plug and abandon three vertical wells in close proximity to two of the households and to bring into compliance a fourth well in the nine square mile area of concern in Susquehanna County. The Company agreed to complete these actions prior to any new well drilling permits being issued for drilling in Pennsylvania, and prior to initiating hydraulic fracturing of seven wells already drilled in the area of concern. The Company also agreed to postpone drilling of new wells in the area of concern for one year. In addition, the Company agreed to take certain other actions if requested by PaDEP, which could include the plugging and abandonment of up to eleven additional wells. In the event the PaDEP requires the Company to plug and abandon all eleven additional wells in the area of concern, the decrease in production would have a minimal impact on the Company's overall production.

Under the First Modified Consent Order, the Company paid a \$240,000 civil penalty and agreed to pay an additional \$30,000 per month until all obligations under the First Modified Consent Order are satisfied, which is expected by November 2010. As of June 30, 2010, the Company has paid an additional \$60,000 under the First Modified Consent Order. The Company is vigorously pursuing compliance with the First Modified Consent Order; however, there are no assurances that the PaDEP will not require additional actions.

On July 19, 2010, the Company and the PaDEP entered a Second Modification to Consent Order (Second Modified Consent Order) under which the Company and the PaDEP agreed that the Company has satisfactorily plugged and abandoned the three vertical wells and brought the fourth well into compliance. As a result, the Company and the PaDEP agreed that the PaDEP will commence the processing and issuance of new well drilling permits outside the area of concern so long as the Company continues to provide temporary potable water and offers to provide gas/water separators to the 14 households and within 60 days of the Second Modified Consent Order permanently restores or replaces the water supplies to the 14 households. No penalties were assessed under the Second Modified Consent Order.

July 30, 2010

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Commissioners:

We are aware that our report dated July 30, 2010 on our review of interim financial information of Cabot Oil & Gas Corporation (the “Company”) for the three and six month periods ended June 30, 2010 and 2009 and included in the Company’ s quarterly report on Form 10-Q for the quarter ended June 30, 2010 is incorporated by reference in its Registration Statements on Form S-8 (File Nos. 333-37632, 33-53723, 33-35476, 33-71134, 333-92264, 333-123166 and 333-135365) and Form S-3 (File Nos. 333-68350, 333-83819 and 333-151725).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

CERTIFICATIONS

I, Dan O. Dinges, certify that:

1. I have reviewed this interim report on Form 10-Q of Cabot Oil & Gas Corporation;
2. Based on my knowledge, this interim report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this interim report;
3. Based on my knowledge, the financial statements, and other financial information included in this interim report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this interim report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this interim report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2010

/s/ Dan O. Dinges

Dan O. Dinges
Chairman, President and
Chief Executive Officer

I, Scott C. Schroeder, certify that:

1. I have reviewed this interim report on Form 10-Q of Cabot Oil & Gas Corporation;
2. Based on my knowledge, this interim report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this interim report;
3. Based on my knowledge, the financial statements, and other financial information included in this interim report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this interim report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this interim report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2010

/s/ Scott C. Schroeder

Scott C. Schroeder

Vice President, Chief Financial Officer and Treasurer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) (the “Act”), each of the undersigned, Dan O. Dinges, Chief Executive Officer of Cabot Oil & Gas Corporation, a Delaware corporation (the “Company”), and Scott C. Schroeder, Chief Financial Officer of the Company, hereby certify that, to his knowledge:

- (1) the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 30, 2010

/s/ Dan O. Dinges

Dan O. Dinges
Chief Executive Officer

/s/ Scott C. Schroeder

Scott C. Schroeder
Chief Financial Officer