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shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	AcceleratedNon-accelerated filer	Smaller reporting company	Emerging Growth Company
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was \$3,096,452,639 based on the New York Stock Exchange – Composite Transactions closing price on June 30, 2018 of \$5.30. For purposes of this calculation, the registrant has assumed that its directors and executive officers are affiliates.

As of February 26, 2019, the number of outstanding shares of the registrant's Common Stock, par value \$0.01, was 541,319,293.

Document Incorporated by Reference

Portions of the registrant's definitive proxy statement to be filed with respect to the annual meeting of stockholders to be held on or about May 21, 2019 are incorporated by reference into Part III of this Form 10-K.

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SOUTHWESTERN ENERGY COMPANY  
 ANNUAL REPORT ON FORM 10-K  
 For Fiscal Year Ended December 31, 2018

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This Annual Report on Form 10-K (“Annual Report”) includes certain statements that may be deemed to be “forward-looking” within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. We refer you to “Risk Factors” in Item 1A of Part I and to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Statement about Forward-Looking Statements” in Item 7 of Part II of this Annual Report for a discussion of factors that could cause actual results to differ materially from any such forward-looking statements. The electronic version of this Annual Report, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those forms filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge as soon as reasonably practicable after they are filed with the Securities and Exchange Commission, or SEC, on our website at [www.swn.com](http://www.swn.com). Our corporate governance guidelines and the charters of the Audit, the Compensation, the Health, Safety, Environment and Corporate Responsibility and the Nominating and Governance Committees of our Board of Directors are available on our website, and, upon request, in print free of charge to any stockholder. Information on our website is not incorporated into this report.

We file periodic reports, current reports and proxy statements with the SEC electronically. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC’s website is [www.sec.gov](http://www.sec.gov). The public may also read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street N.E., Washington, D.C. 20549. The public may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

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ITEM 1. BUSINESS

Southwestern Energy Company (including its subsidiaries, collectively, “we”, “our”, “us”, “the Company” or “Southwestern”) an independent energy company engaged in exploration, development and production activities, including the related marketing of natural gas, oil and natural gas liquids (“NGLs”) produced in our operations. Southwestern is a holding company whose assets consist of direct and indirect ownership interests in, and whose business is conducted substantially through, its subsidiaries. Currently we operate exclusively in the United States. Our common stock is listed and traded on the NYSE under the ticker symbol “SWN.”

Southwestern, which is currently incorporated in Delaware, has its executive offices located at 10000 Energy Drive, Spring, Texas 77389, and can be reached by phone at 832-796-1000. The Company also maintains offices in Tunkhannock, Pennsylvania and Morgantown, West Virginia.

Our Business Strategy

We aim to deliver sustainable and assured industry-leading returns through excellence in exploration and production and marketing performance from our extensive resource base and targeted expansion of our activities and assets along the hydrocarbon value chain. Our Company’s formula embodies our corporate philosophy and guides how we operate our business:

Our formula, “The Right People doing the Right Things, wisely investing the cash flow from our underlying Assets will create Value+,” also guides our business strategy. We always strive to attract and retain strong talent, to work safely and act ethically with unwavering vigilance for the environment and the communities in which we operate, and to creatively apply technical skills, which we believe will grow long-term value for our shareholders. The arrow in our formula is not a straight line: we acknowledge that factors may adversely affect quarter-by-quarter results, but the path over time points to value creation.

In applying these core principles, we concentrate on:

- **Financial Strength.** We are committed to rigorously managing our balance sheet and financial risks. We budget to invest from our net cash flow from operations, supplemented over the next two years by a portion of the proceeds from our recent asset sales. Additionally, we protect our projected cash flows through hedging and continue to

- maintain a strong balance sheet with ample liquidity.
- **Increasing Margins.** We apply strong technical, operational, commercial and marketing skills to reduce costs, improve the productivity of our wells and pursue commercial arrangements to extract greater value. We believe our demonstrated ability to improve margins, especially by leveraging the scale of our large assets, gives us a competitive advantage as we move into the future.
  - **Exercising Capital Allocation Discipline.** We continually assess market conditions in order to adjust our capital allocation decisions to maximize shareholder returns. This allocation process includes consideration of multiple alternatives including but not limited to the development of our natural gas and oil assets, strategic acquisitions, reducing debt and returning capital to our shareholders.
  - **Operational Value Creation.** We prepare an economic analysis for our drilling programs and other investments based upon the expected net present value added for each dollar to be invested, which we refer to as Present Value Index, or PVI. We target projects that generate the highest returns in excess of our cost of capital. This disciplined investment approach governs our investment decisions at all times, including the current lower-price commodity market.
  - **Dynamic Management of Assets Throughout Life Cycle.** We own large-scale, long-life assets in various phases of development. In early stages, we ramp up development through technical, operational and commercial skills, and as they grow we look for ways to maximize their value through efficient operating practices along with applying our commercial and marketing expertise.
  - **Deepening Our Inventory.** We continue to expand the inventory of properties that we can develop profitably by converting our extensive resources into proved reserves, targeting additions whose productivity largely has been demonstrated and improving efficiencies in production.

