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CABOT OIL & GAS CORP
Form 8-K/A
October 30, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): August 16, 2001

CABOT OIL & GAS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-10447
(Commission File Number)

04-3072771
(I.R.S. Employer
Identification No.)

1200 Enclave Parkway
Houston, Texas
(Address of principal executive offices)

77077
(Zip Code)

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

This Form 8-K/A amends and supplements the Form 8-K filed on August 30, 2001 by amending Item 7 as set forth herein.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired.

The following consolidated financial statements of Cody Company are filed herewith as Exhibit 99.2:

Independent Auditor's Report
Consolidated Balance Sheets - June 30, 2001 (unaudited) and
December 31, 2000
Consolidated Statements of Operations - For the Six Months Ended
June 30, 2001 (unaudited) and for the Year Ended December 31,
2000
Consolidated Statements of Comprehensive Income - For Six Months
Ended June 30, 2001 (unaudited) and for the Year Ended December

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31, 2000
Consolidated Statement of Changes in Stockholders' Equity - For
the Period from January 1, 2001 through June 30, 2001 (unaudited)
and for the Period from January 1, 2000 through December 31, 2000
Consolidated Statements of Cash Flows - For the Six Months Ended
June 30, 2001 (unaudited) and for the Year Ended December 31,
2000
Notes to Consolidated Financial Statements

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(b) Pro Forma Financial Information.

The accompanying unaudited pro forma combined financial statements and related notes thereto are presented to reflect the merger of Cody Company with a subsidiary of Cabot Oil & Gas Corporation ("Cabot").

Effective August 16, 2001, Cabot, COG Colorado Corporation, a wholly owned subsidiary of Cabot ("Merger Sub"), and Cody Company consummated their Agreement and Plan of Merger (the "Merger Agreement"), whereby (i) Cody Company distributed to its shareholders certain assets and liabilities (the "Assignment and Assumption"), and thereafter (ii) Merger Sub merged with and into Cody Company (the "Merger"), with Cody Company surviving as a wholly owned subsidiary of Cabot.

The Merger has been accounted for in the unaudited pro forma combined financial statements using the purchase method of accounting. Consequently, the unaudited pro forma combined balance sheet as of June 30, 2001 reflects the recording of assets acquired and liabilities assumed of Cody Company at estimated fair value as if the Merger had occurred on that date. The unaudited pro forma combined statements of operations are prepared for the six months ended June 30, 2001 and for the year ended December 31, 2000 and illustrate the effects of the Merger as if it had occurred on January 1, 2000. The management of Cabot believes that the assumptions utilized provide a reasonable basis for presenting the significant effects of the Merger and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial statements. The unaudited pro forma combined financial statements do not purport to be indicative of the financial position or results of operations of Cabot had the Merger occurred on the dates mentioned above, nor are the unaudited pro forma combined financial statements necessarily indicative of the future financial position or results of operations of Cabot.

The unaudited pro forma combined financial statements should be read in conjunction with the notes thereto and the historical financial statements of Cody Company, referred to in Item 7(a) of this Form 8-K/A. In addition, reference should be made to the historical financial statements of Cabot included in its Form 10-K for the year ended December 31, 2000 and its Form 10-Q for the six months ended June 30, 2001 filed with the Securities and Exchange Commission.

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Cabot Oil & Gas Corporation

Unaudited Pro Forma Combined Statement of Operations

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For the Year Ended December 31, 2000
(in thousands, except per share amounts)

Revenues -----	Historical -----		Pro Forma Combining Adjustments -----	
	Cabot -----	Cody -----	Assignment and Assumption -----	Purchases and -----
Oil and Gas Sales	\$ 219,729	\$ 64,813		
Brokered Natural Gas	141,085			
Ranching		4,874	\$ (4,874)	a
Investment Income		4,388	(4,388)	a
Sales of Land Held for Development		1,407	(1,407)	a
Other Income	7,837	660	(492)	a
Total Revenues	368,651	76,142	(11,161)	
 Costs and Expenses -----				
Oil and Gas Operations:				
Brokered Natural Gas Cost	135,700			
Direct Operations-Field & Pipeline	35,727	9,992		
Taxes Other Than Income	23,041	5,319		
Exploration	19,858	2,552		
Impairment of Properties	13,511			
Ranching		1,600	(1,600)	a
Land Operations		1,073	(1,073)	a
General and Administrative	22,517	7,207	(3,531)	a
Accrued Severance Expense		3,600		\$
Depletion, Depreciation and amortization	53,441	19,628		
Total Cost and Expenses	303,795	50,971	(6,204)	
Gain/(Loss) on Sale of Assets and Other	(39)	(793)	999	a
Income from Operations	64,817	24,378	(3,958)	
Interest Expense	22,878	2,931	(486)	a
Income from Continuing Operations Before Income Taxes	41,939	21,447	(3,472)	
Income Tax Expense	16,467	3,912	(633)	a
Income from Continuing Operations	25,472	17,535	(2,839)	
Preferred Stock Dividend	(3,749)	--	--	
Net Income Available to Common Stockholders	\$ 29,221	\$ 17,535	\$ (2,839)	\$

