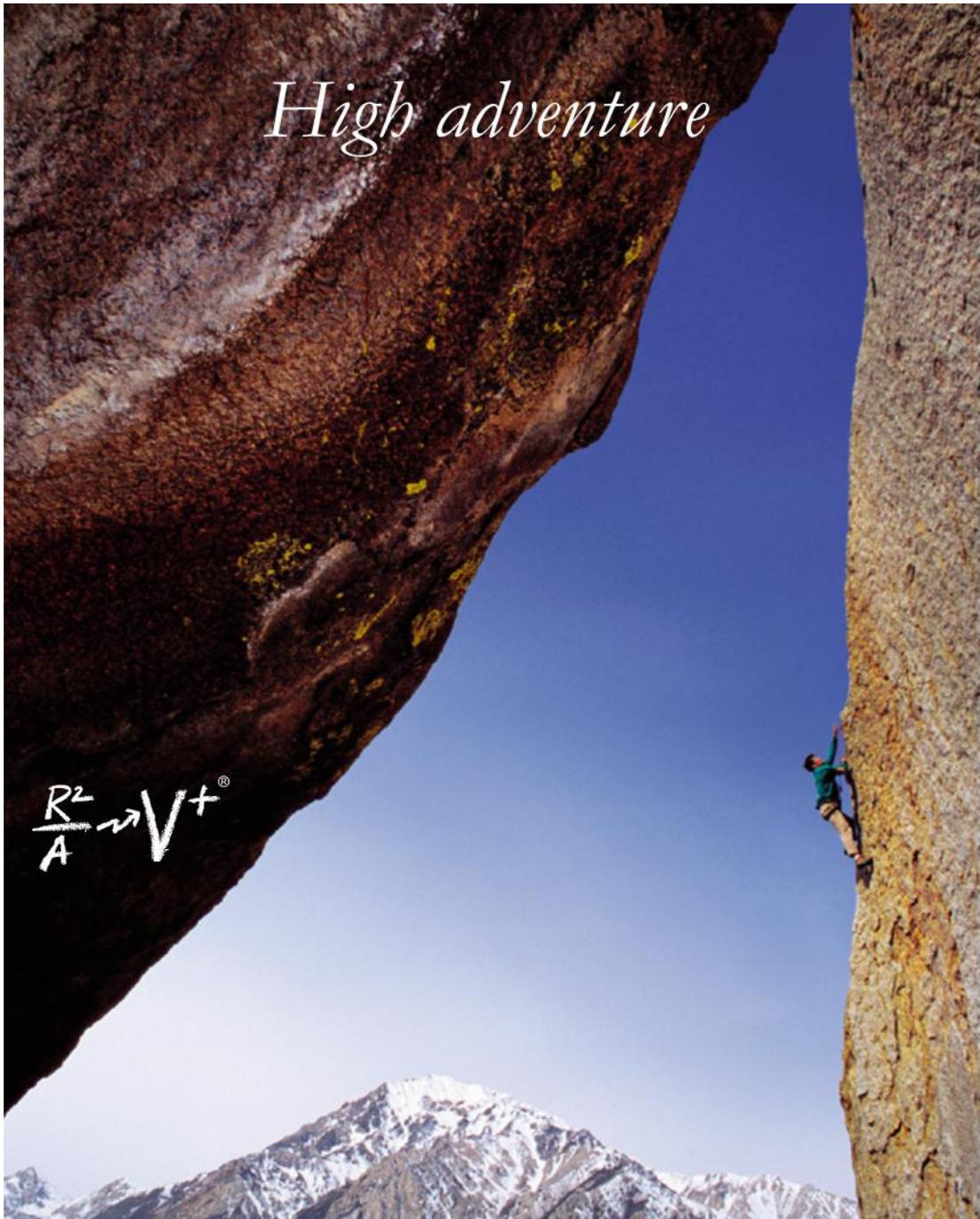


High adventure

$\frac{R^2}{A} \rightarrow V^+ \text{®}$

SWN
Southwestern Energy®



- SEECO
 - Fayetteville and Arkoma (Arkansas)
- Southwestern Energy Production Company
 - Pennsylvania
 - Texas, Louisiana, Oklahoma
 - SWN Drilling Company, Inc.
- SWN E&P Services L.L.C.
 - Desoto Sand L.L.C.
 - SWN Well Services L.L.C.
- SWN Resources Canada Inc.
- Desoto Gathering Company
- Angelina Gathering Company

Exploration and Production Segment

2011:
5,893 Bcfe of proved reserves
~100% natural gas
500.0 Bcfe of production
4,552 gross producing wells

