

Rice Energy Inc.
Form S-1
July 07, 2014
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As filed with the Securities and Exchange Commission on July 7, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

RICE ENERGY INC.
(Exact name of registrant as specified in its charter)

Delaware

1311

46-3785773

**(State or other jurisdiction of
incorporation or organization)**

**(Primary Standard Industrial
Classification Code Number)
171 Hillpointe Drive, Suite 301**

**(IRS Employer
Identification Number)**

Canonsburg, Pennsylvania 15317

(724) 746-6720

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive
offices)**

Daniel J. Rice IV

Chief Executive Officer

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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.

Large accelerated filer " Accelerated filer "
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed	Proposed	Amount of Registration Fee
		Maximum Offering Price Per Share(2)	Maximum Aggregate Offering Price(2)	
Common stock, par value \$0.01 per share	23,484,433	\$29.585	\$694,786,951	\$89,489

(1) Includes shares of common stock that may be sold to cover the exercise of an option to purchase additional shares granted to the underwriters.
 (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, and based on a price of \$29.585, which is the average of the high and low trading prices per share as reported by the New York Stock Exchange on July 2, 2014.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

PROSPECTUS Subject to Completion, dated July 7, 2014
20,421,246 Shares

Rice Energy Inc.

Common Stock

We are offering 7,500,000 shares and the selling stockholders identified in the prospectus are offering 12,921,246 shares of our common stock. We will not receive any proceeds from the sale of shares held by the selling stockholders. We are an emerging growth company and are eligible for reduced reporting requirements. Please see Prospectus Summary Emerging Growth Company Status.

Our common stock is listed on the New York Stock Exchange under the symbol RICE. The last reported sales price of our common stock on the New York Stock Exchange on July 3, 2014 was \$29.09 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page 18 of this prospectus.

	Per Share	Total
Price to the public	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds to us (before expenses)	\$	\$
Proceeds to the selling stockholders	\$	\$

(1) Please read Underwriting for a description of all underwriting compensation payable in connection with this offering.

Certain of the selling stockholders identified in this prospectus have granted the underwriters the option to purchase up to 3,063,187 additional shares of common stock on the same terms and conditions set forth above within 30 days from the date of this prospectus. We will not receive any of the proceeds from the sale of shares by the selling stockholders if the underwriters exercise their option to purchase 3,063,187 additional shares of common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about _____, 2014.

Goldman, Sachs & Co.

Barclays

Citigroup

Prospectus dated _____, 2014

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on behalf of us or to the information which we have referred you. Neither we, the selling stockholders nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus. We, the selling stockholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We, the selling stockholders and the underwriters are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See Risk Factors and Cautionary Statement Regarding Forward-Looking Statements.

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Commonly Used Defined Terms

As used in this prospectus, unless the context indicates or otherwise requires, the following terms have the following meanings:

Rice Energy, the Company, we, our, us or like terms refer collectively to Rice Drilling B LLC and its consolidated subsidiaries before the completion of our corporate reorganization described in Prospectus Summary Initial Public Offering, Corporate Reorganization and Related Transactions Corporate Reorganization and to Rice Energy Inc. and its consolidated subsidiaries, including Rice Drilling B as of and following the completion of our corporate reorganization;

Rice Drilling B refers to Rice Drilling B LLC, which was our predecessor for accounting purposes, and its consolidated subsidiaries;

Rice Partners refers to Rice Energy Family Holdings, LP (formerly known as Rice Energy Limited Partners), an entity affiliated with members of the Rice family;

Rice Holdings refers to Rice Energy Holdings LLC;

Rice Owners refers to Rice Holdings, Rice Partners and Daniel J. Rice III;

Rice Appalachia refers to Rice Energy Appalachia, LLC, the parent company of our predecessor;

Alpha Holdings refers to Foundation PA Coal Company, LLC, a wholly owned indirect subsidiary of Alpha Natural Resources, Inc.;

Marcellus joint venture refers collectively to Alpha Shale Resources, LP and its general partner, Alpha Shale Holdings, LLC;

Countrywide Energy Services refers to Countrywide Energy Services, LLC;

Natural Gas Partners refers to a family of private equity investment funds organized to make direct equity investments in the energy industry, including the funds invested in us; and

NGP Holdings refers to NGP Rice Holdings, LLC.

Industry and Market Data

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications and other published independent sources. Some data is also based on our good faith estimates. Although we believe these third-party sources are reliable as of their respective dates, neither we, the selling stockholders nor the underwriters have independently verified the accuracy or completeness of this information. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled Risk Factors. These and other factors could cause results to differ materially from those expressed in these publications.

Trademarks and Trade Names

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

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Pro Forma Presentation

Unless otherwise noted, information presented in this prospectus on a pro forma basis gives effect to (i) our initial public offering and the completion of the corporate reorganization in connection with our initial public offering completed in January 2014 and the use of proceeds thereof and (ii) the consummation of our acquisition of Alpha Holdings' 50% interest in our Marcellus joint venture (the Marcellus JV Buy-In) in January 2014, each as described under Prospectus Summary Initial Public Offering, Corporate Reorganization and Related Transactions. Unless otherwise noted, information concerning the number of wells drilled and completed by us during historical periods is presented on a pro forma basis giving effect to the Marcellus JV Buy-In.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully before making an investment decision, including the information under the headings Risk Factors, Cautionary Statement Regarding Forward-Looking Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated and unaudited pro forma financial statements and the related notes thereto appearing elsewhere in this prospectus. The estimated proved reserve information for the properties of each of us and our Marcellus joint venture contained in this prospectus are based on reserve reports relating thereto prepared by the independent petroleum engineers of Netherland, Sewell & Associates, Inc. (NSAI). We refer to these reports collectively as our reserve reports. We have provided definitions for some of the oil and natural gas industry terms used in this prospectus in the Glossary in Appendix A to this prospectus.

Our Company

We are an independent natural gas and oil company engaged in the acquisition, exploration and development of natural gas and oil properties in the Appalachian Basin. We are focused on creating shareholder value by identifying and assembling a portfolio of low-risk assets with attractive economic profiles and leveraging our technical and managerial expertise to deliver industry-leading results. We strive to be an early entrant into the core of a shale play by identifying what we believe to be the core of the play and aggressively executing our acquisition strategy to establish a largely contiguous acreage position. We believe we were an early identifier of the core of both the Marcellus Shale in southwestern Pennsylvania and the Utica Shale in southeastern Ohio.

All of our current and planned development is located in what we believe to be the core of the Marcellus and Utica Shales. The Marcellus Shale is one of the most prolific unconventional resource plays in the United States, and we believe the Utica Shale, based on initial drilling results, is a premier North American shale play. Together, these resource plays offer what we believe to be among the highest rate of return wells in North America. As of March 31, 2014, we held approximately 43,978 net acres in the southwestern core of the Marcellus Shale, primarily in Washington County, Pennsylvania. We established our Marcellus Shale acreage position through a combination of largely contiguous acreage acquisitions in 2009 and 2010 and through numerous bolt-on acreage acquisitions. In 2012, we acquired approximately 33,499 of our 46,700 net acres in the southeastern core of the Utica Shale, primarily in Belmont County, Ohio. We believe this area to be the core of the Utica Shale based on publicly available drilling results. We operate all of our acreage in the Marcellus Shale and a majority of our acreage in the Utica Shale.