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Earning per common share:

Basic	\$	1.07
Diluted	\$	1.06

See the notes to the unaudited pro forma combined financial statements.

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Cabot Oil & Gas Corporation

Unaudited Pro Forma Combined Statement of Operations
For the Six Months Ended June 30, 2001
(in thousands, except per share amounts)

Revenues -----	Historical -----		Pro Forma Combining Adjustments -----	
	Cabot -----	Cody -----	Assignment and Assumption -----	Purc and -----
Oil and Gas Sales	\$ 196,656	\$ 53,368		
Brokered Natural Gas	62,695			
Change in Derivative Fair Value	1,211			
Ranching		661	\$ (661)	a
Investment Income		1,250	(1,250)	a
Other Income	1,936	3,387	(826)	a
Total Revenues	262,498	58,666	(2,737)	
Costs and Expenses -----				
Oil and Gas Operations:				
Brokered Natural Gas Cost	60,479			
Direct Operations-Field & Pipeline	17,870	5,464		
Taxes Other Than Income	16,617	905		
Exploration	25,313	477		
Impairment of Properties	2,964			
Ranching		657	(657)	a
Land Operations				
General and Administrative	11,638	5,394	(2,226)	a
Accrued Severance Expense		12,552		
Depletion, depreciation and amortization	32,089	9,338		
Total Cost and Expenses	166,970	34,787	(2,883)	
Gain/(Loss) on Sale of Assets and Other	(27)	66	63	a
Income from Operations	95,501	23,945	209	
Interest Expense	9,409	475	(176)	a

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Income from Continuing Operations Before Income Taxes	86,092	23,470	385	
Income Tax Expense	33,438	12,153	177	a
Income from Continuing Operations	\$ 52,654	\$ 11,317	\$ 208	\$
Earning per common share:				
Basic	\$ 1.79			
Diluted	\$ 1.76			

See the notes to the unaudited pro forma combined financial statements.

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Cabot Oil & Gas Corporation

Unaudited Pro Forma Balance Sheet
As of June 30, 2001
(in thousands)

	Historical		Pro Forma Combining Adjustment	
	Cabot	Cody	Assignment and Assumption	Purchase and Other
Current Assets				
Cash and Cash Equivalents	\$ 9,361	\$ 1,028	\$ 12,428	a
			14,924	c
			10,047	c
Marketable Securities, at fair value		33,440	(33,440)	a
Receivables, sale of securities	55,604	32,177	(32,177)	a
Accounts Receivable, net	14,194	11,538	(608)	a
Other Current Assets	30,065	13,708	(1,185)	a
			(10,047)	c
Total Current Assets	109,224	91,891	(40,058)	
Property and Equipment, net	661,732	128,009	(16,181)	a
Other Assets	1,974	28,243	(28,243)	a

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Total Assets	\$ 772,930	\$ 248,143	\$ (84,482)	\$ 1
=====				
Current Liabilities				
Accounts Payable	\$ 95,050	\$ 5,419	\$ (115)	a \$
Accrued Liabilities	27,334	23,386	(50)	a
Other Current Liabilities		21,118	(19,218)	a
			14,924	c

Total Current Liabilities	122,384	49,923	(4,459)	
Long-Term Debt	187,000	50		1
Deferred Income Taxes	135,626	8,939	(8,939)	a
Other Liabilities	13,837			
Stockholders' Equity	314,083	189,231	(71,084)	a (1)

	\$ 772,930	\$ 248,143	\$ (84,482)	\$ 1
=====				

See the notes to the unaudited pro forma combined financial statements.