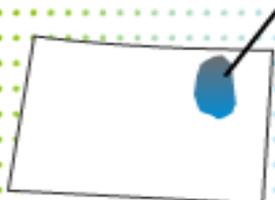
2012 est. production:
560 - 570 Bcfe

Denver Julesburg Basin

Acreage: 290,000 net acres (6/30/12)

New Brunswick

Acreage: 2.5 million net acres



Fayetteville Shale

Acreage: 925,842 net acres (at 12/31/11)

2011 Reserves: 5,104 Bcfe (87% of total)

2011 Production: 436.8 Bcfe (87% of total)

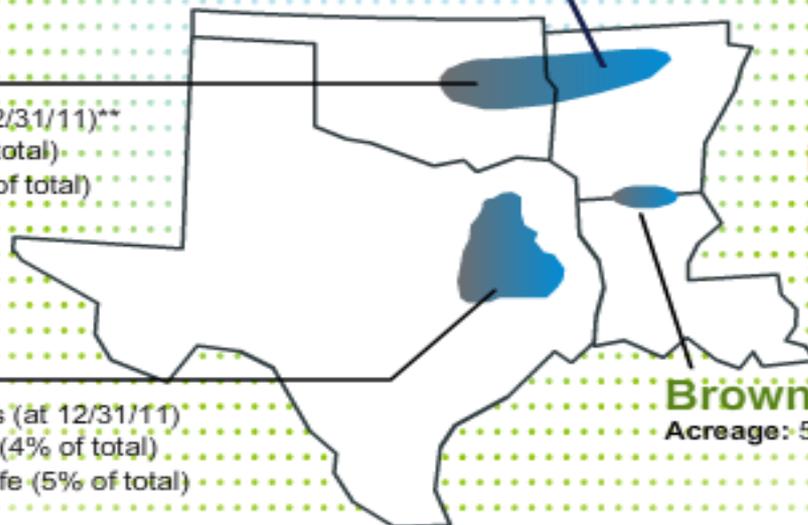


Arkoma Basin

Acreage: 194,494 net acres (at 12/31/11)**

2011 Reserves: 194 Bcfe (3% of total)

2011 Production: 16.3 Bcfe (3% of total)



Marcellus Shale

Acreage: 186,893 net acres (at 12/31/11)

2011 Reserves: 342 Bcfe (6% of total)

2011 Production: 23.4 Bcfe (5% of total)

East Texas

Acreage: 91,082 net acres (at 12/31/11)

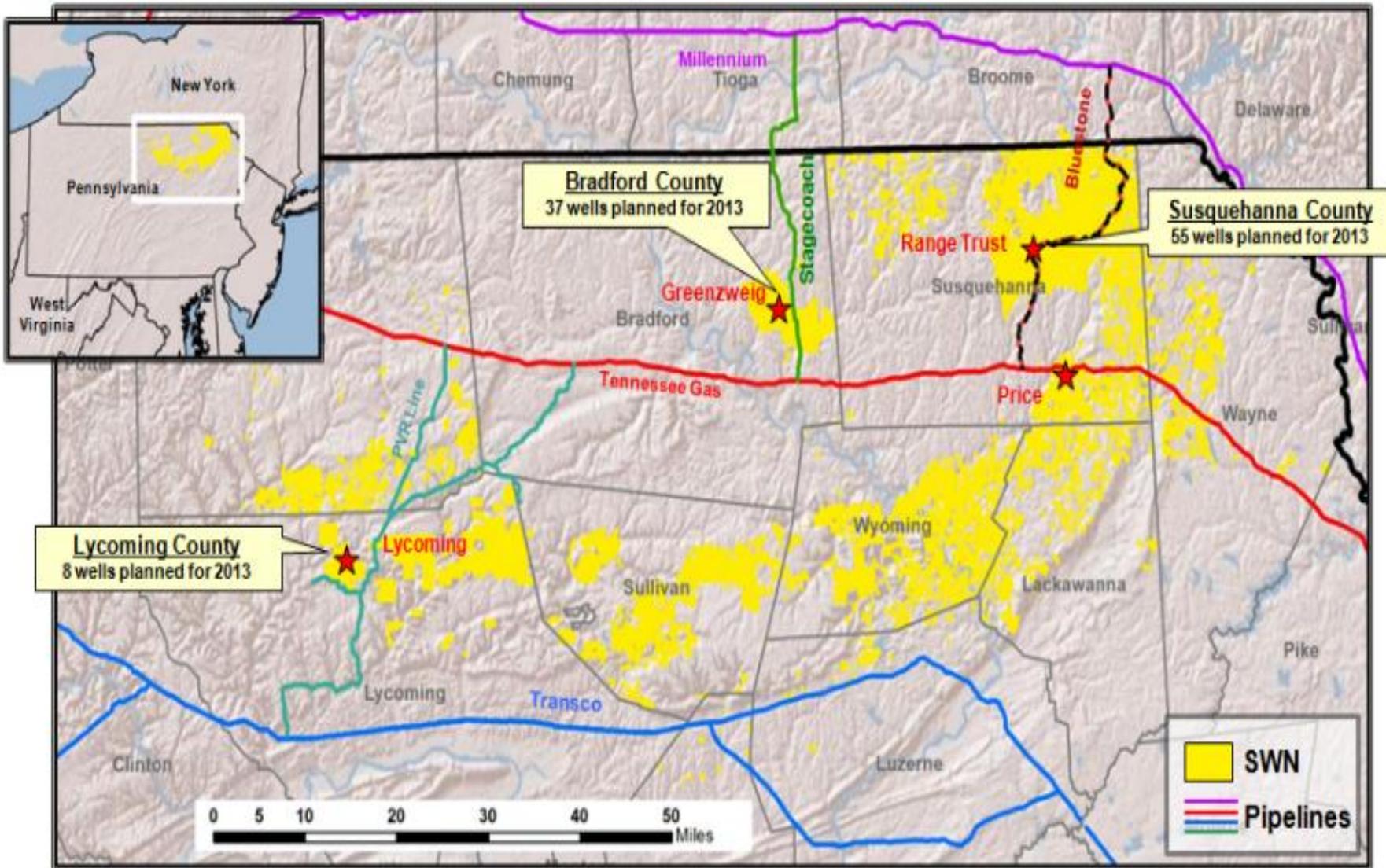
2011 Reserves: 253 Bcfe (4% of total)

