

As filed with the Securities and Exchange Commission on May 15, 1996

Registration No.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Southwestern Energy Company

(Exact name of registrant as specified in its charter)

Arkansas
(State or other jurisdiction
of incorporation or
no.)
organization)

71-0205415
(I.R.S. employer
identification

1083 Sain Street
Fayetteville, Arkansas 72703
(Address of registrant's principal executive offices)

Southwestern Energy Company 1993 Stock Incentive Plan
For Outside Directors
(Full title of the plan)

Charles E. Scharlau
Chairman of the Board and Chief Executive Officer
Southwestern Energy Company
1083 Sain Street
Fayetteville, Arkansas 72703
(501) 521-1141
(Name, address and telephone number,
including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Amount to be registered(2)	Proposed offering price per share	Proposed aggregate offering price	Amount of registration fee
Common Stock, \$.10 par value per share	141,000 shares(3)	\$13.9375(4)	\$1,965,187.50(4)	\$677.65(4)
	99,000 shares(5)	\$14.5909(6)	\$1,444,500.00(6)	\$498.10(6)
Totals	240,000 shares	\$14.2070	\$3,409,687.50	\$1,175.75

- 1 There are also being registered hereunder an equal number of common stock purchase rights, which are currently attached to and transferable only with the shares of Common Stock registered hereby.
- 2 Together with an indeterminate number of shares which may be necessary to adjust the number of shares reserved for issuance pursuant to the Southwestern Energy Company 1993 Stock Incentive Plan For Outside Directors (the "Plan") as the result of a stock split, stock dividend or similar adjustment of the outstanding Common Stock of the Company pursuant to Rule 416 under the Securities Act of 1933, as amended (the "1933 Act").
- 3 Represents the number of remaining shares with respect to which options may be granted under the Plan.
- 4 Determined in accordance with Rule 457(h) under the 1933 Act on the basis of the average of the high and low prices of shares of Common Stock of the Company as reported on the New York Stock Exchange.
- 5 Represents the number of shares with respect to which options have been granted pursuant to the Plan and which are currently outstanding.
- 6 Determined in accordance with Rule 457(h) under the 1933 Act on the basis of the average price per share of Common Stock of the Company at which options that have been granted under the Plan can be exercised.

This Registration Statement shall hereafter become effective upon filing in accordance with Section 8(a) of the 1933 Act and Rule 462 thereunder.

PROSPECTUS

Southwestern Energy Company
Common Stock (\$.10 Par Value)
(and attached common stock purchase rights)

This Prospectus relates to up to 240,000 shares (the "Shares") of Common Stock, par value \$.10 per share, including attached common stock purchase rights (collectively, the "Common Stock") of Southwestern Energy Company (the "Company"), which are issuable pursuant to the Southwestern Energy Company 1993 Stock Incentive Plan for Outside Directors (the "Plan") to non-employee directors of the Company ("Selling Shareholders") who may be deemed to be "affiliates" of the Company within the meaning of Rule 405 under the Securities Act of 1933, as amended (the "1933 Act"). This Prospectus may be used by Selling Shareholders to sell Shares. It is anticipated that Selling Shareholders will offer Shares for sale at prevailing prices on the New York Stock Exchange on the date of sale. The Company will receive none of the proceeds from the sale of the Shares that may be offered hereby, but may receive funds on the exercise of options pursuant to which the Selling Shareholders will acquire the Shares. All expenses of registration incurred in connection herewith are being borne by the Company, but all selling and other expenses by any Selling Shareholder will be borne by the Selling Shareholder.

The Selling Shareholders and any broker executing selling orders on behalf of the Selling Shareholders may be deemed to be "underwriters" within the meaning of the 1933 Act, in which case any commissions received by any such broker may be deemed to be underwriting commissions under the 1933 Act.

The Company's Common Stock is listed on the New York Stock Exchange, under the symbol SWN.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE
SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES
COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES
COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS
PROSPECTUS. ANY REPRESENTATION TO THE
CONTRARY IS A CRIMINAL OFFENSE.**

No person has been authorized to give any information or make any representation not contained in this Prospectus, and, if given or made, such information should not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security in any jurisdiction in which, or to any person to which, such offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any distribution of securities made under this Prospectus shall under any circumstances create any implication that there has been no change in the affairs of the Company or in any other information contained herein since the date of this Prospectus.

The date of this Prospectus is May 15, 1996

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, District of Columbia 20549, at Suite 1400, 500 West Madison Street, Chicago, Illinois 60661, and at Suite 1300, Seven World Trade Center, New York, New York 10048, and copied at prescribed rates. Such material can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon written or oral requests of any such person, a copy of any or all of the documents incorporated herein by reference (not including the exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents). Written requests to the Company for such copies should be directed to: Southwestern Energy Company, P. O. Box 1408, Fayetteville, Arkansas 72702-1408, Attention: Corporate Secretary. Telephone requests to the Company may be directed to (501) 521-1141.

The following documents are incorporated herein by reference and made a part hereof:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1995;
2. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996;
3. The Company's Registration Statement on Form 8-A dated October 23, 1981, as updated by the Company's Current Report on Form 8-K dated July 8, 1993; and
4. The Company's Registration Statement on Form 8-A dated May 10, 1989.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the filing of a posteffective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Prospectus and to be a part thereof from the date of filing of such documents.