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Since completing our first horizontal well in the fourth quarter of 2010, our pro forma average net daily production has grown approximately 105 times to 209 MMcf/d for the first quarter of 2014. Substantially all of our production through the first quarter of 2014 has been dry gas attributable to our operations in the Marcellus Shale. Prior to the second quarter of 2013, we ran a two-rig drilling program focused on delineating and defining the boundaries of our Marcellus Shale acreage position. In the second quarter of 2013, we shifted our operational focus from exploration to development, commencing a four-rig drilling program consisting of two rigs specifically for drilling the tophole sections of our horizontal wells and two rigs specifically for drilling the curve and lateral sections of our horizontal wells. In the first quarter of 2014, we increased to a six-rig drilling program (consisting of three tophole rigs and three horizontal rigs), two of which are operating in the Utica Shale. We expect to continue to operate a six-rig drilling program through the remainder of 2014. The following chart shows our pro forma average net daily production for each quarter since completing our first horizontal well in the Marcellus Shale.

As of March 31, 2014, we had drilled and completed 41 horizontal Marcellus wells with lateral lengths ranging from 2,444 feet to 9,147 feet and averaging 5,764 feet. Our estimated ultimate recoveries (EUR) from our 37 producing wells at December 31, 2013, as estimated by our independent reserve engineer, NSAI, and normalized for each 1,000 feet of horizontal lateral, range from 1.2 Bcf per 1,000 feet to 3.0 Bcf per 1,000 feet, with an average of 1.9 Bcf per 1,000 feet. As of March 31, 2014, we had 349 gross (325 net) risked drilling locations in the Marcellus Shale. For a description of our risked drilling locations, please see [Business Our Operations Reserve Data Determination of Drilling Locations](#). Additionally, we have drilled and completed three Upper Devonian horizontal wells on our Marcellus Shale acreage. Based on our Upper Devonian wells and those of other operators in the vicinity of our acreage as well as other geologic data, we estimate that substantially all of our Marcellus Shale acreage in Southwestern Pennsylvania is prospective for the slightly shallower Upper Devonian Shale. As of March 31, 2014, we had 211 gross (194 net) risked drilling locations in the Upper Devonian Shale.

For the Utica Shale, we applied the same shale analysis and acquisition strategy that we developed and employed in the Marcellus Shale to acquire our acreage. In June 2014 we completed our first Utica well, the

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Bigfoot 9H, which tested at a stabilized rate of 41.7 MMcf/d. Please see Recent Developments Bigfoot 9H Test Results. Our delineation operations are being conducted with a two-rig drilling program (one tophole rig and one horizontal rig). We intend to maintain this two-rig drilling program in the Utica Shale through 2014. In 2015, we intend to transition to a primarily development-focused strategy in the Utica Shale. As of March 31, 2014, we had 753 gross (233 net) risked drilling locations in the Utica Shale.

As of December 31, 2013, our pro forma estimated proved reserves were 602 Bcf, all of which were in southwestern Pennsylvania, with 42% proved developed and 100% natural gas. In 2014, we plan to invest \$1,230.0 million in our operations (excluding acquisitions) as follows:

\$430.0 million for drilling and completion in the Marcellus Shale;

\$150.0 million for drilling and completion in the Utica Shale;

\$385.0 million for leasehold acquisitions; and

\$265.0 million for midstream infrastructure development.

This represents a 96% increase over our \$629.0 million pro forma 2013 capital expenditures. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations Capital Resources and Liquidity. The following table provides a summary of our net acreage, average working interest, producing wells, risked drilling locations and projected 2014 net wells online as of March 31, 2014:

	Net Acreage	Average Working Interest	Producing Wells		Risked Drilling Locations(1)		2014 Projected Net Wells Online
			Gross	Net	Gross	Net	
Marcellus Shale(2)	43,978	95%	41	38	349	325	37
Utica Shale(3)	46,700	96%			753	233	7(4)
Upper Devonian Shale(5)			3	3	211	194	
Total(5)	90,678		44	41	1,313	752	44

(1) Based on our reserve reports as of December 31, 2013, we had 44 gross (39 net) locations in the Marcellus Shale associated with proved undeveloped reserves and 13 gross (12 net) locations in the Marcellus Shale associated with proved developed not producing reserves. Please see Business Our Operations Reserve Data Determination of Drilling Locations for more information regarding the process and criteria through which these drilling locations were identified. The drilling locations on which we actually drill will depend on the availability of capital,

regulatory approval, commodity prices, costs, actual drilling results and other factors. Please see Risk Factors Risks Related to Our Business Our gross risked drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling. In addition, we may not be able to raise the substantial amount of capital that would be necessary to drill our drilling locations.

- (2) Excludes non-strategic properties consisting of 548 net acres in Fayette and Tioga Counties, Pennsylvania. Includes 1,338 net acres that were included as a leasehold payable on our balance sheet as of March 31, 2014.
- (3) Utica Shale risked drilling locations gives effect to our projected 31% working interest in the Utica Shale after applying unitization and participating interest assumptions described under Business Our Operations Reserve Data Determination of Drilling Locations.
- (4) Includes wells to be drilled by Gulfport Energy Corporation. Please see Utica Shale Development Agreement and Area of Mutual Interest Agreement.
- (5) Approximately 39,020 gross (36,932 net) acres in the Marcellus Shale is also prospective for the Upper Devonian Shale. The Upper Devonian and the Marcellus Shale are stacked formations within the same geographic footprint.

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Business Strategies

Our objective is to create shareholder value by identifying and assembling a portfolio of low-risk assets with attractive economic profiles and leveraging our technical and managerial expertise to deliver industry-leading results. We seek to achieve this objective by executing the following strategies:

Pursue High-Graded Core Shale Acreage as an Early Entrant. Our acreage acquisition strategy has been predicated on our belief that core acreage provides superior production, ultimate recoveries and returns on investment. We leverage our technical expertise and analyze third-party data to be an early entrant into the core of a shale play. We develop an internally generated geologic model and then study publicly available third-party data, including well results and drilling and completion reports, to confirm our geologic model and define the core acreage position of a play. Once we believe that we have identified the core location, we aggressively execute on our acquisition strategy to establish a largely contiguous acreage position. By virtue of this strategy, we eliminate the need for large exploration programs requiring significant time and capital, and instead pursue areas that have been substantially de-risked, or high-graded, by our competitors. We have applied the expertise and approach that we employed in the Marcellus Shale to the Utica Shale, and we believe we will be able to achieve similar results.

Target Contiguous Acreage Positions in Prolific Unconventional Resource Plays. We will seek to continue to expand on our success in targeting contiguous acreage positions within the core of the Marcellus and Utica Shales. We believe a concentrated acreage position requires fewer wells and inherently less capital to define the geologic properties across the play and allows us to optimize our wellbore economics. As of March 31, 2014, we had drilled and completed 41 horizontal Marcellus wells, several of which have tested the outer boundaries of our Marcellus acreage position. Additionally, as a result of optimizing our wellbore design with a limited number of wells, we believe our ability to transition from exploration drilling to development drilling in the Marcellus Shale was accomplished with less capital invested than our peers. We intend to replicate this strategy in the Utica Shale.

Aggressively Develop Leasehold Positions to Economically Grow Production, Cash Flow and Reserves. We intend to continue to aggressively drill and develop our portfolio of 1,313 gross (752 net) pro forma risked drilling locations as of March 31, 2014 with a goal of growing production, cash flow and reserves in an economically-efficient manner. In the first quarter of 2014, we increased to a six-rig drilling program (consisting of three top-hole rigs and three horizontal rigs), two of which are operating in the Utica Shale. We expect to continue to operate a six-rig drilling program through the remainder of 2014. In executing our development strategy, we intend to leverage our operational control and the expertise of our technical team to deliver attractive production and cash flow growth. As the operator of a substantial majority of our acreage in the Marcellus and Utica Shales, we are able to manage (i) the timing and level of our capital spending, (ii) our exploration and development drilling strategies and (iii) our operating costs. We will seek to optimize our wellbore economics through a meticulous focus on rig efficiency, wellbore accuracy and completion design and execution. We believe that the combination of our operational control and technical expertise will allow us to build on our track record of superior production, cash flow and reserve growth.