2011 Production: 23.5 Bcfe (5% of total)

Brown Dense

Acreage: 563,000 net acres (at 6/30/12)

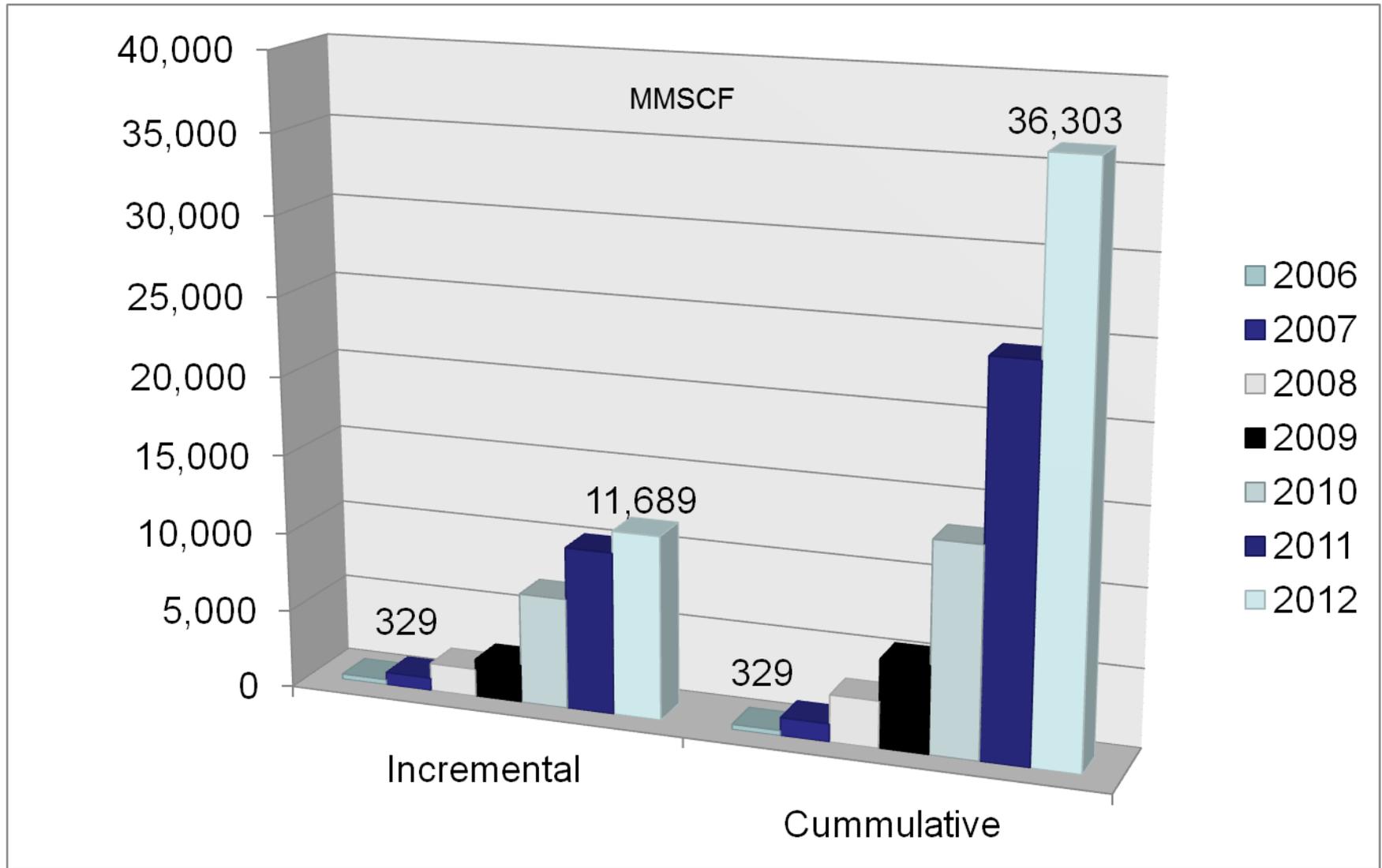
**Conventional Arkoma acreage excludes 125,056 net acres in the conventional Arkoma Basin operating area that are also within the company's Fayetteville Shale focus area.



