



**Southwestern Energy
Company**

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NEWS RELEASE

SOUTHWESTERN ENERGY ANNOUNCES PRECEDENT AGREEMENT WITH KINDER MORGAN AND ENERGY TRANSFER FOR NEW FAYETTEVILLE SHAPE PIPELINE

Houston, Texas – October 1, 2008...Southwestern Energy Company (NYSE: SWN) today announced that Southwestern Energy Services Company (SES), a wholly-owned subsidiary of Southwestern Energy, has signed a precedent agreement pursuant to which SES will contract for firm gas transportation services on a proposed new pipeline of Fayetteville Express Pipeline LLC, (FEP), which is jointly owned by Kinder Morgan Energy Partners, L.P. ("Kinder Morgan") and Energy Transfer Partners, L.P. ("Energy Transfer"). SES will be a "Foundation Shipper" for the project and will use the new pipeline primarily to deliver gas volumes produced from Southwestern's operations in the Fayetteville Shale play in central Arkansas. Pending regulatory approvals, the pipeline is expected to be in-service by late 2010 or early 2011.

The proposed pipeline will have an estimated ultimate capacity of up to 2.0 Bcf per day. Following the approval of the pipeline by the Federal Energy Regulatory Commission and subject to certain conditions, pursuant to the precedent agreement, SES will enter a firm transportation agreement to transport up to 1,200,000 Dth per day for an initial term of ten years.

"We are pleased to enter into this agreement with Kinder Morgan and Energy Transfer and their jointly owned subsidiary, FEP, to provide us with additional transportation services for our Fayetteville Shale play," stated Harold M. Korell, Chief Executive Officer of Southwestern Energy. "Once built, the new pipeline will provide additional takeaway capacity to meet our projected production growth as well as access to premium markets."

Southwestern Energy Company is an integrated natural gas company whose wholly-owned subsidiaries are engaged in oil and gas exploration and production and natural gas gathering and marketing. Additional information on the company can be found on the Internet at <http://www.swn.com>.

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