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USE OF PROCEEDS

Shares sold pursuant to this Prospectus will be sold by Selling Shareholders for their own accounts and they will receive all proceeds from any such sale. The Company will receive none of the proceeds from any sale of Shares offered hereby but may receive funds upon the exercise of options granted to Selling Shareholders under the Plan, pursuant to which Selling Shareholders will acquire the Shares. The Company will add any such funds to its general funds and use them for corporate purposes.

SELLING SHAREHOLDERS

The Shares are being registered for reoffers and resales by Selling Shareholders who may acquire such Shares pursuant to the exercise of stock options granted to them under the Plan. The Selling Shareholders named on the following table may resell all, a portion, or none of the Shares they acquire pursuant to the Plan. Individuals deemed to be "affiliates" of the Company who acquire Shares under the Plan may be added to the Selling Shareholders listed below from time to time, and the number of Shares eligible to be reoffered by Selling Shareholders listed below may be adjusted, either by means of a posteffective amendment hereto or by use of a prospectus supplement filed pursuant to Rule 424(b) under the 1933 Act.

The following lists all individuals who currently hold options under the Plan and who may be eligible to resell under this Prospectus, and the amounts of Shares eligible to be resold.

Selling Shareholder Resold	Position with Company	Shares Eligible to Be
E. J. Ball	Director Emeritus	3,000
John Paul Hammerschmidt	Director	36,000
Robert L. Howard	Director	12,000
Kenneth R. Mourton	Director	12,000
Charles E. Sanders	Director	36,000

PLAN OF DISTRIBUTION

The Selling Shareholders have not advised the Company of any specific plans for the distribution of Shares covered by this Prospectus but, if and when such Shares are sold, it is anticipated that the Shares will be sold from time to time primarily in transactions on the New York Stock Exchange at the market price then prevailing. Sales also may be made through negotiated transactions or otherwise, at prices related to such prevailing market price or otherwise. If Shares are sold through brokers, the Selling Shareholders may pay customary brokerage commissions and charges. The Selling Shareholders may effect such transactions by selling Shares to or through broker-dealers and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the Selling Shareholders and or the purchaser of the Shares so sold for whom such broker-dealers may act or to whom they may sell as principal or both (which compensation, as to a particular broker-dealer, may be in excess of customer commissions). The Selling Shareholders and any broker-dealers that act in connection with any sale of Shares hereunder may be deemed to be "underwriters" within the meaning of Section 2(11) of the 1933 Act, and any commissions received by them and any profit on the resale of Shares as principal may be deemed to be underwriting discounts and commissions under the 1933 Act. Shares covered by this Prospectus also may be sold under Rule 144 or another exemption under the 1933 Act rather than pursuant to this Prospectus.

EXPERTS

The consolidated financial statements of the Company as of December 31, 1995, and for each of the three years in the period ended December 31, 1995, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995, incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accounts, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

LEGAL OPINION

Jeffrey L. Dangeau, Esq. has passed upon the validity of the Shares. As of May 15, 1996, Mr. Dangeau beneficially owned 39,830 shares of Common Stock, including 1,371 shares granted under the 1993 Stock Incentive Plan as restricted stock and options to purchase 31,997 shares granted under the Southwestern Energy Company 1993 Stock Incentive Plan that are expected to become exercisable at various times over a period not to exceed nine years beginning at the date of each grant, but which would become exercisable immediately upon a "change in control" of the Company, as defined in the 1993 Stock Incentive Plan.

INDEMNIFICATION

The Company has entered into indemnification agreements with each of its directors and officers under which the Company has agreed to indemnify its directors and officers against liabilities and litigation expenses resulting from their service to the Company. The Company also maintains Directors' and Officers' Liability Insurance with limits of \$30,000,000.

Article ELEVENTH of the Company's Articles of Incorporation, as amended effective as of May 26, 1993, provides:

To the fullest extent permitted by the Arkansas Business Corporation Act of 1987 as it now exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its Shareholders for monetary damages for breach of fiduciary duty as a director.

Sections 6 and 7 of Article VII of the By-laws of the Company provide as follows:

SECTION 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS:

Directors and officers of the Company shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any actual or threatened action or proceeding (including civil, criminal, administrative or investigative proceedings) arising out of their service to the Company or to any other organization at the Company's request. Employees and agents of the Company who are not directors or officers thereof may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors. The provisions of this Section shall be applicable to actions or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof, and to persons who have ceased to be directors, officers or employees and shall inure to the benefit of their heirs, executors, and administrators. For the purposes of this Section, directors, officers, trustees or employees of an organization shall be deemed to be rendering service thereto at the Company's request if such organization is, directly or indirectly, a wholly owned subsidiary of the Company or is designated by the Board of Directors as an organization service to which shall be deemed to be so rendered.

SECTION 7. ADVANCEMENT OF LITIGATION EXPENSES: Expenses incurred by a director or officer of the Corporation in defending any actual or threatened action, or proceeding (including civil, criminal, administrative or investigative proceedings) arising out of their service to the Company or to any other organization at the Company's request shall be paid by the Company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by, or on behalf of, such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized by the relevant provisions of the Arkansas Business Corporation Act as it now exists or as it may hereafter be

amended. Such expenses of employees and agents of the Company who are not directors or officers may be similarly advanced to the extent authorized at any time by the Board of Directors. The provisions of this section shall be applicable to actions or proceedings commenced after the adoption hereof, whether arisen from acts occurring before or after the adoption hereof, and to persons who have ceased to be directors, officers, and employees and shall inure to the benefit of their heirs, executors, and administrators. For purposes of this Section, directors, officers, trustees or employees of an organization shall be deemed to be rendering service thereto at the Company's request if such organization is, directly or indirectly, a wholly owned subsidiary of the Company or is designated by the Board of Directors as an organization service to which shall be deemed to be so rendered.