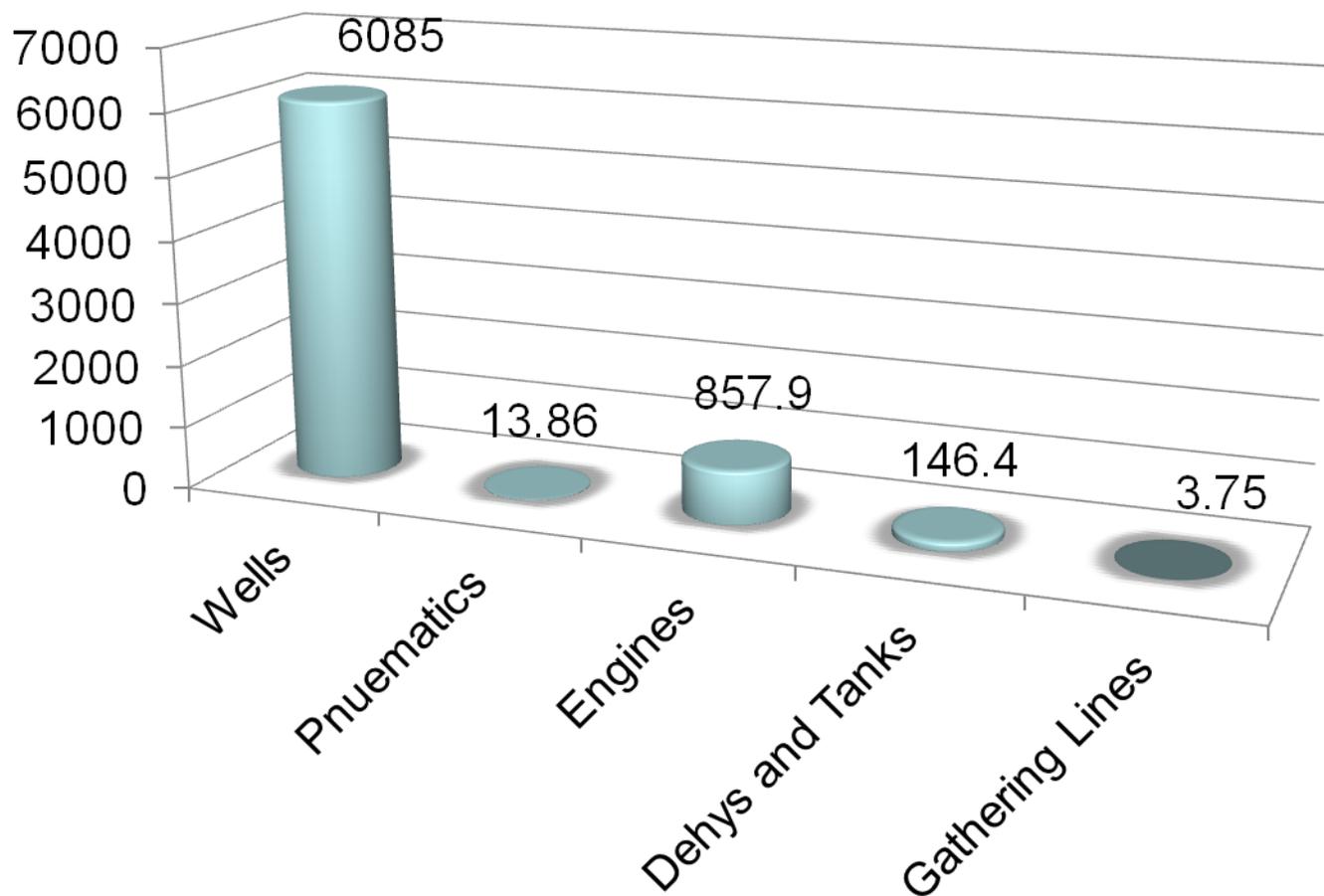
- 2006 Initial Reporting Year - 329.266 MMSCF
- 2007 “Rookie of the Year”
- 2011 “Production Partner of the Year”
- 2012 Report
 - 11.689 BCF
 - 36.3 BCF Cumulative