Maximize Pipeline Takeaway Capacity to Facilitate Production Growth. We maintain a strong commitment to construct, acquire and control the midstream infrastructure necessary to meet our production growth. We will also continue to enter into long-term firm transportation arrangements with third party midstream operators to ensure our access to market. We believe our commitment to midstream infrastructure allows us to commercialize our production more quickly and provides us with a competitive advantage in acquiring bolt-on acreage.

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We possess a number of competitive strengths that we believe will allow us to successfully execute our business strategies:

Large, Contiguous Positions Concentrated in the Core of the Marcellus and Utica Shales. We own extensive and contiguous acreage positions in the core of two of the premier North American shale plays. We believe we were an early identifier of both the Marcellus Shale core in southwestern Pennsylvania and the Utica Shale core, primarily in Belmont County, Ohio, which allowed us to acquire concentrated acreage positions. Our core position and contiguous acreage in the Marcellus Shale have allowed us to delineate our position as well as produce industry-leading well results, as our wells have some of the highest initial production rates and EURs in the Marcellus Shale. Through a consolidated approach, we are able to increase rig efficiency, turning wells into sales faster, and de-risk our acreage position more efficiently. Additionally, to service our concentrated acreage positions, we construct and acquire water and midstream infrastructure, which enable us to reduce reliance on third party operators, minimize costs and increase our returns. This has been a strength in the Marcellus Shale and we believe our position in the Utica Shale will allow us to achieve similar results.

Multi-Year, Low-Risk Development Drilling Inventory. Our drilling inventory as of March 31, 2014 consisted of 1,313 gross (752 net) risked drilling locations, with 349 gross (325 net), 753 gross (233 net) and 211 gross (194 net) risked drilling locations in the Marcellus Shale, Utica Shale and Upper Devonian Shale, respectively. We believe that we and other operators in the area have substantially delineated and de-risked our contiguous acreage position in the southwestern core of the Marcellus Shale. As of March 31, 2014, we have drilled and completed 41 wells on our Marcellus Shale acreage with a 100% success rate. In June 2014 we completed our first Utica well, the Bigfoot 9H, which tested at a stabilized rate of 41.7 MMcf/d. Please see Recent Developments Bigfoot 9H Test Results.

Expertise in Unconventional Resource Plays and Technology. We have assembled a strong technical staff of shale petroleum engineers and shale geologists that have extensive experience in horizontal drilling, operating multi-rig development programs and using advanced drilling technology. We have been early adopters of new oilfield services and techniques for drilling (including rotary steerable tools) and completions (including reduced-length frac stages). In the Marcellus Shale as of March 31, 2014, we have completed 41 gross horizontal wells totaling approximately 236,000 lateral feet. We have realized improvements in our drilling efficiency over time and we are now drilling lateral sections approximately 50% longer in approximately half the time as it has taken us historically. Our average horizontal lateral drilled in 2011 was 4,733 feet and took 13.0 days to drill from kickoff to total depth. Our average horizontal lateral drilled in 2013 was 7,700 feet and took 5.8 days to drill from kickoff to total depth. Our operating proficiency has also led to increased wellbore accuracy, completion design efficiencies and has yielded top tier production results as reflected in the fact that out of approximately 550 producing horizontal Marcellus Shale wells in Washington County, Pennsylvania, we drilled and completed the top two and four of the top six wells in terms of cumulative production through June 30, 2013, as reported by Pennsylvania's oil and gas department. Further, we are able to enhance our wellbore economics through multi-well pad drilling (one to nine wells per rig move) and long laterals targeting 6,000 to 10,000 feet.

Successful Infill Leasing Program. We have increased our acreage position in the core of the Marcellus Shale through bolt-on leases in the same targeted area. This strategy has allowed us to acquire acreage that provides additional drilling locations and/or adds horizontal feet to future wells. By implementing this strategy, we have grown our Marcellus Shale acreage position in Washington County from our initial acquisition of 642 net acres in 2009 to 43,978 net acres as of March 31, 2014. We have replicated this strategy successfully in the Utica Shale in Belmont County as well, leasing an additional 13,201 net acres as of March 31, 2014 since our initial acquisition of approximately 33,499 net acres in November 2012. We intend to continue to focus our near-term leasing program on Greene and Washington Counties in

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Pennsylvania and on Belmont County in Ohio, with the strategy of using bolt-on leases to acquire acreage that immediately increases our drilling locations and/or drillable horizontal feet.

Access to Committed Takeaway Capacity. Our gas gathering pipeline system is currently designed to handle up to approximately 1.5 Bcf/d in the aggregate and, as of March 31, 2014, has an operating capacity of approximately 620 MMcf/d in the aggregate. This system connects our producing wells to multiple interstate transmission and other third-party pipelines. We plan to continue to build out our Pennsylvania gathering system congruent with our future development plans. We plan to replicate our strategy of constructing and controlling our own midstream system in Ohio and expect to have our gathering system in Belmont County substantially complete by the second quarter of 2015. We believe our commitment to constructing and controlling midstream assets allows us to efficiently bring wells online, mitigates the risk of unplanned shut-ins and creates pricing and transportation optionality by connecting to multiple interstate pipelines. To further ensure the deliverability of our Utica Shale production, we have entered into a precedent agreement for 175,000 MMBtu/d firm transportation on the Rockies Express Pipeline beginning in June 2015 for a term of 20 years, which will provide us with greater access to Gulf Coast and Midwest markets. With this capacity, our firm transportation and firm sales portfolio will cover approximately 818,000 MMBtu/d in 2015 and 921,000 MMBtu/d in 2016. By securing firm transportation and firm sales contracts, we are better able to accommodate our growing production and manage basis differentials.

Significant Liquidity and Active Hedging Program. As of March 31, 2014, we had cash on hand of approximately \$228.7 million and as of May 31, 2014, we had availability under our revolving credit facility of approximately \$313.5 million. We believe this liquidity, along with our cash flow from operations, is sufficient to execute our current capital program. Additionally, our hedging program mitigates commodity price volatility and protects our future cash flows. We review our hedge position on an ongoing basis, taking into account our current and forecasted production volumes and commodity prices. As of May 1, 2014, we had entered into hedging contracts covering approximately 57 Bcf (207 MMcf/d) of natural gas production for April 2014 through December 2014 at a weighted average index floor price of \$4.06 per MMBtu. Furthermore, as of May 1, 2014, we had entered into hedging contracts covering approximately 59.1 Bcf (162 MMcf/d) of natural gas production for 2015 at a weighted average index floor price of \$4.05 per MMBtu.

Proven and Stockholder-Aligned Management Team. Our management team possesses extensive oil and natural gas acquisition, exploration and development expertise in shale plays. For a discussion of our management's experience, please read *Management*. Our Chief Executive Officer, Chief Operating Officer, Vice President of Exploration & Geology and Vice President of Drilling have worked for us since we drilled our first horizontal Marcellus well. Our management team includes certain members of the Rice family (the founders of Rice Partners) who, along with other members of the management team, are also highly aligned with stockholders through a 31.3% economic interest in us after giving effect to this offering. In addition, our management team has a significant indirect economic interest in us through their ownership of incentive units in the form of interests in Rice Holdings and NGP Holdings. The value of these incentive units may increase over time, without diluting public investors, if our stock price appreciates in the future. For additional information regarding our incentive units, please read *Executive Compensation Narrative Description to the Summary Compensation Table for the 2013 Fiscal Year Long-Term Incentive Compensation*. We believe that our management team's direct and indirect ownership interest in us will provide significant incentives to grow the value of our business.