Section 4-27-850 of the Arkansas 1987 Business Corporation Act provides as follows:

4-27-850 INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS--INSURANCE.--A. A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

B. A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, or employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in

good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court of chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court of chancery or such other court shall deem proper.

C. To the extent that a director, officer, employee, or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsections

A. and B. of this section, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

D. Any indemnification under subsections A. and B. of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections A. and B. of this section. Such determinations shall be made:

(1) By the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or

(2) If such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or

(3) By the stockholders.

E. Expenses incurred by an officer or director in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

F. The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of

stockholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

G. A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

H. For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee, or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

I. For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee, or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

J. The indemnification and advancement of expenses provided by or granted pursuant to this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 4 of the Plan provides as follows:

No member of the Committee shall be liable for any action, omission or determination relating to the Plan, and the Company shall indemnify and hold harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

The following documents filed or to be filed with the Securities and Exchange Commission (the "SEC") are incorporated by reference in this Registration Statement:

- (a) The Company's Annual Report on Form 10-K for the year ended December 31, 1995, filed by the Company with the SEC on March 29, 1996;
- (b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, filed by the Company with the SEC on May 15, 1996;
- (c) All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date hereof and prior to the filing of a posteffective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold. Any statement contained in this Registration Statement, or in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Registration Statement to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement;
- (d) The Company's Registration Statement on Form 8-A dated October 23, 1981, as updated by the Company's Current Report on Form 8-K dated July 8, 1993; and
- (e) The Company's Registration Statement on Form 8-A dated May 10, 1989.

Item 4. Description of Securities

The shares of the Company's Common Stock, \$.10 par value per share as well as the common stock purchase rights attached thereto (collectively, the "Common Stock") to be offered pursuant to the Plan have been registered pursuant to Section 12 of the Exchange Act. Accordingly, a description of the Common Stock is not required herein.

Item 5. Interests of Named Experts and Counsel

The validity of the Common Stock offered hereby has been passed upon by Jeffrey L. Dangeau, Esq., Southwestern Energy Company, 1083 Sain Street, Fayetteville, Arkansas 72703. As of May 15, 1996, Mr. Dangeau beneficially owned 39,830 shares of Common Stock 1,371 shares granted under the 1993 Stock Incentive Plan as restricted stock and including options to purchase 31,997 shares granted under the 1993 Stock Incentive Plan that are expected to become exercisable at various times over a period not to exceed nine years

beginning at the date of each grant, but which would become exercisable immediately upon a "change in control" of the Company, as defined in the 1993 Stock Incentive Plan.

The consolidated financial statements of the Company as of December 31, 1995, and for each of the three years in the period ended December 31, 1995, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995, incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

Item 6. Indemnification of Directors and Officers

The Company has entered into indemnification agreements with each of its directors and officers under which the Company has agreed to indemnify its directors and officers against liabilities and litigation expenses resulting from their service to the Company. The Company also maintains Directors' and Officers' Liability Insurance with limits of \$30,000,000.

Article ELEVENTH of the Company's Articles of Incorporation, as amended effective as of May 26, 1993, provides as follows:

To the fullest extent permitted by the Arkansas Business Corporation Act of 1987 as it now exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its Shareholders for monetary damages for breach of fiduciary duty as a director.

Section 6 and 7 of Article VII of the Company's By-laws provide as follows:

SECTION 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS:

Directors and officers of the Company shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any actual or threatened action or proceeding (including civil, criminal, administrative or investigative proceedings) arising out of their service to the Company or to any other organization at the Company's request. Employees and agents of the Company who are not directors or officers thereof may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors. The provisions of this Section shall be applicable to actions or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof, and to persons who have ceased to be directors, officers or employees and shall inure to the benefit of their heirs, executors, and administrators. For the purposes of this Section, directors, officers, trustees or employees of an organization shall be deemed to be rendering service thereto at the Company's request if such organization is, directly or indirectly, a wholly owned subsidiary of the Company or is designated by the Board of Directors as an organization service to which shall be deemed to be so rendered.

SECTION 7. ADVANCEMENT OF LITIGATION EXPENSES:

Expenses incurred by a director or officer of the Corporation in defending any actual or threatened action, or proceeding (including civil, criminal, administrative or investigative proceedings) arising out of their service to the Company or to any other organization at the Company's request shall be paid by the Company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by, or on behalf of, such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized by the relevant provisions of the Arkansas Business Corporation Act as it now exists or as it may hereafter be amended. Such expenses of employees and agents of the Company who are not directors or officers may be similarly advanced to the extent authorized at any time by the Board of Directors. The provisions of this section shall be applicable to actions or proceedings commenced after the adoption hereof, whether arising from acts occurring before or after the adoption hereof, and to persons who have ceased to be directors, officers, and employees and shall inure to the benefit of their heirs, executors, and administrators. For purposes of this Section, directors, officers, trustees or employees of an organization shall be deemed to be rendering service thereto at the Company's request if such organization is, directly or indirectly, a wholly owned subsidiary of the Company or is designated by the Board of Directors as an organization service to which shall be deemed to be so rendered.

Section 4-27-850 of the Arkansas 1987 Business Corporation Act provides as follows:

4-27-850 INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS--INSURANCE.--A. A corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

B. A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, or employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court of chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court of chancery or such other court shall deem proper.