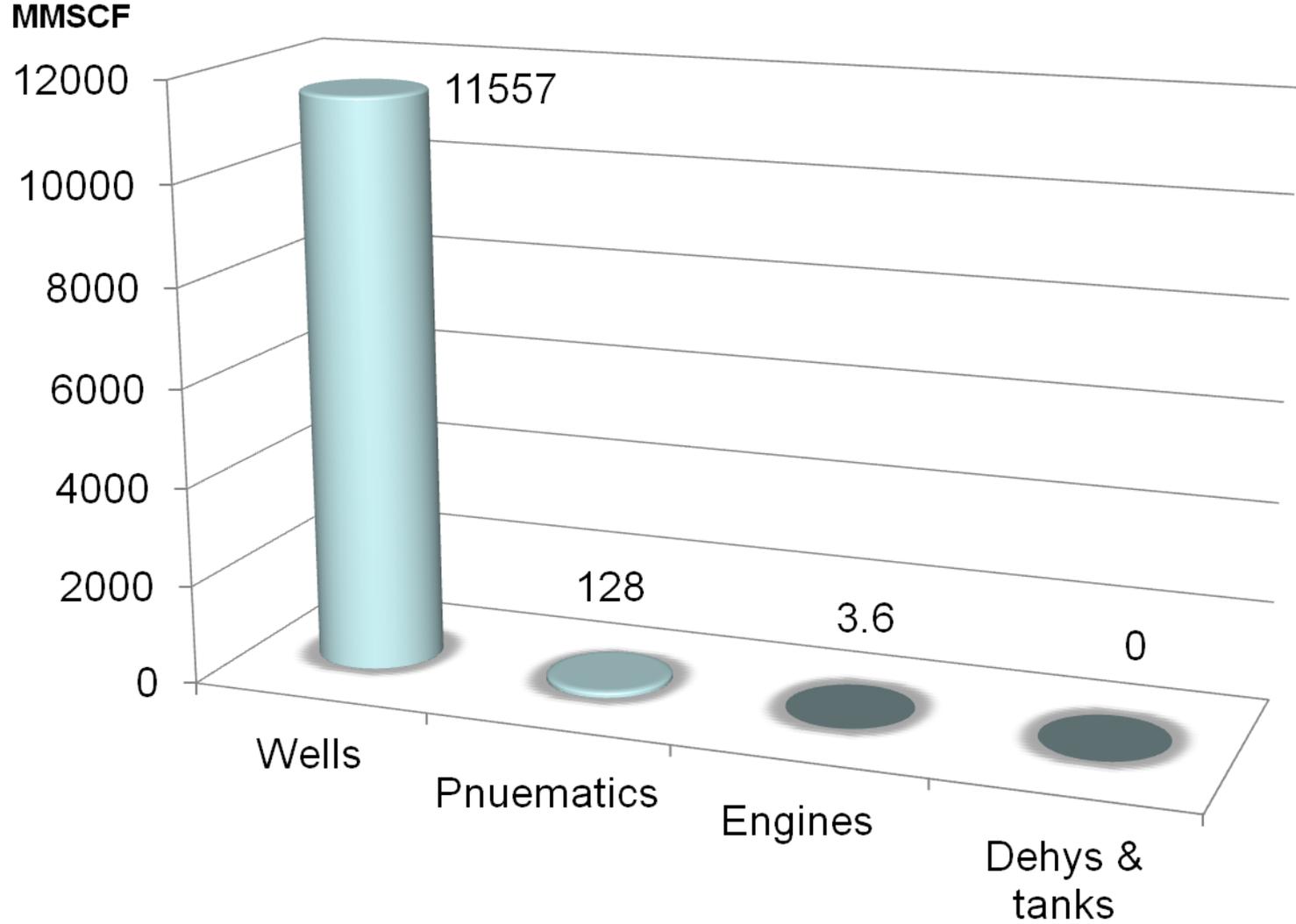
SWN EPA Natural Gas STAR Reductions



MMSCF



SWN 2012 EPA STAR Reductions



- Since 2009 - 27.562 BCF recovered by Gas Capture and Green Completions



- **Pre 2010**: Wells vented until tubing flow could be established
- **September 2009**: Study concluded **16 MMCF** is vented during an average flowback
- **December 2009**: **Completion program changed. Tubing run immediately after frac plug drill out, no casing flowback**
- **December 2009**: **Flowback scheme “modified”** to allow selling gas via the casing/tubing annulus.
- **January 2010**: **Separators upgraded**, allowing for 2000+ bwpd capability, “modified” flowback in full use.
- **January 2010**: First “Gas Capture” well was executed.
- **April 2010**: Completed 19th full “Gas Capture” operation.
- **September 2010**: Completed the 100th full “Gas Capture” operation
- **October Forward**: Expanded “Gas Capture” (Ventless Restoration) to recompletions.





- Portable Caterpillar 3406
- 200-300 MCF Gas Compressed
- 8-12 Hours
- Target 2000 psi





SWN Gas Capture - Fat Boy Separators













- **Fayetteville**

- Low pressure reservoir
 - Need for gas compression/injection
- Low sales line pressure ~65 psia