Initial Public Offering, Corporate Reorganization and Related Transactions

Initial Public Offering

On January 29, 2014, we completed our initial public offering (IPO) of 50,000,000 shares of our common stock, which included 30,000,000 shares sold by us and 20,000,000 shares sold by NGP Holdings.

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The net proceeds of our IPO, based on the public offering price of \$21.00 per share, were approximately \$993.5 million, which resulted in net proceeds to us of \$593.6 million after deducting expenses and underwriting discounts and commissions of approximately \$36.4 million and net proceeds to the selling stockholders of approximately \$399.0 million after deducting underwriting discounts of approximately \$21.0 million. We did not receive any proceeds from the sale of the shares by the selling stockholder. A portion of the net proceeds from our IPO were used to repay all outstanding borrowings under the revolving credit facility of our Marcellus joint venture, to make a \$100.0 million payment to Alpha Holdings in partial consideration for the Marcellus JV Buy-In and to repay all outstanding borrowings under our revolving credit facility. The remainder of the net proceeds from our IPO are being used to fund a portion of our capital expenditure plan.

Corporate Reorganization

A corporate reorganization occurred concurrently with the completion of our IPO on January 29, 2014. As a part of this corporate reorganization, we acquired all of the outstanding membership interests in Rice Appalachia in exchange for shares of our common stock. Our business continues to be conducted through Rice Drilling B, as a wholly owned subsidiary. As of January 29, 2014, upon (a) the completion of the IPO, (b) the issuance of (i) 43,452,550 shares of common stock to NGP Holdings, (ii) 20,300,923 shares of common stock to Rice Holdings, (iii) 2,356,844 shares of common stock to Daniel J. Rice III, (iv) 20,000,000 shares of common stock to Rice Partners, (v) 160,831 shares of common stock to the persons holding incentive units representing interests in Rice Appalachia and (vi) 1,728,852 shares of common stock to the members of Rice Drilling B (other than Rice Appalachia), each of which were issued by us in connection with the closing of the IPO, and (c) the issuance of 9,523,810 shares of common stock to Alpha Holdings in connection with the completion of the Marcellus JV Buy-In described below under **Marcellus JV Buy-In**, we had 127,523,810 shares of common stock outstanding.

Marcellus JV Buy-In

On January 29, 2014, in connection with the closing of the IPO and pursuant to the Transaction Agreement between us and Alpha Holdings dated as of December 6, 2013 (the **Transaction Agreement**), we completed our acquisition of Alpha Holdings' 50% interest in our Marcellus joint venture in exchange for total consideration of \$322 million, consisting of \$100 million of cash and our issuance to Alpha Holdings of 9,523,810 shares of our common stock.

Recent Developments

Western Greene County Acquisition

On July 7, 2014, we announced our signing of a definitive purchase and sale agreement to acquire approximately 22,000 net acres and 12 developed Marcellus wells in western Greene County, Pennsylvania from Chesapeake Appalachia, L.L.C. and its partners for approximately \$336 million (the **Greene County Acquisition**). We expect to close the transaction in August 2014, subject to customary closing conditions, with an effective date of February 1, 2014.

Upon completion of the Greene County Acquisition, the acquired properties are expected to:

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represent a 24% increase in our aggregate net acreage position and a 50% increase in our net acreage position in the core of the Marcellus Shale in southwestern Pennsylvania, each as of March 31, 2014;

add approximately 152 risked (190 unrisked) net drilling locations with an assumed 7,000 average lateral length, representing a 47% increase to our Marcellus inventory of 325 net risked locations as of March 31, 2014;

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be 100% operated (average 95% working interest) with anticipated production being 1,080-1,100 Btu gas; and

add 20 MMcf/d current net production from seven producing wells, with five additional wells in progress. The acquired acreage will be dedicated to Access Midstream Partners. While the terms of the gas gathering agreement remain subject to negotiation, we expect the service fees will remain in line with historical rates of \$0.45 per MMBtu for gathering and \$0.12 per MMBtu for compression.

This offering is not contingent on the successful completion of the Greene County Acquisition. There can be no assurance that the Greene County Acquisition will close in the anticipated time frame or at all, or that we will realize the expected benefit from the Greene County Acquisition. See Risk Factors Risks Related to the Greene County Acquisition.

Utica Update

On June 2, 2014, we announced the production test results of our first operated Utica Shale well, the Bigfoot 9H. After five days of flowback, the Bigfoot 9H stabilized at a rate of 41.7 MMcf/d of gas on a 33/64 choke with flowing casing pressures of 5,850 psi. Based upon a gas composition analysis, the heat content is 1,086 Btu and therefore will not require processing. We own an approximate 93% working interest in the well, which has an effective lateral length of 6,957 feet and was completed with 40 frac stages. First production from the Bigfoot 9H well was delivered into sales in late June 2014. In addition, in June 2014, we drilled and cased our second and third Utica Shale wells, the Blue Thunder 10H and 12H. We are in the process of completing both of these wells, each with lateral lengths of approximately 9,000 feet.

Senior Notes Offering

On April 25, 2014, we offered \$900.0 million (the Senior Notes Offering) in aggregate principal amount of 6.25% senior notes due 2022 (the Notes) in a private placement to eligible purchasers under Rule 144A and Regulation S of the Securities Act, which resulted in net proceeds of \$882.7 million after deducting estimated expenses and underwriting discounts and commissions of approximately \$17.3 million. We used \$301.8 million of the net proceeds to repay and retire our Second Lien Term Loan Facility, and the remainder of the proceeds will be used to fund a portion of our 2014 capital expenditure program.

Momentum Acquisition

On April 17, 2014, we completed an acquisition of certain gas gathering assets in eastern Washington and Greene Counties (the Momentum Acquisition) for aggregate consideration of approximately \$110.0 million. The effective date for the Momentum Acquisition is March 1, 2014. We funded the acquisition with cash on hand.

The properties acquired in the Momentum Acquisition consist of a 28-mile, 6 -16 gathering system in eastern Washington County, Pennsylvania, and permits and rights of way in Washington and Greene Counties, Pennsylvania, necessary to construct an 18-mile, 30 gathering system connecting the northern system to the Texas Eastern pipeline. The northern system is supported by long-term contracts with acreage dedications covering approximately 20,000 acres from third parties. Once fully constructed, the acquired systems are expected to have an aggregate capacity of over 1 bcf of natural gas per day.

Third Amended and Restated Senior Secured Revolving Credit Facility

On April 10, 2014, we, as borrower, and Rice Drilling B, as predecessor borrower, entered into the Third Amended and Restated Credit Agreement (the *Third Amended and Restated Credit Agreement*). Among other

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things, in connection with the Third Amended and Restated Credit Agreement, Rice Drilling B assigned all of its rights and obligations under the Second Amended and Restated Credit Agreement to us, and we assumed all such rights and obligations as borrower under the Third Amended and Restated Credit Agreement. Furthermore, the Third Amended and Restated Credit Agreement (i) allowed for the Senior Notes Offering (described below) and (ii) provided that we would not incur an immediate reduction in our borrowing base under the credit facility as a result of the Senior Notes Offering.

Risk Factors

Investing in our common stock involves risks that include the speculative nature of oil and natural gas exploration, competition, volatile oil and natural gas prices and other material factors. For a discussion of these risks and other considerations that could negatively affect us, including risks related to this offering and our common stock, see Risk Factors and Cautionary Statement Regarding Forward-Looking Statements.