C. To the extent that a director, officer, employee, or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsections

A. and B. of this section, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

D. Any indemnification under subsections A. and B. of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections A. and B. of this section. Such determinations shall be made:

- (1) By the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or
- (2) If such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or
- (3) By the stockholders.

E. Expenses incurred by an officer or director in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if

it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

F. The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

G. A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

H. For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee, or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

I. For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee, or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

J. The indemnification and advancement of expenses provided by or granted pursuant to this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 4 of the Plan provides as follows:

No member of the Committee shall be liable for any action, omission, or determination relating to the Plan, and the Company shall indemnify and hold harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

Item 7. Exemption from Registration Claimed

Not Applicable.

Item 8. List of Exhibits

The following exhibits are filed with or incorporated by reference into this Registration Statement (numbering corresponds to the Exhibit Table in Item 601 of Regulation S-K):

4.1 Southwestern Energy Company 1993 Stock Incentive Plan For Outside Directors.

5.1 Opinion of Jeffrey L. Dangeau, Esq.

23.1 Consent of Jeffrey L Dangeau, Esq. (contained in the opinion included in Exhibit 5.1).

23.2 Consent of Arthur Andersen LLP.

Item 9. Undertakings

The Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to include any material information with

respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

(2) That, for the purpose of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the 1933 Act, each filing of the Company's Annual Report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of the Plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Fayetteville, State of Arkansas, on this 15th day of May, 1996.

SOUTHWESTERN ENERGY COMPANY

By: /s/ CHARLES E. SCHARLAU

Charles E. Scharlau
Chairman of the Board
and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Principal Executive Officers:

/s/ CHARLES E. SCHARLAU

Date: May 15, 1996

Charles E. Scharlau
Chairman of the Board and
Chief Executive Officer

/s/ DAN B. GRUBB

Date: May 15, 1996

Dan B. Grubb
President and Chief Operating Officer

Principal Financial Officer:

/s/ STANLEY D. GREEN

Date: May 15, 1996

Stanley D. Green
Executive Vice President -
Finance and Corporate Development
and Chief Financial Officer

Principal Accounting Officer:

/s/ GREGORY D. KERLEY

Date: May 15, 1996

Gregory D. Kerley
Vice President - Treasurer and Secretary
and Chief Accounting Officer

Directors:

/s/ JOHN PAUL HAMMERSCHMIDT

Date: May 15, 1996

John Paul Hammerschmidt

/s/ ROBERT L. HOWARD

Date: May 15, 1996

Robert L. Howard

/s/ KENNETH R. MOURTON

Date: May 15, 1996

Kenneth R. Mourton

/s/ CHARLES E. SANDERS

Date: May 15, 1996

Charles E. Sanders

/s/ CHARLES E. SCHARLAU

Date: May 15, 1996

Charles E. Scharlau

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing	Sequentially Numbered Page Location
4.1	Southwestern Energy Company Company 1993 Stock Incentive Plan For Outside Directors	Filed herewith	
5.1	Opinion of Jeffrey L. Dangeau, Esq.	Filed herewith	
23.1	Consent of Jeffrey L. Dangeau, Esq.	Filed herewith (contained in the opinion contained in Exhibit 5.1)	
23.2	Consent of Arthur Andersen LLP	Filed herewith	

SOUTHWESTERN ENERGY COMPANY
1993 STOCK INCENTIVE PLAN FOR OUTSIDE DIRECTORS

(as adopted April 7, 1993)

1. Purpose of the Plan

This Southwestern Energy Company 1993 Stock Incentive Plan for Outside Directors is intended to promote the interests of the Company and its shareholders by providing the Company's non-employee directors with appropriate incentives and rewards to encourage them to take a long-term outlook when formulating Company policy, to encourage such individuals to remain on the Board of Directors and to provide them with an equity interest in the Company.

2. Definitions

As used in the Plan, the following definitions apply to the terms indicated below:

(a) "Board of Directors" shall mean the Board of Directors of the Company.

(b) "Change in Control" shall mean the occurrence of any of the following:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, an "Acquiring Person") becomes the "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any employee benefit plan sponsored or maintained by the Company (or any trustee of such plan acting as trustee);

(ii) the Company's stockholders approve an agreement to merge or consolidate the Company with another corporation (other than a corporation 50% or more of which is controlled by, or is under common control with, the Company);

(iii) any individual who is nominated by the Board of Directors for election to the Board of Directors on any date fails to be so elected as a direct or indirect result of any proxy fight or contested election for positions on the Board;

(iv) a "change in control" of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act occurs.

(c) "Code" shall mean the Internal Revenue Code of 1986.

(d) "Committee" shall mean the Compensation Committee of the Board of Directors

or such other committee as the Board of Directors shall appoint from time to time to administer the Plan; provided, however, that the Committee shall at all times consist of two or more persons, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 promulgated under Section 16 of the Exchange Act.

(e) "Company" shall mean Southwestern Energy Company, an Arkansas corporation.

(f) "Company Stock" shall mean the common stock of the Company.

(g) "Disability" shall mean any physical or mental condition that prevents a Participant from being able to perform the Participant's duties as a director for a period of twelve consecutive months.

(h) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(i) the "Fair Market Value" of a share of Company Stock with respect to any day shall be (i) the closing sales price on the immediately preceding business day of a share of Company Stock as reported on the principal securities exchange on which shares of Company Stock are then listed or admitted to trading or (ii) if not so reported, the average of the closing bid and ask prices on the immediately preceding business day as reported on the National Association of Securities Dealers Automated Quotation System or (iii) if not so reported, as furnished by any member of the National Association of Securities Dealers, Inc. selected by the Committee. In the event that the price of a share of Company Stock shall not be so reported, the Fair Market Value of a share of Company Stock shall be determined by the Committee in its absolute discretion.