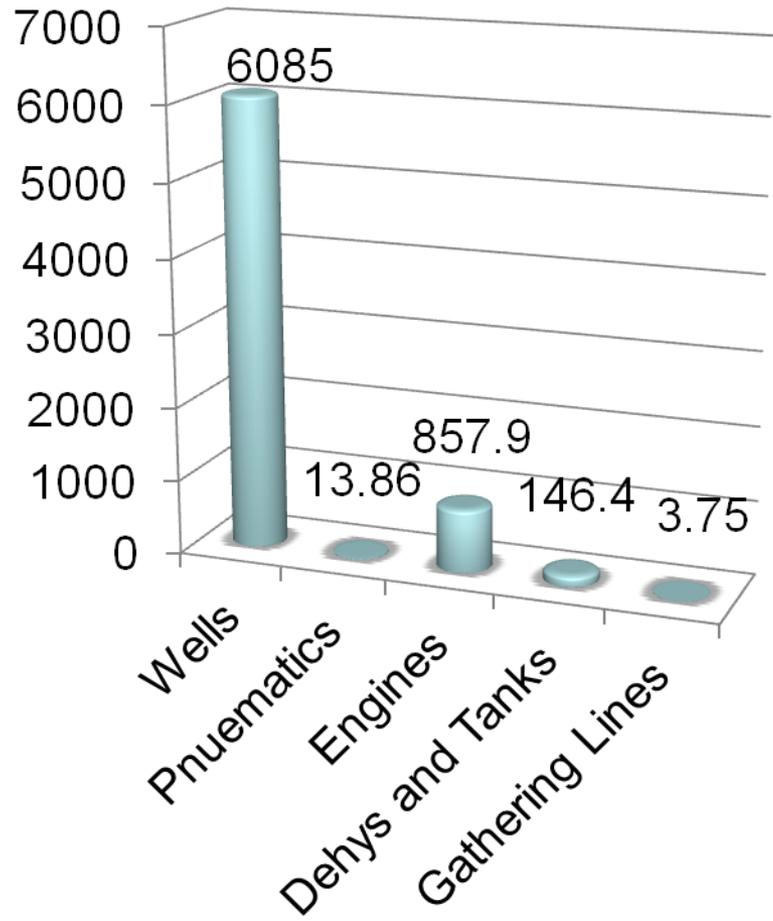


- **Marcellus**

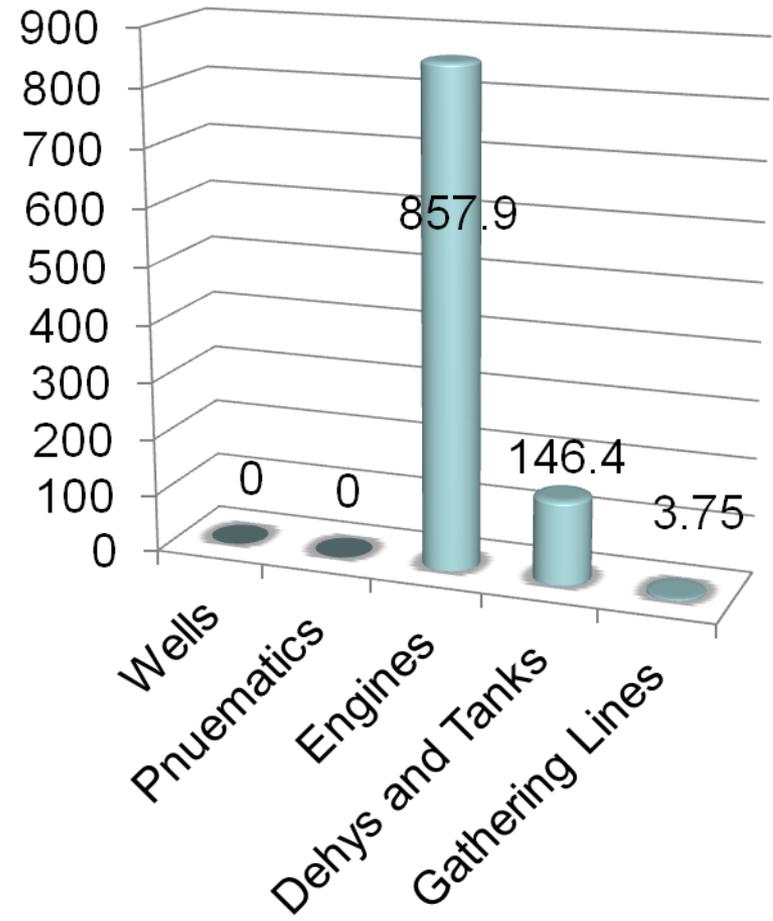
- High pressure reservoir
- High sale line pressure >500 psi
- Installing additional compression to lower line pressure

- Regulated by OOOO
 - Hydraulically Fractured Gas Well Completion Flowbacks
 - Hydraulically Fractured Gas Well Recompletion Flowbacks
 - **Continuous Bleed** Pneumatic Controllers
 - Oil, Condensate, and Produced Water Storage Tanks
 - Reciprocating Compressor (not at wellpad)