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Organizational Structure

The chart below depicts our organization and ownership structure, after giving effect to this offering (excluding any exercise of the underwriters' option to purchase additional shares).

Corporate Governance Developments

Upon the closing of this offering, Rice Holdings, Rice Partners, NGP Holdings and Alpha Natural Resources, Inc. will no longer control a majority of the voting power of our outstanding common stock, and we will no longer qualify as a controlled company for purposes of certain exemptions from the New York Stock Exchange (NYSE) listing standards. As a result, certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws will become effective upon the closing of this offering. See Description of Capital Stock.

Rice Drilling B was formed as a Delaware limited liability company on February 12, 2008 by members of the Rice family through Rice Partners. Natural Gas Partners, which was founded in 1988, is a family of private equity investment funds with aggregate committed capital under management since inception of \$10 billion and was organized to make direct equity investments in the energy industry. Alpha Holdings is a wholly owned indirect subsidiary of Alpha Natural Resources, Inc., one of America's premier coal suppliers operating in Northern and Central Appalachia and the Powder River Basin.

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Emerging Growth Company Status

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act, or the JOBS Act. For as long as we are an emerging growth company, unlike other public companies that are not emerging growth companies under the JOBS Act, we are not required to:

provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;

comply with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;

provide certain disclosure regarding executive compensation required of larger public companies or hold shareholder advisory votes on executive compensation required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act); or

obtain shareholder approval of any golden parachute payments not previously approved.

We will cease to be an emerging growth company upon the earliest of:

the last day of the fiscal year in which we have \$1.0 billion or more in annual revenues;

the date on which we become a large accelerated filer (the fiscal year-end on which the total market value of our common equity securities held by non-affiliates is \$700 million or more as of June 30);

the date on which we issue more than \$1.0 billion of non-convertible debt over a three-year period; or

the last day of the fiscal year following the fifth anniversary of our IPO.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards, but we have irrevocably opted out of the extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates in which adoption of such standards is required for other public companies.

Corporate Information

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Our principal executive offices are located at 171 Hillpointe Drive, Suite 301, Canonsburg, Pennsylvania 15317, and our telephone number is (724) 746-6720. Our website is www.riceenergy.com. Information contained on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.

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The Offering

Shares of common stock offered by us	7,500,000 shares.
Shares of common stock offered by the selling stockholders	12,921,246 shares (or 15,984,433 shares, if the underwriters exercise in full their option to purchase additional shares).
Shares of common stock to be outstanding after the offering	136,154,526 shares.
Option to purchase additional shares	Certain of the selling stockholders have granted the underwriters a 30-day option to purchase up to an aggregate of 3,063,187 additional shares of our common stock.
Use of proceeds	<p>We expect to receive approximately \$ million of net proceeds from the sale of the common stock offered by us after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds from this offering to fund a portion of the purchase price for our Greene County Acquisition, with the remainder to be funded with cash on hand. Please read Use of Proceeds.</p> <p>This offering is not contingent on the completion of the Greene County Acquisition. In the event the Greene County Acquisition is not successfully completed we will use the net proceeds of this offering for general corporate purposes, including capital expenditures.</p> <p>We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. The selling stockholders are deemed under federal securities laws to be underwriters with respect to the common stock they may sell in connection with this offering.</p>
Dividend policy	We do not anticipate paying any cash dividends on our common stock. In addition, certain of our debt instruments place restrictions on our ability to pay cash dividends. See Dividend Policy .

Risk factors

You should carefully read and consider the information set forth under the heading **Risk Factors** and all other information set forth in this prospectus before deciding to invest in our common stock.

Listing and trading symbol

Our common stock is listed in the New York Stock Exchange (**NYSE**) under the symbol **RICE**.

Table of Contents**Index to Financial Statements****SUMMARY HISTORICAL CONSOLIDATED AND UNAUDITED PRO FORMA FINANCIAL DATA**

The following table shows summary unaudited pro forma financial data for the periods and as of the dates indicated. Our historical results are not necessarily indicative of future operating results. The summary financial data presented below are qualified in their entirety by reference to, and should be read in conjunction with, Capitalization,

Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated historical and pro forma financial statements and related notes included elsewhere herein.

The summary unaudited pro forma consolidated statement of operations data for the year ended December 31, 2013 and three months ended March 31, 2014 has been prepared to give pro forma effect to (i) the completion of the corporate reorganization in connection with our IPO completed in January 2014, (ii) the Marcellus JV Buy-In and (iii) our IPO and the application of the net proceeds therefrom as if each had been completed as of January 1, 2013. The summary unaudited pro forma consolidated balance sheet data as of December 31, 2013 has been prepared to give pro forma effect to those transactions as if they had been completed as of December 31, 2013. Each of our IPO, the corporate reorganization in connection with our IPO and the Marcellus JV Buy-In was completed prior to March 31, 2014 and is thus fully reflected in our historical consolidated balance sheet as of such date. The summary unaudited pro forma consolidated statements of operations data do not give pro forma effect to this offering, the Momentum Acquisition, the Senior Notes Offering or the pending Greene County Acquisition. These data are subject and give effect to the assumptions and adjustments described in the notes accompanying the unaudited pro forma financial statements included elsewhere in this prospectus. The summary unaudited pro forma consolidated financial data are presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the reorganization transactions and this offering been consummated on the dates indicated, and do not purport to be indicative of statements of financial position or results of operations as of any future date or for any future period.

	Rice Energy Inc. Pro Forma	
	Year Ended December 31, 2013	Three Months Ended March 31, 2014
	(unaudited)	
<i>(in thousands, except per share data)</i>		
Statement of Operations Data:		
Revenues:		
Natural gas sales	\$ 178,524	\$ 102,402
Other revenue	757	
Total revenues	179,281	102,402
Operating expenses:		
Lease operating	16,502	5,607
Gathering, compression and transportation	25,437	8,520
Production taxes and impact fees	2,887	708
Exploration	9,951	486
Restricted unit expense	32,906	73,802

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General and administrative	20,209	11,593
Depreciation, depletion and amortization	71,886	28,363
Write-down of abandoned leases	146	
Loss from sale of interest in gas properties	4,230	
Total operating expenses	184,154	129,079

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	Rice Energy Inc. Pro Forma	
	Year Ended December 31, 2013	Three Months Ended March 31, 2014
<i>(in thousands, except per share data)</i>	<i>(unaudited)</i>	
Operating loss	(4,873)	(26,677)
Interest expense	(16,422)	(7,277)
Gain on purchase of Marcellus joint venture		200,923
Other income (expense)	(1,153)	602
Gain (loss) on derivative instruments	10,238	(32,571)
Amortization of deferred financing costs	(5,394)	(504)
Loss on extinguishment of debt	(10,622)	(143)
Write-off of deferred financing costs		(836)
Equity in income of joint ventures	90	
Loss before income taxes	(28,136)	133,517
Income tax benefit	11,674	(9,375)
Net income (loss)	\$ (16,462)	\$ 124,142
Balance sheet data (at period end):		
Cash	\$ 347,011	
Total property and equipment, net	1,054,414	
Total assets	1,845,650	
Total debt	311,942	
Total members' capital	1,134,241	
Net cash provided by (used in):		
Operating activities		
Investing activities		
Financing activities		
Other financial data (unaudited):		
Adjusted EBITDAX(1)	\$ 107,773	\$ 64,803
Earnings per share - basic	(0.13)	1.00
Earnings per share - diluted	(0.13)	0.99

(1) Adjusted EBITDAX is a non-GAAP financial measure. For a definition of Adjusted EBITDAX and a reconciliation of Adjusted EBITDAX to net income (loss), see [Non-GAAP Financial Measure](#) below.