(j) "Incentive Award" shall mean an Option or LSAR granted pursuant to the terms of the Plan.

(k) "LSAR" shall mean a limited stock appreciation right that is granted pursuant to the provisions of Section 7 hereof and which relates to an Option. Each LSAR shall be exercisable only upon the occurrence of a Change in Control and only in the alternative to the exercise of its related Option.

(l) "Option" shall mean an option to purchase shares of Company Stock granted pursuant to Section 6 hereof.

(m) "Participant" shall mean a member of the Board of Directors who is not at the time of reference an employee of the Company or any of its affiliates and to whom an Incentive Award is granted pursuant to the Plan, and, upon his death, his successors, heirs, executors and administrators, as the case may be.

(n) "Person" shall mean a "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act.

(o) "Plan" shall mean the Southwestern Energy Company 1993 Stock Incentive Plan

For Outside Directors, as it may be amended from time to time.

(p) "Securities Act" shall mean the Securities Act of 1933, as amended.

3. Stock Subject to the Plan

Options shall be granted under the Plan with respect to a number of shares of Company Stock set forth in Section 6 that in the aggregate does not exceed 80,000 shares. The grant of an LSAR shall not reduce the number of shares of Company Stock with respect to which Options may be granted pursuant to the Plan.

To the extent Incentive Awards granted under the Plan are exercised, the shares covered will be unavailable for future grants under the Plan. To the extent that Options together with any related rights granted under the Plan terminate, expire or are cancelled without having been exercised, or, in the case of LSARs, exercised for cash, new Incentive Awards may be made with respect to the shares covered thereby.

Shares of Common Stock issued under the Plan may be either newly issued shares or treasury shares, at the discretion of the Committee.

4. Administration of the Plan

The Plan shall be administered by the Committee, which shall have full authority to administer the Plan, including authority to interpret and construe any provision of the Plan and the terms of any Incentive Award issued under it and to adopt such rules and regulations for administering the Plan as it may deem necessary or appropriate. Decisions of the Committee shall be final and binding on all parties. Notwithstanding the foregoing, neither the Committee nor any member thereof shall have any authority or discretion with respect to the granting of awards hereunder that could cause any Participants to be disqualified from acting as a "disinterested person" within the meaning of Rule 16b-3 promulgated under Section 16(b) of the Exchange Act.

No member of the Committee shall be liable for any action, omission, or determination relating to the Plan, and the Company shall indemnify and hold harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

5. Eligibility

The persons who shall be eligible to receive Incentive Awards pursuant to the Plan shall be members of the Board of Directors who are not, at the time of any grant hereunder,

employees of the Company or its affiliates.

6. Formula Grant of Options

On the last business day of each fiscal year of the Company, each director who is, on such date, eligible to participate in the Plan shall be granted an Option with respect to 4,000 shares of Company Stock.

(a) Identification of Options

All Options granted under the Plan shall be clearly identified in the agreement evidencing such Options as "non-qualified stock options."

(b) Exercise Price

The exercise price of any Option granted under the Plan shall be 100% of the Fair Market Value of a share of Company Stock on the date on which such Option is granted.

(c) Term and Exercise of Options

(1) Each Option shall become exercisable in installments at a rate of 25% per year for each full twelve months of a Participant's service as a director commencing on the date the Option is granted.

(2) Each Option shall be exercisable in whole or in part; provided, that no partial exercise of an Option shall be for an aggregate exercise price of less than \$1,000. The partial exercise of an Option shall not cause the expiration, termination or cancellation of the remaining portion thereof. Upon the partial exercise of an Option, the agreements evidencing such Option and any related LSARs, marked with such notations as the Committee may deem appropriate to evidence such partial exercise, shall be returned to the Participant exercising such Option together with the delivery of the certificates described in Section 6(c)(4) hereof.

(3) An Option shall be exercised by delivering notice to the Company's principal office, to the attention of its Secretary, no less than one business day in advance of the effective date of the proposed exercise. Such notice shall be accompanied by the agreements evidencing the Option and any related LSARs, shall specify the number of shares of Company Stock with respect to which the Option is being exercised and the effective date of the proposed exercise and shall be signed by the Participant. The Participant may withdraw such notice at any time prior to the close of business on the business day immediately preceding the effective date of the proposed exercise, in which case such agreements shall be returned to him. Payment for shares of Company Stock purchased upon the exercise of an Option shall be made on the effective date of such exercise either (i) in cash, by certified check, bank cashier's check or wire transfer or (ii) subject to the approval of the Committee, in shares of Company Stock owned by the Participant and valued at their Fair Market Value

on the effective date of such exercise, or partly in shares of Company Stock with the balance in cash, by certified check, bank cashier's check or wire transfer. Any payment in shares of Company Stock shall be effected by the delivery of such shares to the Secretary of the Company, duly endorsed in blank or accompanied by stock powers duly executed in blank, together with any other documents and evidences as the Secretary of the Company shall require from time to time.

(4) During the lifetime of a Participant, each Option granted to him shall be exercisable only by him. No Option shall be assignable or transferable otherwise than by will or by the laws of descent and distribution, nor shall any Option be permitted to be pledged in any manner.

(5) Certificates for shares of Company Stock purchased upon the exercise of an Option shall be issued in the name of the Participant or his beneficiary, as the case may be, and delivered to the Participant or his beneficiary, as the case may be, as soon as practicable following the effective date on which the Option is exercised.

