
Section 1: 8-K (SWN FORM 8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 5, 2019

SOUTHWESTERN ENERGY COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-08246
(Commission
File Number)

71-0205415
(IRS Employer
Identification No.)

1000 Energy Drive
Spring, Texas 77389
(Address of principal executive office) (Zip Code)

(832) 796-1000
(Registrants' telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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.

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 5, 2019, Southwestern Energy Company (the "Company") issued a press release announcing its guidance for 2019 along with certain information its 2018 production and capital investments, a copy of which is attached herewith as [Exhibit 99.1](#). The information in this Item 2.02 and [Exhibit 99.1](#) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of Section 18, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as set forth by specific reference in such filing.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	2019 Guidance press release dated February 5, 2019.

SIGNATURES

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

SOUTHWESTERN ENERGY COMPANY

Dated: February 5, 2019 _____

By: /s/ JULIAN M. BOTT
Name: Julian M. Bott
Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	2018 Guidance press release dated February 5, 2019.

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Section 2: EX-99 (SWN 2019 GUIDANCE)

NEWS RELEASE

SOUTHWESTERN ENERGY ANNOUNCES 2019 GUIDANCE

Lower, fully-funded capital program with leading operational execution and longer lateral lengths driving capital efficiency higher

SPRING, Texas – February 5, 2019...Southwestern Energy Company (NYSE: SWN) today announced 2019 production, capital and cost guidance. This guidance is based on maximizing shareholder value assuming \$2.85 per MMBtu NYMEX Henry Hub and \$50 per barrel WTI commodity price environment in 2019.

In 2018, the Company invested approximately \$1.25 billion, delivering on its commitment to invest within cash flow and remain within original capital guidance. Appalachia production was 702 Bcfe, 20 percent of which was liquids production.

Summary Table	2019 Guidance
Capital Investment	\$1,080 – \$1,180 MM
Total Production (Net)	750 – 785 Bcfe
Natural gas	588 – 616 Bcf
Natural gas liquids and condensate	26,950 – 28,250 Mbbl

Key factors influencing 2019 guidance (assuming midpoints) against expected 2018 results include:

- Capital investment reduced \$200 million compared to projected 2019 plan at the time of the Fayetteville sale announcement, and \$120 million lower than 2018;
- 25 percent reduction in average well costs; expected to be approximately \$875 per lateral foot;
- 35 percent increase in average lateral length to over 10,000 feet;

- Southwest Appalachia liquids production increasing to 75,600 barrels per day, a 20 percent increase;
- Northeast Appalachia will continue to generate free cash flow while maintaining flat production;
- Over 70 percent of projected gas production is hedged using swaps and collars at an average floor price of \$2.90 per MMBtu; the Company retains pricing upside on 65 percent of total gas production;
- \$155 million of savings from 2018 G&A and interest cost saving initiatives; and
- Drilling and completions activity weighted toward the first half of the year.

“Our operational execution and capital efficiency improvements are clearly evident in our lower well costs and our successful ultra-long lateral results. The Company expects to generate free cash flow by the end of 2020 and remains committed to a sustainable net debt/EBITDA ratio of 2X. We continue to demonstrate returns-focused capital discipline while leveraging our flexibility and adjusting our capital allocation decisions with market conditions,” said Bill Way, President and Chief Executive Officer.

“Our strong 2018 performance reflects our steadfast focus on creating long-term value for our shareholders, highlighted by closing the Fayetteville sale, reducing debt, and returning capital to shareholders,” Mr. Way said.

2019 Guidance

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year
Production					
Natural Gas (Bcf)	140 – 146	141 – 148	151 – 158	156 – 164	588 – 616
NGLs (MBbls)	5,275 – 5,525	5,450 – 5,700	5,825 – 6,075	6,100 – 6,350	22,650 – 23,650
Oil (MBbls)	800 – 875	900 – 975	1,250 – 1,325	1,350 – 1,425	4,300 – 4,600
Total Production (Bcfe)	176 – 184	179 – 188	194 – 202	201 – 211	750 – 785
Total Production (MMcfe/d)	1,956 – 2,044	1,967 – 2,066	2,109 – 2,196	2,185 – 2,293	2,055 – 2,151

CAPITAL BY DIVISION

Northeast Appalachia	\$280 – \$310 MM
Southwest Appalachia	\$570 – \$600 MM
Southwest Appalachia water project	\$30 – \$35 MM
Other	\$10 – \$25 MM
Capitalized interest	\$110 – \$120 MM
Capitalized expense	\$80 – \$90 MM
Total Capital Investments	\$1,080 – \$1,180 MM

PRODUCTION BY DIVISION

Northeast Appalachia	455 – 472 Bcfe
Southwest Appalachia	295 – 313 Bcfe
Total Production	750 – 785 Bcfe

PRICING

Natural gas discount to NYMEX including transportation	\$0.70 – \$0.80 per Mcf
Oil discount to West Texas Intermediate (WTI) including transportation	\$9.00 – \$11.00 per Bbl
Natural Gas Liquids realization as a % of WTI including transportation	24% – 29%

EXPENSES

Lease operating expenses	\$0.92 – \$0.97 per Mcfe
General & administrative expense	\$0.18 – \$0.22 per Mcfe
Taxes, other than income taxes	\$0.08 – \$0.10 per Mcfe
Full cost pool amortization	\$0.60 – \$0.65 per Mcfe
Interest expense – net of capitalization	\$52 – \$62 MM
Income tax rate (~100% deferred)	24.5%

WELL COUNT

	Drilled	Completed	Wells to Sales	Ending DUC Inventory
Northeast Appalachia	35 – 45	35 – 45	35 – 45	10 – 15
Southwest Appalachia	60 – 70	65 – 75	55 – 65	25 – 30
Total Well Count	90 – 115	100 – 120	90 – 110	35 – 45

About Southwestern Energy

Southwestern Energy Company is an independent energy company engaged in natural gas, natural gas liquids and oil exploration, development, production and marketing. Additional information is available at www.swn.com.

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Forward Looking Statement

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as “anticipate,” “intend,” “plan,” “project,” “estimate,” “continue,” “potential,” “should,” “could,” “may,” “will,” “objective,” “guidance,” “outlook,” “effort,” “expect,” “believe,” “predict,” “budget,” “projection,” “goal,” “forecast,” “target” or similar words. Statements may be forward looking even in the absence of these particular words. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, changes in commodity prices (including geographic basis differentials); changes in expected levels of natural gas and oil reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; natural disasters; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; international monetary conditions; the risks related to the discontinuation of LIBOR and/or other reference rates that may be introduced following the transition, including increased expenses and litigation and the effectiveness of interest rate hedge strategies; unexpected cost increases; potential liability for remedial actions under existing or future environmental regulations; failure or delay in obtaining necessary regulatory approvals; potential liability resulting from pending or future litigation; and general domestic and international economic and political conditions; the impact of a prolonged federal, state or local government shutdown and threats not to increase the federal government’s debt limit; as well as changes in tax, environmental and other laws, including court rulings, applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, Southwestern Energy Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Section 3: EX-99 (SWN 2019 GUIDANCE)

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