Non-GAAP Financial Measure

Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

We define Adjusted EBITDAX as net income (loss) before interest expense or interest income; income taxes; write-down of abandoned leases; depreciation, depletion and amortization; amortization of deferred financing costs; equity in (income) loss in joint ventures; derivative fair value (gain) loss, excluding net cash receipts on settled derivative instruments; non-cash compensation expense; (gain) loss from sale of interest in gas properties; (gain) loss on acquisition; (gain) loss on extinguishment of debt; write-off of deferred financing costs and exploration expenses. Adjusted EBITDAX is not a measure of net income as determined by United States generally accepted accounting principles, or GAAP.

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Management believes Adjusted EBITDAX is useful because it allows them to more effectively evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDAX. Our computations of Adjusted EBITDAX may not be comparable to other similarly titled measures of other companies. We believe that Adjusted EBITDAX is a widely followed measure of operating performance and may also be used by investors to measure our ability to meet debt service requirements.

The following tables present a reconciliation of the non-GAAP financial measure of Adjusted EBITDAX to the GAAP financial measure of net income (loss).

	Rice Energy Inc.	
	Pro Forma	
	Year	Three Months Ended
	Ended	March 31, 2014
	December 31, 2013	March 31, 2014
	(unaudited)	
<i>(in thousands)</i>		
Adjusted EBITDAX reconciliation to net income (loss):		
Net income (loss)	\$ (16,462)	\$ 124,142
Interest expense	16,422	7,277
Depreciation, depletion and amortization	71,886	28,363
Amortization of deferred financing costs	5,394	504
Equity in (income) loss of joint ventures	(90)	
Write-down of abandoned leases	146	
Derivative fair value (gain) loss(1)	(10,238)	32,571
Net cash receipts (payments) on settled derivative instruments(1)	5,302	(11,773)
Restricted unit expense	32,906	73,802
Income tax benefit	(11,674)	9,375
Loss from sale of interest in gas properties	4,230	
Gain on acquisition(2)		(200,923)
Loss on extinguishment of debt		143
Write-off of deferred financing costs		836
Exploration expenses	9,951	486
Adjusted EBITDAX	\$ 107,773	\$ 64,803

- (1) The adjustments for the derivative fair value (gains) losses and net cash receipts on settled commodity derivative instruments have the effect of adjusting net income (loss) for changes in the fair value of derivative instruments, which are recognized at the end of each accounting period because we do not designate commodity derivative instruments as accounting hedges. This results in reflecting commodity derivative gains and losses within Adjusted EBITDAX on a cash basis during the period the derivatives settled.
- (2) Represents gain recognized in connection with Marcellus JV Buy-In.

Table of ContentsIndex to Financial Statements**SUMMARY PRO FORMA RESERVE AND OPERATING DATA****Summary Reserve Data**

The following table summarizes our pro forma estimated proved reserves as of December 31, 2013, giving effect to our Marcellus JV Buy-In described under Initial Public Offering, Corporate Reorganization and Related Transactions Marcellus JV Buy-In. The estimated proved reserves as of December 31, 2013 are based on reports prepared by our and our Marcellus joint venture's independent reserve engineers, NSAI. See Business Our Operations Reserve Data Preparation of Reserve Estimates for definitions of proved reserves and the technologies and economic data used in their estimation.

The information in the following table does not give any effect to or reflect our commodity hedges. See Business Our Operations Reserve Data for more information about our reserves.

	Rice Energy Inc. Pro Forma(1) At December 31, 2013 (Unaudited)
Estimated proved reserves Natural gas (Bcf):	
Total estimated proved reserves	602
Total proved developed reserves	250
Proved developed producing reserves	177
Proved developed non-producing reserves	73
Proved undeveloped reserves	352
Percent developed reserves	42%

- (1) Our estimated pro forma proved reserves were determined using a 12-month average price for natural gas. The prices used in our reserve reports yield weighted average wellhead prices, which are based on index prices and adjusted for energy content, transportation fees and regional price differentials. The index prices and the equivalent wellhead prices are shown in the table below.

	Index Prices Natural Gas (per MMBtu)	Weighted Average Wellhead Prices Natural Gas (per Mcf)
December 31, 2013	3.67	3.90

Table of ContentsIndex to Financial Statements**Production, Revenues and Price History**

The following table sets forth information regarding production, revenues and realized prices, and production costs on a pro forma basis for the year ended December 31, 2013 and three months ended March 31, 2014.

	Rice Energy Inc. Pro Forma	
	Year Ended December 31, 2013 (unaudited)	Three Months Ended March 31, 2014
Natural gas sales (in thousands)	\$ 178,525	\$ 102,402
Production data (MMcf) (unaudited)	45,881	18,801
Average prices before effects of hedges per Mcf	\$ 3.89	5.45
Average realized prices after effects of hedges per Mcf(1)	\$ 4.01	4.82
Average costs per Mcf(2)		
Lease operating	\$ 0.36	0.30
Gathering, compression and transportation	0.55	0.45
General and administrative	0.44	0.62
Depletion, depreciation and amortization	1.57	1.51

- (1) The effect of hedges includes realized gains and losses on commodity derivative transactions.
- (2) Does not include production taxes and impact fees. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations Principal Components of our Cost Structure.

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RISK FACTORS

*Investing in our common stock involves risks. You should carefully consider the information in this prospectus, including the matters addressed under **Cautionary Statement Regarding Forward-Looking Statements**, and the following risks before making an investment decision. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.*

Risks Related to the Greene County Acquisition

We may not be able to consummate our pending Greene County Acquisition, which could adversely affect our results of operations and cash flows.

The purchase agreement related to the pending Greene County Acquisition contains customary closing conditions. It is possible that one or more closing conditions may not be satisfied or, if not satisfied, that such condition may not be waived by the other party. If we are unable to consummate the pending Greene County Acquisition, we would not realize the expected benefits of the proposed acquisition.

There can be no assurance that the Greene County Acquisition will be completed within the anticipated time frame, or at all, or that the anticipated benefits of the Greene County Acquisition will be realized. In addition, the closing of the Greene County Acquisition is not conditioned on the closing of this offering, and this offering is not conditioned on the closing of the Greene County Acquisition.

We may be unable to make attractive acquisitions or successfully integrate acquired businesses, including the Greene County Acquisition, and any inability to do so may disrupt our business and hinder our ability to grow.

In the future we may make acquisitions of businesses that complement or expand our current business. However, we may not be able to identify attractive acquisition opportunities. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms.

The success of any completed acquisition, including the Greene County Acquisition, will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to integrate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operations.

In addition, our revolving credit facility and the indenture governing our Notes impose certain limitations on our ability to enter into mergers or combination transactions. Our revolving credit facility and the indenture governing our Notes also limit our ability to incur certain indebtedness, which could indirectly limit our ability to engage in acquisitions of businesses.

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We may be subject to risks in connection with acquisitions of properties, such as the Greene County Acquisition.

The successful acquisition of producing and undeveloped properties, such as those acquired in connection with the Greene County Acquisition, requires an assessment of several factors, including:

recoverable reserves;

future natural gas, NGL or oil prices and their applicable differentials;

operating costs; and

potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain. For example, the acreage to be acquired in the Greene County Acquisition will be dedicated to Access Midstream Partners, and the fees for gas gathering services with respect to such acreage are subject to renegotiation. If we are unable to negotiate service fees in line with historical rates, we may not realize all of the expected benefits of the pending acquisition. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review may not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire properties on an as is basis.