(d) Effect of Discontinuance of Director's Term

(1) In the event that the term of a Participant's membership on the Board of Directors expires because the Participant (i) loses an election for a position on the Board of Directors, (ii) resigns from the Board of Directors prior to his completing ten years of service as a director or attaining age 72 or (iii) fails to seek election to the Board of Directors for a term commencing prior to his completing ten years of service as a director or attaining age 72 (in any case, other than on account of death or Disability) (i) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the expiration of three months after such termination, on which date they shall expire, and (ii) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination; provided, however, that no Option shall be exercisable after the expiration of its term.

(2) In the event that the term of a Participant's membership on the Board of Directors expires (i) because of the Participant's resignation on or after age 72 or after completing ten years of service, (ii) because of his failure to seek election on or after age 72 or after completing ten years of service or

(iii) because of the Participant's disability or death (i) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the expiration of one year after such termination, on which date they shall expire, and (ii) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination; provided, however, that no Option shall be exercisable after the expiration of its term.

(3) In the event that a Participant is removed from the Board of Directors by the shareholders of the Company, all outstanding Options granted to such Participant shall expire at the commencement of business on the date of such removal.

(e) Acceleration of Exercise Date Upon Change in Control

Upon the occurrence of a Change in Control, each Option granted under the Plan and outstanding at such time shall become fully and immediately exercisable and shall remain exercisable until its expiration, termination or cancellation pursuant to the terms of the Plan.

7. LSARs

Each Option granted hereunder shall include an LSAR relating to a number of shares of Company Stock equal to the number of shares of Company Stock subject to the related Option. An LSAR shall be granted at the same time as the time that its related Option is granted. Each LSAR shall be evidenced by the agreement evidencing the related Option. Each LSAR shall be subject to the following terms and conditions:

(a) Benefit Upon Exercise

The exercise of an LSAR relating to an Option with respect to any number of shares of Company Stock shall entitle the Participant to a cash payment, for each such share, equal to the excess of (i) the greater of (A) the highest price per share of Company Stock paid in the Change in Control in connection with which such LSAR became exercisable and (B) the Fair Market Value of a share of Company Stock on the date of such Change in Control over (ii) the exercise price of the related Option. Such payment shall be made as soon as practicable, but in no event later than the expiration of five business days after the effective date of such exercise.

(b) Term and Exercise of LSARs

(1) An LSAR shall be exercisable only during the period commencing on the first day following the occurrence of a Change in Control and terminating on the expiration of sixty days after such date. Notwithstanding the preceding sentence of this Section 7(b), in the event that an LSAR becomes exercisable prior to the expiration of six months following the date on which it is granted, then the LSAR shall also be exercisable during the period commencing on the first day immediately following the expiration of such six month period and terminating on the expiration of sixty days following such date. Notwithstanding anything else herein, an LSAR may be exercised only if and to the extent that the Option to which it relates is exercisable.

(2) The exercise of an LSAR with respect to a number of shares of Company Stock shall cause the immediate and automatic cancellation of the Option to which it relates with respect to an equal number of shares. The exercise of an Option, or the cancellation, termination or expiration of an Option (other than pursuant to this Paragraph (2)), with respect to a number of shares of Company Stock, shall cause the cancellation of the LSAR related to it with respect to an equal number of shares.

(3) Each LSAR shall be exercisable in whole or in part; provided, that no partial exercise of an LSAR shall be for an aggregate exercise price of less than \$1,000. The

partial exercise of an LSAR shall not cause the expiration, termination or cancellation of the remaining portion thereof. Upon the partial exercise of an LSAR, the agreement evidencing the LSAR and the related Option, marked with such notations as the Committee may deem appropriate to evidence such partial exercise, shall be returned to the Participant exercising such LSAR together with the payment described in Paragraph 7(a) hereof.

(4) During the lifetime of a Participant, each LSAR granted to him shall be exercisable only by him. No LSAR shall be assignable or transferable otherwise than by will or by the laws of descent and distribution and otherwise than together with its related Option, nor shall any LSAR be permitted to be pledged in any manner.

(5) An LSAR shall be exercised by delivering notice to the Company's principal office, to the attention of its Secretary, no less than one business day in advance of the effective date of the proposed exercise. Such notice shall be accompanied by the applicable agreements evidencing the LSAR and the related Option shall specify the number of shares of Company Stock with respect to which the LSAR is being exercised and the effective date of the proposed exercise and shall be signed by the Participant. The Participant may withdraw such notice at any time prior to the close of business on the business day immediately preceding the effective date of the proposed exercise, in which case such agreements shall be returned to him.

8. Adjustment Upon Changes in Company Stock

(a) Shares Available for Grants

In the event of any change in the number of shares of Company Stock outstanding by reason of any stock dividend or split, reverse stock split, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the number of shares of Company Stock with respect to which Options and LSARs are to be granted under Section 6 or may be granted under Section 3 hereunder shall be appropriately adjusted.

(b) Outstanding Options and LSARs -- Increase or Decrease in Issued Shares Without Consideration

Subject to any required action by the shareholders of the Company, in the event of any increase or decrease in the number of issued shares of Company Stock resulting from a subdivision or consolidation of shares of Company Stock or the payment of a stock dividend (but only on the shares of Company Stock), or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company, the number of shares of Company Stock subject to each outstanding Option and LSAR, and the exercise price per share of Company Stock of each such Option and LSAR shall be appropriately adjusted.