2010 STAR

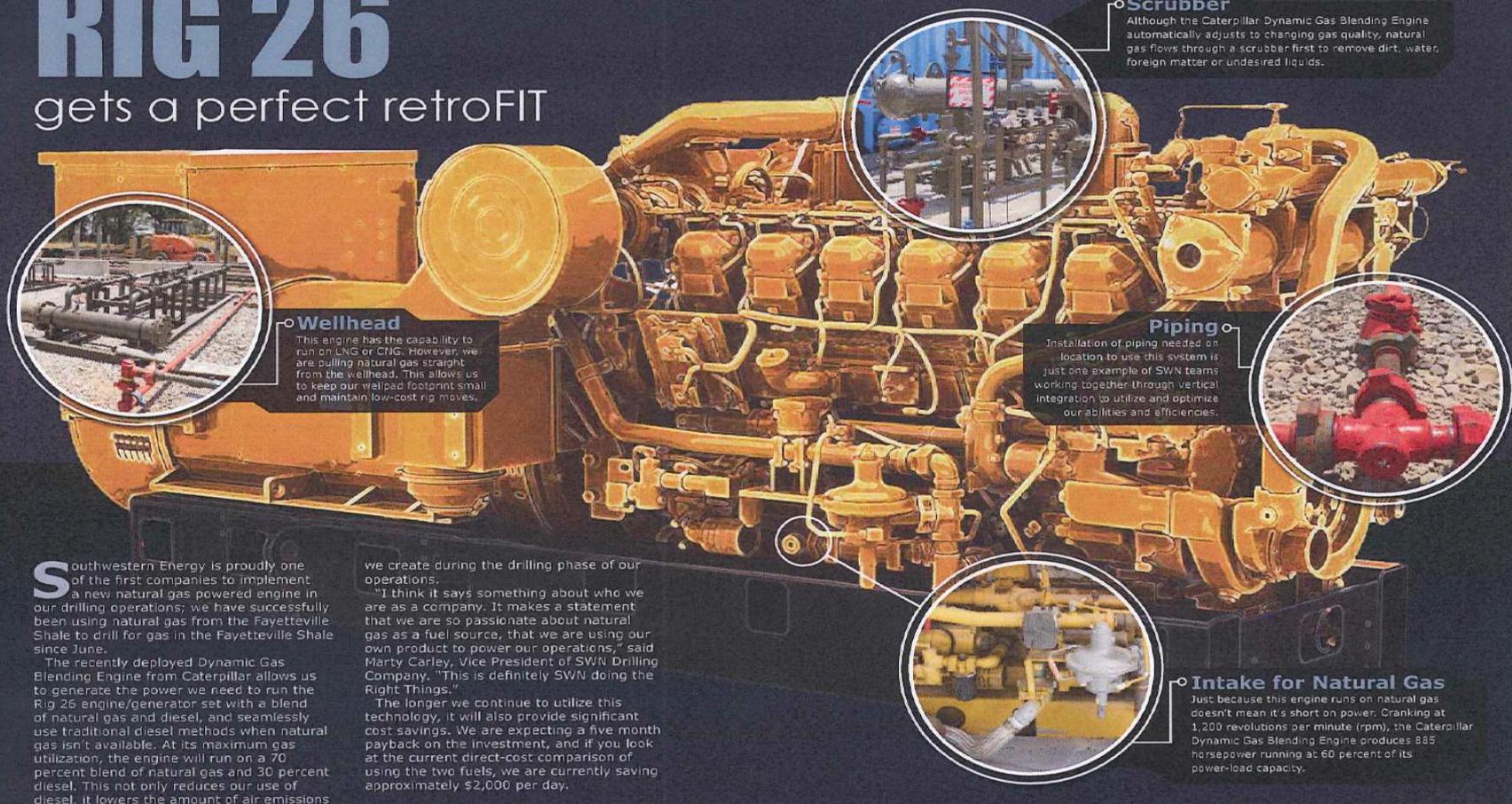


2010 - OOOO



- **Future Opportunities**
 - Reciprocating compressors at well pad
 - No bleed pneumatics
 - Solar Powered pumps
 - Thermostat controllers
 - Liquids Unloadings
 - Storage Tanks < 6 tpy
 - Gas capture of blowdowns
 - Fleet and vehicle conversions to CNG
 - Diesel/Gas Drill Rigs and Completions Rigs
 - Directed Inspection/Maintenance
 - Methane Leadership Initiative

RIG 26 gets a perfect retroFIT



Wellhead
This engine has the capability to run on LNG or CNG. However, we are pulling natural gas straight from the wellhead. This allows us to keep our wellhead footprint small and maintain low-cost rig moves.



Scrubber
Although the Caterpillar Dynamic Gas Blending Engine automatically adjusts to changing gas quality, natural gas flows through a scrubber first to remove dirt, water, foreign matter or undesired liquids.



Piping
Installation of piping needed on location to use this system is just one example of SWN teams working together through vertical integration to utilize and optimize our abilities and efficiencies.



Intake for Natural Gas
Just because this engine runs on natural gas doesn't mean it's short on power. Cranking at 1,200 revolutions per minute (rpm), the Caterpillar Dynamic Gas Blending Engine produces 885 horsepower running at 60 percent of its power-load capacity.

Southwestern Energy is proudly one of the first companies to implement a new natural gas powered engine in our drilling operations; we have successfully been using natural gas from the Fayetteville Shale to drill for gas in the Fayetteville Shale since June.

The recently deployed Dynamic Gas Blending Engine from Caterpillar allows us to generate the power we need to run the Rig 26 engine/generator set with a blend of natural gas and diesel, and seamlessly use traditional diesel methods when natural gas isn't available. At its maximum gas utilization, the engine will run on a 70 percent blend of natural gas and 30 percent diesel. This not only reduces our use of diesel, it lowers the amount of air emissions

we create during the drilling phase of our operations.

"I think it says something about who we are as a company. It makes a statement that we are so passionate about natural gas as a fuel source, that we are using our own product to power our operations," said Marty Carley, Vice President of SWN Drilling Company. "This is definitely SWN doing the Right Things."

The longer we continue to utilize this technology, it will also provide significant cost savings. We are expecting a five month payback on the investment, and if you look at the current direct-cost comparison of using the two fuels, we are currently saving approximately \$2,000 per day.



- Voluntary methane reduction initiative
- Measure methane emissions
- Implement leading practices where practicable
- Cultivate participation by others. Production sector first, then value chain
- Publically report “validated/verified” emissions reductions