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- The Hydrocarbon Value Chain. We believe that our vertical integration enhances our margins and provides us competitive advantages. For example, we own and operate drilling rigs and well stimulation equipment and are investing in a water transportation project in West Virginia, a portion of which is already in service and providing approximately \$0.5 million in savings per well. These activities provide operational flexibility, help protect our margin, lower our well costs, minimize the risk of unavailability of these resources from third parties and capture additional value.
- Technological Innovation. Our people constantly search for the next revolutionary technology and other operational advancements to capture greater value in unconventional hydrocarbon resource development. These developments – whether single, step-changing technologies or a combination of several incremental ones – can reduce finding and development costs and thus increase our margins.
- Environmental Solutions and Policy Formation. We are a leader in identifying and implementing innovative solutions to unconventional hydrocarbon development to minimize the environmental and community impacts of our activities. We work extensively with governmental, non-governmental and industry stakeholders to develop responsible and cost-effective programs. We demonstrate that a company can operate responsibly and profitably, putting us in a better position to comply with new regulations as they evolve.

In recent years, we have faced a challenging commodity price environment that has impacted our revenues and margins. As a result, we implemented a series of strategic initiatives, which were designed to reposition our portfolio to increase operational and financial flexibility, stabilize the Company financially and improve operational performance.

### Repositioning of Our Portfolio

During 2018, we completed the next phase of strategic steps, designed to reposition our portfolio, which allowed us to sharpen our focus on our assets with the highest return. We believe that, in doing so, we will further strengthen our balance sheet and enhance our financial performance. These initiatives included:

- Completing the sale of 100% of the equity in certain of our subsidiaries that conducted our operations in Arkansas, which were primarily focused on the Fayetteville Shale (the “Fayetteville Shale sale”);
- Responding to commodity price changes by shifting focus to our liquids-rich portfolio in Southwest Appalachia; and
- Utilizing a portion of funds realized from the Fayetteville Shale sale to reduce debt and return capital to shareholders. We intend to use the remaining funds to further develop our Appalachian Basin assets in order to accelerate the path to self-funding and for general corporate purposes.

### Financial Stability



During 2018, we focused on enhancing our financial stability by:

- Continuing to invest only in those projects that meet our rigorous economic hurdles at strip pricing, adjusting for basis differentials;
- Demonstrating financial discipline by investing within our announced plan of cash flow;
- Identifying and implementing structural, process and organizational changes to further reduce general and administrative costs; and
- Simplifying our capital structure by consolidating the components of our previous credit arrangements into a single senior secured revolving credit facility while increasing liquidity, extending our maturity profile and reducing interest expense.

#### Operational Improvement

We improved the performance of our large asset portfolio with a primary focus on enhancing margins and investment returns. During 2018, we executed on this part of our business strategy by:

- Lowering our costs through drilling, completions and operational efficiencies and optimizing gathering and transportation costs;
- Focusing on delivering operational excellence with improved well productivity and economics from enhanced completion techniques, initiation of water infrastructure projects, optimization of surface equipment and managing reservoir drawdown; and

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- Expanding our proved reserve quantities in the Appalachian Basin through our successful drilling program, improved operational performance and improved commodity prices.

The bulk of our operations, which we refer to as Exploration and Production (“E&P”), are focused on the finding and development of natural gas, oil and NGL reserves. We are also focused on creating and capturing additional value through our marketing business and, until the Fayetteville Shale sale, natural gas gathering, all of which we historically have referred to as Midstream.

Exploration and Production

Overview

Our primary business is the exploration for, and production of, natural gas, oil and NGLs, with our current operations solely within the United States. We are currently focused on the development of unconventional natural gas reservoirs located in Pennsylvania and West Virginia. Our operations in northeast Pennsylvania (herein referred to as “Northeast Appalachia”) are primarily focused on the unconventional natural gas reservoir known as the Marcellus Shale, and our operations in West Virginia and southwest Pennsylvania (herein referred to as “Southwest Appalachia”) are focused on the Marcellus Shale, the Utica and the Upper Devonian unconventional natural gas, oil and NGL reservoirs. Collectively, our properties located in Pennsylvania and West Virginia are herein referred to as the “Appalachian Basin.”

- Our E&P segment recorded operating income of \$794 million in 2018, compared to \$549 million in 2017. Our E&P segment operating income increased \$245 million in 2018 from 2017 primarily due to a \$439 million increase in revenues, partially offset by a \$194 million increase in operating expenses due primarily to increased gathering and processing fees resulting from a shift in our production growth to the Appalachian Basin.
- Cash flow from operations from our E&P segment was \$1.4 billion in 2018, compared to \$985 million in 2017. Our cash flow from operations increased in 2018 as the effects of higher realized prices and increased production volumes more than offset increased operating expenses associated with higher liquids activity.

On August 30, 2018, we announced our entry into an agreement to effect the Fayetteville Shale sale. The Fayetteville Shale sale closed on December 3, 2018 resulting in net proceeds of approximately \$1,650 million, following adjustments of \$215 million primarily related to the net cash flows from the economic effective date to the closing date and certain other working capital adjustments.

Oilfield Services Vertical Integration

We provide certain oilfield services that are strategic and economically beneficial for our E&P operations when our E&P activity levels and market pricing support these activities. This vertical integration lowers our net well costs, allows us to operate efficiently and helps us to mitigate certain operational and environmental risks. These services have included drilling, hydraulic fracturing and water management and movement.

As of December 31, 2018, we had seven drilling rigs and two leased pressure pumping spreads with a total capacity of approximately 72,000 horsepower. These assets provide us greater flexibility to align our operational activities with commodity prices. In 2018, we provided drilling rigs for all of our 106 drilled wells. In addition, we provided hydraulic fracturing services utilizing one pressure pumping spread in Southwest Appalachia.

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Our Proved Reserves

For the years ended  
December 31,  
2018 2017 2016

Proved reserves: (Bcfe)