(c) Outstanding Options and LSARs - Certain Mergers

Subject to any required action by the shareholders of the Company, in the event that the Company shall be the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of shares of Company Stock receive securities of another corporation), each Option and LSAR outstanding on the date of such merger or consolidation shall pertain to and apply to the securities which a holder of the number of shares of Company Stock subject to such Option and LSAR would have received in such merger or consolidation.

(d) Outstanding Options and LSARs - Certain Other Transactions

In the event of (i) a dissolution or liquidation of the Company, (ii) a sale of all or substantially all of the Company's assets, (iii) a merger or consolidation involving the Company in which the Company is not the surviving corporation or (iv) a merger or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Company Stock receive securities of another corporation and/or other property, including cash, each Option (including each LSAR related thereto) outstanding immediately prior to such event (whether or not then exercisable) shall be cancelled effective immediately prior to the occurrence of such event, and, in full consideration of such cancellation, the Participant to whom such Option was granted shall be paid an amount in cash for each share of Company Stock subject to such Option, equal to the excess of (A) the value, as determined by an independent appraisal of the property (including cash) received by the holder of a share of Company Stock as a result of such event over (B) the exercise price of such Option.

(e) No Other Rights

Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger or consolidation of the Company or any other corporation. Except as expressly provided in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Company Stock subject to an Incentive Award or the exercise price of any Option or LSAR.

9. Rights as a Stockholder

No person shall have any rights as a stockholder with respect to any shares of Company Stock covered by or relating to any Incentive Award granted pursuant to this Plan until the date of the issuance of a stock certificate with respect to such shares. Except as otherwise expressly provided in Section 8 hereof, no adjustment to any Incentive Award shall be made for dividends or other rights for which the record date occurs prior to the date such stock certificate is issued.

10. Securities Matters

(a) The Company shall be under no obligation to effect the registration pursuant to the Securities Act of any interests in the Plan or any shares of Company Stock to be issued hereunder or to effect similar compliance under any state laws. Notwithstanding anything herein to the contrary, the Company shall not be obligated to cause to be issued or delivered any certificates evidencing shares of Company Stock pursuant to the Plan unless and until the Company is advised by its counsel that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of the New York Stock Exchange and any other securities exchange on which shares of Company Stock are traded. Each Participant may be required, as a condition of the issuance and delivery of certificates evidencing shares of Company Stock pursuant to the terms hereof, that the recipient of such shares make appropriate covenants, agreements and representations, and that such certificates bear appropriate legends.

(b) The exercise of any Option granted hereunder shall be effective only at such time as counsel to the Company shall have determined that the issuance and delivery of shares of Company Stock pursuant to such exercise is in compliance with all applicable laws, regulations of governmental authority and the requirements of the New York Stock Exchange and any other securities exchange on which shares of Company Stock are traded. The effectiveness of any exercise of an Option granted hereunder may be deferred in order to allow the issuance of shares of Company Stock pursuant thereto to be made pursuant to registration or an exemption from registration or other methods for compliance available under federal or state securities laws. The Participant shall be informed in writing of any such deferral. During the period that the effectiveness of the exercise of an Option has been deferred, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

11. Withholding Taxes

(a) Cash Remittance

Whenever shares of Company Stock are to be issued upon the exercise of an Option, the Company shall have the right to require the Participant to remit to the Company in cash an amount sufficient to satisfy federal, state and local withholding tax requirements, if any, attributable to such exercise, occurrence or payment prior to the delivery of any certificate or certificates for such shares. In addition, upon the exercise of an LSAR, the Company shall have the right to withhold from any cash payment required to be made pursuant thereto an amount sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise or grant.

(b) Stock Remittance

Subject to Section 11(d) hereof, at the election of the Participant, subject to the approval of the Committee, when shares of Company Stock are to be issued upon the exercise of an Option, in lieu of the remittance required by Section 11(a) hereof, the

Participant may tender to the Company a number of shares of Company Stock determined by such Participant, the Fair Market Value of which at the tender date the Committee determines to be sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise, occurrence or grant and not greater than the Participant's estimated total federal, state and local tax obligations associated with such exercise, occurrence or grant.

(c) Stock Withholding

The Company shall have the right, when shares of Company Stock are to be issued upon the exercise of an Option, in lieu of requiring the remittance required by Section 11(a) hereof, to withhold a number of such shares, the Fair Market Value of which at the exercise date the Committee determines to be sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise, occurrence or grant and is not greater than the Participant's estimated total federal, state and local tax obligations associated with such exercise, occurrence or grant.

(d) Timing and Method of Elections

Notwithstanding any other provisions of the Plan, a Participant may not make the election described in Section 11(b) hereof prior to the expiration of six months after the date on which the applicable Option, was granted, except in the event of the death or Disability of the Participant. A Participant may not make such election other than (i) during the 10-day window period beginning on the third business day following the date of release for publication of the Company's quarterly and annual summary statements of sales and earnings and ending on the twelfth business day following such date or (ii) at least six months prior to the date as of which the income attributable to the exercise of such Option is recognized under the Code. Such election shall be irrevocable and shall be made by the delivery to the Company's principal office, to the attention of its Secretary, of a written notice signed by the Participant. Further, with respect to any Participant who is also a member of the Committee, such election shall be made in advance and shall apply to all Incentive Awards granted to such Participant under the Plan in the future.