Properties we acquire may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties that we acquire or obtain protection from sellers against such liabilities.

Acquiring oil and natural gas properties requires us to assess reservoir and infrastructure characteristics, including recoverable reserves, development and operating costs and potential environmental and other liabilities. Such assessments are inexact and inherently uncertain. In connection with the assessments, we perform a review of the subject properties, but such a review will not reveal all existing or potential problems. In the course of our due diligence, we may not inspect every well or pipeline. We cannot necessarily observe structural and environmental problems, such as pipe corrosion, when an inspection is made. We may not be able to obtain contractual indemnities from the seller for liabilities created prior to our purchase of the property. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations.

Risks Related to Our Business

Natural gas, NGL and oil prices are volatile. A substantial or extended decline in commodity prices may adversely affect our business, financial condition or results of operations and our ability to meet our capital expenditure

obligations and financial commitments.

The prices we receive for our natural gas production heavily influence, and to the extent we produce oil and NGLs in the future, the prices we receive for oil and NGL production will heavily influence, our revenue, operating results profitability, access to capital, future rate of growth and carrying value of our properties. Natural gas, NGLs and oil are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the commodities market has been volatile. This market will likely continue to be volatile in the future. The prices we receive for our production,

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and the levels of our production, depend on numerous factors beyond our control. These factors include the following:

worldwide and regional economic conditions affecting the global supply of and demand for natural gas, NGLs and oil;

the price and quantity of imports of foreign natural gas, including liquefied natural gas;

political conditions in or affecting other producing countries, including conflicts in the Middle East, Africa, South America and Russia;

the level of global exploration and production;

the level of global inventories;

prevailing prices on local price indexes in the areas in which we operate and expectations about future commodity prices;

the proximity, capacity, cost and availability of gathering and transportation facilities, and other factors that result in differentials to benchmark prices;

localized and global supply and demand fundamentals and transportation availability;

weather conditions and natural disasters;

technological advances affecting energy consumption;

the cost of exploring for, developing, producing and transporting reserves;

speculative trading in natural gas and crude oil derivative contracts;

risks associated with operating drilling rigs;

the price and availability of competitors' supplies of natural gas and oil and alternative fuels; and

domestic, local and foreign governmental regulation and taxes.

Furthermore, the worldwide financial and credit crisis in recent years has reduced the availability of liquidity and credit to fund the continuation and expansion of industrial business operations worldwide resulting in a slowdown in economic activity and recession in parts of the world. This has reduced worldwide demand for energy and resulted in lower natural gas, NGL and oil prices.

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In addition, substantially all of our natural gas production is sold to purchasers under contracts with market-based prices. The actual prices realized from the sale of natural gas differ from the quoted NYMEX Henry Hub price as a result of location differentials. Location differentials to NYMEX Henry Hub prices, also known as basis differentials, result from variances in regional natural gas prices compared to NYMEX Henry Hub prices as a result of regional supply and demand factors. We may experience differentials to NYMEX Henry Hub prices in the future, which may be material.

Lower commodity prices and negative increases in our differentials will reduce our cash flows and borrowing ability. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our reserves as existing reserves are depleted. Lower commodity prices may also reduce the amount of natural gas, NGLs and oil that we can produce economically.

If commodity prices further decrease or our negative differentials further increase, a significant portion of our development and exploration projects could become uneconomic. This may result in our having to make significant downward adjustments to our estimated proved reserves. As a result, a substantial or extended decline in commodity prices or an increase in our negative differentials may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures.

Our development and exploration projects require substantial capital expenditures. We may be unable to obtain required capital or financing on satisfactory terms, which could lead to a decline in our natural gas reserves.

The natural gas industry is capital intensive. We make and expect to continue to make substantial capital expenditures for the development and acquisition of natural gas reserves. In 2014, we plan to invest \$1,230.0 million in our operations (excluding acquisitions), including \$430.0 million for drilling and completion in the Marcellus Shale, \$150.0 million for drilling and completion in the Utica Shale, \$385.0 million for leasehold acquisitions and \$265.0 million for midstream infrastructure development. Our capital budget excludes acquisitions, other than leasehold acquisitions. We expect to fund our 2014 capital expenditures with cash generated by operations, borrowings under our revolving credit facility, a portion of the net proceeds of our IPO and the proceeds from our Senior Notes Offering. Our 2014 capital expenditure budget also assumes that the borrowing base under our revolving credit facility is increased during 2014. If our lenders do not increase our borrowing base, we may seek alternate debt financing or reduce our capital expenditures. In addition, a portion of our 2014 capital budget is projected to be financed with cash flows from operations derived from wells drilled on drilling locations not associated with proved reserves in our reserve reports. The failure to achieve projected production and cash flows from operations from such wells could result in a reduction to our 2014 capital budget. The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of, among other things, natural gas prices, actual drilling results, the availability of drilling rigs and other services and equipment, and regulatory, technological and competitive developments. A reduction in natural gas prices from current levels may result in a decrease in our actual capital expenditures, which would negatively impact our ability to grow production. We intend to finance our future capital expenditures primarily through cash flow from operations and through borrowings under our revolving credit facility; however, our financing needs may require us to alter or increase our capitalization substantially through the issuance of debt or equity securities or the sale of assets. The issuance of additional indebtedness would require that a portion of our cash flow from operations be used for the payment of interest and principal on our indebtedness, thereby reducing our ability to use cash flow from operations to fund working capital, capital expenditures and acquisitions.

Our cash flow from operations and access to capital are subject to a number of variables, including:

our proved reserves;

the level of hydrocarbons we are able to produce from existing wells;

our access to, and the cost of accessing end markets for our production;

the prices at which our production is sold;

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our ability to acquire, locate and produce new reserves;

the levels of our operating expenses; and

our ability to borrow under our revolving credit facility.

If our revenues or the borrowing base under our revolving credit facility decrease as a result of lower natural gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all. If cash flow generated by our operations or available borrowings under our revolving credit facility are not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our properties, which in turn could lead to a decline in our reserves and production, and could adversely affect our business, financial condition and results of operations.

Part of our strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.

Our operations involve utilizing some of the latest drilling and completion techniques as developed by us and our service providers. Risks that we face while drilling, including or as a result of the application of these techniques, include, but are not limited to, the following:

effectively controlling the level of pressure flowing from particular wells;

landing our wellbore in the desired drilling zone;

staying in the desired drilling zone while drilling horizontally through the formation;

running our casing the entire length of the wellbore; and

being able to run tools and other equipment consistently through the horizontal wellbore.

Risks that we face while completing our wells, including or as a result of the application of these techniques, include, but are not limited to, the following:

the ability to fracture stimulate the planned number of stages;

the ability to run tools the entire length of the wellbore during completion operations; and

the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage.

Drilling for and producing natural gas are high-risk activities with many uncertainties that could result in a total loss of investment or otherwise adversely affect our business, financial condition or results of operations.

Our future financial condition and results of operations will depend on the success of our development and acquisition activities, which are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable natural gas production or that we will not recover all or any portion of our investment in such wells or that various characteristics of the well will cause us to plug or abandon the well prior to producing in commercially viable quantities.

Our decisions to purchase, explore or develop prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. For a discussion of the uncertainty involved in these processes, see Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves. In addition, our cost of drilling, completing and operating wells is often uncertain before drilling commences.