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Cabot Oil & Gas Corporation

Notes to Unaudited Pro Forma Combined Financial Statements

- a) To reflect the distribution of certain assets and liabilities to the former shareholders of Cody Company pursuant to the Assignment and Assumption, including cash, marketable securities and land, property and equipment not related to energy activities, as well as the distribution of the cash surrender value of the insurance policies, and the related revenue and expenses associated with these assets and liabilities.
- b) To reflect the payment of the investment banking transaction fee and the payment of executive and employee severance and bonus plans prior to closing. These costs were the responsibility of the former shareholders of Cody Company.
- c) To record the tax liability related to the Assignment and Assumption of certain assets and liabilities to Cody Company shareholders and the tax liability related to the closing the short sale of certain marketable securities as set forth below (in thousands):

Estimated Total Tax Liability	\$ 26,871
Estimated Tax Payments	(10,047)
Previously Recorded Tax Liability	(1,900)

Adjustment to Fair Value of Tax Liability	\$ 14,924

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- d) To reflect the elimination of the Cody Company historical property and equipment of \$111.8 million and record such amounts at fair value based on the purchase price allocation, inclusive of acquisition related fees and costs associated with the closing of the transaction, as noted in M below, and deferred income taxes to reflect the difference between the purchase price allocated to the properties acquired and their associated remaining tax basis acquired.

The table below sets forth the allocation of the purchase price (in thousands):

Unproved oil & gas properties	\$ 29,931
Proved oil & gas properties	275,653
Net working capital items	9,232

Total net assets	314,816
Acquisition related fees and costs	(4,451)
Deferred tax component	(79,152)

 Total cash and equity consideration	 \$ 231,213
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The purchase price allocation has been based on preliminary estimates of fair value and is subject to adjustment as additional information becomes available and is evaluated.

- e) To reflect the reclassification of certain balances to conform to the classification of such items in Cabot's historical financial statements.
- f) To reflect the accrual of legal and accounting fees associated with the closing of the acquisition of Cody Company.
- g) To reflect escrowed purchase price consideration and the associated liability payable to the former shareholders of Cody Company.
- h) To reflect the financing of the acquisition with long-term debt and class A common stock and the elimination of the remaining equity of Cody Company totaling \$118.1 million. Cash consideration paid to former Cody Company shareholders was financed by the issuance of \$170 million of 7.3% weighted average fixed rate debt instruments and \$11.4 million from Cabot's existing revolving line of credit. The class A common stock consisted of 1,999,993 shares valued at \$24.93 per share which represents the average closing price for the three-day period surrounding the date of announcement.
- i) To reflect the reduction of expenses related to Cody Company severance and bonus plans which were paid by the former shareholders of Cody Company pursuant to the Merger Agreement. These costs were the responsibility of the former shareholders of Cody Company.
- j) To reflect the incremental depletion, depreciation and amortization resulting from the increase in property and equipment.
- k) To reflect the interest expense associated with the debt component of the acquisition at a weighted average fixed interest rate of 7.14%.

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- l) To reflect the reduction in income tax expense at the statutory tax rate of 39%.
- m) To reflect the accrual of acquisition related fees and costs (See D above).

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(c) Exhibits.

- 2.1 -- Agreement and Plan of Merger, dated as of June 20, 2001, among Cabot Oil & Gas Corporation, COG Colorado Corporation, Cody Company and the shareholders of Cody Company. (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K for the event dated June 20, 2001.)
- 2.2* -- Amendment to Agreement and Plan of Merger dated as of July 10, 2001 to the Agreement and Plan of Merger, dated June 20, 2001, among Cabot Oil & Gas Corporation, COG Colorado Corporation, Cody Company and the shareholders of Cody Company.
- 2.3* -- Closing Agreement dated August 16, 2001.
- 4.1* -- Note Purchase Agreement dated as of July 26, 2001 among Cabot Oil & Gas Corporation and the Purchasers listed therein.
- 23.1 -- Consent of Netherland Sewell & Associates, Inc.
- 23.2 -- Consent of Hein + Associates LLP.
- 99.1* -- Press Release dated August 16, 2001.
- 99.2 -- Consolidated Financial Statements of Cody Company as of June 30, 2001 (unaudited) and December 31, 2000, and for the six month period ended June 30, 2001 (unaudited) and for the twelve months ended December 31, 2000.

* Filed with the Form 8-K as originally filed on August 30, 2001.

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SIGNATURE

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 hereunto duly authorized.

CABOT OIL & GAS CORPORATION

By: /s/ Scott C. Schroeder

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

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Date: October 30, 2001