12. Amendment or Termination of the Plan

The Board of Directors may, at any time, suspend or discontinue the Plan or revise or amend it in any respect whatsoever; provided, however, that if and to the extent required by Rule 16b-3 promulgated under Section 16(b) of the Exchange Act or by any comparable or successor exemption under which the Board of Directors believes it is appropriate for the Plan to qualify, no amendment shall be effective without the approval of the shareholders of the Company, that

(i) except as provided in Section 8 hereof, materially increases the number of shares of Company Stock that may be issued under the Plan, (ii) materially increases the benefits accruing to individuals pursuant to the Plan or (iii) materially modifies the

requirements as to eligibility for participation in the Plan; and provided further, however, the provisions of the Plan may not be amended more than once every six months, other than to comply with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended or the rules thereunder. No action hereunder may, without the consent of a Participant, reduce the Participant's rights under any previously granted and outstanding Incentive Award.

13. No Obligation to Exercise

The grant to a Participant of an Option and LSAR shall impose no obligation upon such Participant to exercise such Option or LSAR.

14. Transfers Upon Death

Upon the death of a Participant, outstanding Incentive Awards granted to such Participant may be exercised only by the executors or administrators of the Participant's estate or by any person or persons who shall have acquired such right to exercise by will or by the laws of descent and distribution. No transfer by will or the laws of descent and distribution of any Incentive Award, or the right to exercise any Incentive Award, shall be effective to bind the Company unless the Committee shall have been furnished with (a) written notice thereof and with a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the transfer and (b) an agreement by the transferee to comply with all the terms and conditions of the Incentive Award that are or would have been applicable to the Participant and to be bound by the acknowledgements made by the Participant in connection with the grant of the Incentive Award. Except as provided in this Section 14, no Incentive Award shall be transferable, and shall be exercisable only by a Participant during the Participant's lifetime.

15. Expenses and Receipts

The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Incentive Award will be used for general corporate purposes.

16. Failure to Comply

In addition to the remedies of the Company elsewhere provided for herein, failure by a Participant (or beneficiary) to comply with any of the terms and conditions of the Plan or the agreement executed by such Participant (or beneficiary) evidencing an Incentive Award, unless such failure is remedied by such Participant (or beneficiary) within ten days after having been notified of such failure by the Committee, shall be grounds for the cancellation and forfeiture of such Incentive Award, in whole or in part.

17. Effective Date of Plan

The Plan was adopted by the Board of Directors on April 7, 1993, subject to approval by the shareholders of the Company at their annual meeting on May 26, 1993 in accordance with applicable law, and the requirements of Rule 16b-3 promulgated under Section 16(b) of the Exchange Act. Incentive Awards may be granted under the Plan at any time prior to the receipt of such shareholder approval; provided, however, that each such grant shall be subject to such approval. Without limitation on the foregoing, no Option or LSAR may be exercised prior to the receipt of such approval. If the Plan is not so approved prior to December 31, 1993, then the Plan and all Incentive Awards then outstanding hereunder shall forthwith automatically terminate and be of no force and effect.

18. Term of the Plan

The Plan will terminate automatically upon the earlier of the expiration of 10 years after the Effective Date of the Plan or the grant of incentive awards with respect to the maximum number of shares that may be issued under the Plan.

19. Applicable Law

Except to the extent preempted by any applicable federal law, the Plan will be construed and administered in accordance with the laws of the State of Arkansas, without reference to the principles of conflicts of law.

May 15, 1996

Southwestern Energy Company
1083 Sain Street
Fayetteville, AR 72703

Ladies and Gentlemen:

I am Assistant Secretary of Southwestern Energy Company, an Arkansas corporation (the "Company"), and as such have acted as the Company's advisor in connection with the preparation and filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), of a Registration Statement on Form S-8, (the "Registration Statement") and the related prospectus (the "Prospectus"), relating to the offering from time to time up to 240,000 shares of the Company's common stock, including related purchase rights (the Shares), to non-employee directors of the Company and its subsidiaries pursuant to the Company's 1993 Stock Incentive Plan for Outside Directors (the "Plan").

I have participated in the preparation of the Registration Statement and the Prospectus and have reviewed the originals or copies certified or otherwise identified to my satisfaction of all such corporate records of the Company and such other instruments and other certificates of public officials, officers and representatives of the Company and such other persons, and I have made such investigations of law, as I have deemed appropriate as a basis for the opinions expressed below. In rendering the opinions expressed below, I have assumed the authenticity of all documents submitted to me as originals and the conformity to the originals of all documents submitted to me as copies.

Based on the foregoing, it is my opinion that:

1. The Company is a corporation validly existing and in good standing under the laws of the State of Arkansas.
2. The Shares have been duly authorized by all necessary corporate action of the Company and validly reserved for issuance as provided by the Plan. There are no preemptive rights of stockholders as such with respect to such issuance of the Shares, and when such shares are issued pursuant to the Plan as described in the Registration Statement, such shares will be legally issued, fully paid, and nonassessable and will constitute legal, valid, binding and enforceable obligations of the Company.

Southwestern Energy Company

May 15, 1996

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In rendering this opinion, I express no opinion other than as to the law of the State of Arkansas and the United States of America.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to my name under the heading "Legal Opinion" in the Prospectus without admitting that I am an "expert" under the Securities Act, or the rules and regulations of the Commission issued thereunder, with respect to any part of the Registration Statement, including this exhibit.

Very truly yours,

Jeffrey L. Dangeau
Attorney and Assistant Secretary
Southwestern Energy Company

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 5, 1996 incorporated by reference in Southwestern Energy Company's Form 10-K for the year ended December 31, 1995 and to all references to our Firm included in this registration statement dated May 15, 1996.

/s/ Arthur Andersen

LLP

*Tulsa, Oklahoma
May 15, 1996*

End of Filing