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Further, many factors may curtail, delay or cancel our scheduled drilling projects, including the following:

delays imposed by or resulting from compliance with regulatory requirements including limitations resulting from wastewater disposal, discharge of greenhouse gases, and limitations on hydraulic fracturing;

pressure or irregularities in geological formations;

shortages of or delays in obtaining equipment and qualified personnel or in obtaining water for hydraulic fracturing activities;

equipment failures, accidents or other unexpected operational events;

lack of available gathering facilities or delays in construction of gathering facilities;

lack of available capacity on interconnecting transmission pipelines;

adverse weather conditions, such as blizzards and ice storms;

issues related to compliance with environmental regulations;

environmental hazards, such as natural gas leaks, oil spills, pipeline and tank ruptures, encountering naturally occurring radioactive materials, and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the surface and subsurface environment;

declines in natural gas prices;

limited availability of financing at acceptable terms;

title problems; and

limitations in the market for natural gas.

Any of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties.

Our producing properties are concentrated in the Appalachian Basin, making us vulnerable to risks associated with operating in one major geographic area.

Our producing properties are geographically concentrated in the Marcellus Shale and Upper Devonian Shale formations in Washington and Greene Counties, Pennsylvania. As of December 31, 2013 and 2012, all of our total estimated proved reserves were attributable to properties located in this area. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing or transportation capacity constraints, market limitations, water shortages or other drought related conditions or interruption of the processing or transportation of oil, natural gas or NGLs and changes in regional and local political regimes and regulations. Such conditions could have a material adverse effect on our financial condition and results of operations. In addition, a number of areas within the Marcellus Shale and Utica Shale have historically been subject to mining operations. For example, third parties may engage in subsurface mining operations near or under our properties, which could cause subsidence or other damage to our properties, adversely impact our drilling or adversely impact our midstream activities or those on which we rely. In such

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event, our operations may be impaired or interrupted, and we may not be able to recover the costs incurred as a result of temporary shut-ins, the plugging and abandonment of any of our wells or the repair of our midstream facilities. Furthermore, the existence of mining operations near our properties could require coordination to avoid adverse impacts as a result of drilling and mining in close proximity. In connection with entering into the Marcellus JV Buy-In, we agreed to continue to acknowledge the dominance of mining by Alpha Natural Resources, Inc. within the area of mutual interest of our Marcellus joint venture. As such, in addition to coordinating with Alpha Holdings on, and in certain circumstances obtaining the prior approval of Alpha Holdings for, future drilling operations, we may also be required to take steps to assure the dominance of the mining operations of Alpha Natural Resources, Inc., including the plugging and abandonment of wells at the direction of Alpha Holdings upon two years notice. These restrictions on our operations, and any similar restrictions, can cause delays or interruptions or can prevent us from executing our business strategy, which could have a material adverse effect on our financial condition and results of operations. Due to the concentrated nature of our portfolio of natural gas properties, a number of our properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of properties.

We have been an early entrant into new or emerging plays. As a result, our initial drilling results in these areas may be less certain, and the value of our undeveloped acreage will decline if drilling results are unsuccessful.

We completed our first horizontal well in the Marcellus Shale in October 2010 and completed our first horizontal well in the Utica Shale in June 2014. While our costs to acquire undeveloped acreage in new or emerging plays have generally been less than those of later entrants into a developing play, our drilling results in these areas are more uncertain than drilling results in areas that are more developed and have a longer history of established production. Since new or emerging plays have limited or no production history, we are unable to use past drilling results in those areas to help predict our future drilling results. As a result, our cost of drilling, completing and operating wells in these areas may be higher than initially expected, and the value of our undeveloped acreage will decline if drilling results are unsuccessful. Additionally, we cannot assure you that all prospects will be economically viable or that we will not abandon our investments. For example, as a result of unexpected levels of pressure, in December 2013 we plugged and abandoned the first well we spud in the Utica Shale. We have since drilled and completed our second well in the Utica Shale and obtained an initial production test from this well in the second quarter of 2014. We cannot assure you that unproved property acquired by us or undeveloped acreage leased by us will be profitably developed, that wells drilled by us in prospects that we pursue will be productive or that we will recover all or any portion of our investment in such unproved property or wells.

During the term of the Utica Development Agreements, we will rely on Gulfport for the success of our project in the Southern Contract Area in Belmont County, Ohio, and we may not be able to maximize the value of our properties in the Southern Contract Area as we deem best because we are not in full control of this project.

During the term of the Utica Development Agreements, the success of our operation in the Southern Contract Area in Belmont County, Ohio, will depend in part on the ability of Gulfport to effectively exploit the acreage it operates under the Development Agreement. Please read Business Utica Shale Development Agreement and Area of Mutual Interest Agreement. Pursuant to the Development Agreement, we have designated Gulfport as the operator of our existing and future acreage in the Southern Contract Area. A failure or inability of Gulfport to adequately exploit the acreage it operates would have a significant impact on our results of operations. In addition, other than limitations set forth in the terms of the Development Agreement, we do not control the amount of capital that Gulfport may require for development of properties in the Southern Contract Area. Accordingly, we may be required to allocate capital to development of the Southern Contract Area at times when we otherwise would allocate capital to the Northern

Contract Area, our Marcellus Shale acreage or elsewhere or otherwise be forced to terminate the Utica Development Agreements. Under any of these circumstances, our prospects for realization of the potential value of the oil, natural gas and NGL reserves

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associated with the Southern Contract Area could be adversely affected. Our lack of control may limit our ability to develop our properties in the manner we believe to be in our best interest.

Insufficient takeaway capacity in the Appalachian Basin could cause significant fluctuations in our realized natural gas prices.

The Appalachian Basin natural gas business environment has recently experienced periods in which production has surpassed local takeaway capacity, resulting in substantial discounts in the price received by producers such as us. Although additional Appalachian Basin takeaway capacity was added in 2013 and 2012, the existing and expected capacity may not be sufficient to keep pace with the increased production caused by accelerated drilling in the area. We expect that a significant portion of our production from the Utica Shale will be transported on pipelines that experience a differential to NYMEX Henry Hub prices. If we are unable to secure additional gathering and compression capacity and long-term firm takeaway capacity on major pipelines that are in existence or under construction in our core operating area to accommodate our growing production and to manage basis differentials, it could have a material adverse effect on our financial condition and results of operations.

We are required to pay fees to our service providers based on minimum volumes regardless of actual volume throughput.

We have various gas transportation service agreements in place, each with minimum volume delivery commitments. As of March 31, 2014, our average annual contractual firm transportation and firm sales obligations for 2014 (April through December), 2015 and 2016 were approximately 420,000 MMBtu/d, 820,000 MMBtu/d, and 920,000 MMBtu/d, respectively, which are in excess of our pro forma average daily gross operated production of approximately 318,000 MMBtu/d for March 2014. While we believe that our future natural gas volumes will be sufficient to satisfy the minimum requirements under our gas transportation services agreements based on our current production and our exploration and development plan, we can provide no such assurances that such volumes will be sufficient. We are obligated to pay fees on minimum volumes to our service providers regardless of actual volume throughput, which could be significant. If these fees on minimum volumes are substantial, we may not be able to generate sufficient cash to cover these obligations, which may require us to reduce or delay our planned investments and capital expenditures or seek alternative means of financing.

Restrictions in our existing and future debt agreements could limit our growth and our ability to engage in certain activities.

Our revolving credit facility and the indenture governing our Notes contain a number of significant covenants (in addition to covenants restricting the incurrence of additional indebtedness), including restrictive covenants that may limit our ability to, among other things:

sell assets;

make loans to others;

make investments;

enter into mergers;

make certain payments;

hedge future production or interest rates;

incur liens;

engage in certain other transactions without the prior consent of the lenders; and

pay dividends.