

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS

If you are a royalty owner of SEECO, Inc. and had deductions taken from your royalty payments on Fayetteville Shale wells at any time since January 1, 2006, you may be affected by a class action lawsuit.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

- A royalty owner has sued Southwestern Energy Company (“SWN”) and its subsidiaries, SEECO, Inc., now known as SWN Production (Arkansas), L.L.C. (“SEECO”), DeSoto Gathering Company, L.L.C. (“DeSoto”), and Southwestern Energy Services Company (“SES”) (collectively, “Defendants”) alleging underpayment of royalties.
- You may be a part of this class action if you are a royalty owner of SEECO, Inc. and had deductions taken from your royalty payments for gathering, compression, and/or treating on Fayetteville Shale wells, covered by a lease on Form No. 1101, 1102 or 7250, at any time since January 1, 2006. The Form No. may be found in the upper left-hand corner of the Oil and Gas Lease.
- A trial date is not set. There is no money available now and no guarantee there will be. However, your rights are affected and you have a choice to make now.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT:	
DO NOTHING	<p>Stay in this lawsuit. Await the outcome. Share in possible recovery. Give up certain rights.</p> <p>You do not need to do anything at this time if you are choosing to stay in the lawsuit. You will keep your right to share in possible money or benefits that may come from the trial or a settlement. But, you are giving up the right to sue Defendants in a different lawsuit about the same legal claims in this lawsuit.</p>
ASK TO BE EXCLUDED	<p>Get out of this lawsuit. Get no money or benefits. Keep your rights.</p> <p>If you ask to be excluded and money or benefits are later awarded or obtained, you will not be able to share in those. But, you will keep the right to sue Defendants in a different lawsuit about the same legal claims in this lawsuit.</p>

- Your options are explained in this notice. To ask to be excluded, you must act by **November 11, 2016**.
- The royalty owner who brought this case must prove the claims against Defendants at a trial. If money or benefits are obtained from Defendants, you may be entitled to share in the proceeds unless you ask to be excluded.
- **Any questions? Read this notice carefully and visit www.smithvseeco.com.**

**QUESTIONS? CALL (844) 271-4785 TOLL FREE, OR VISIT WWW.SMITHVSEECO.COM.
DO NOT CALL THE COURT WITH YOUR QUESTIONS.**

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BASIC INFORMATION

1. Why did I get this notice?

This Notice was issued because a Court has “certified” this case as a class action lawsuit and your rights may be affected. If you are a royalty owner of SEECO, Inc. and had deductions taken from your royalty payments for gathering, compression, and/or treating on Fayetteville Shale wells, covered by a lease on Form No. 1101, 1102 or 7250, at any time since January 1, 2006, you may have legal rights and options in this case before the Court decides whether the claims being made on your behalf are correct. This notice explains all these things.

Honorable Brian S. Miller, Chief Judge of the United States District Court for the Eastern District of Arkansas (the “Court”), is overseeing this class action. The case is known as *Connie Jean Smith, Individually and On Behalf of All Others Similarly Situated, v. SEECO, Inc., n/k/a SWN Production (Arkansas), L.L.C., et al.*, Case No. 4:14-CV-00435 BSM. The person who sued, Connie Jean Smith, is called the Plaintiff. The companies she is suing, SWN, SEECO, DeSoto and SES, are called the Defendants.

2. Why is this lawsuit a class action?

In a class action, one or more persons called class representatives (in this case, Connie Jean Smith) sue on behalf of people who have similar claims. All of these people who have similar claims collectively make up the “Class” and are called the “Class Members.” One lawsuit before one judge resolves the issues and claims for all class members together regardless of the outcome – favorable or unfavorable.

The Court decided that this lawsuit could constitute a class action under the requirements of Federal Rule of Civil Procedure 23. More information about why this is a class action can be found in the Court’s Class Certification Order, which is available at www.smithvseeco.com. The Court has authorized this Notice, but it is not an expression of an opinion by the Court as to the merits of any of the claims or defenses asserted by either side in the case.

THE CLAIMS IN THE LAWSUIT

3. What is this Lawsuit about?

Plaintiff Connie Jean Smith is a SEECO lessor and royalty owner of Fayetteville Shale wells located in Conway County, Arkansas. Plaintiff alleges her royalties were underpaid as a result of the wrongful acts and misconduct of Defendants. Plaintiff claims Defendants used affiliate transactions (i.e., transactions among themselves) to artificially and improperly inflate fees for gathering, compression, and treating natural gas. These fees were deducted from royalties owed to royalty owners. Her Complaint has the following claims for monetary and equitable relief: (a) breach of contract; (b) violation of Prudent Operator Standard, Arkansas Code § 15-73-207; (c) fraud and deceit; (d) violation of the Arkansas Deceptive Trade Practices Act; (e) conversion; (f) unjust enrichment; (g) violation of Arkansas Code § 15-74-601 to 604; (h) violation of Arkansas Code § 15-74-708 and (i) civil conspiracy. Plaintiff contends all Defendants are liable for these claims because of their individual actions and/or their conspiratorial misconduct. Defendants deny all of the claims and allegations made in the lawsuit.

This Notice does not describe all claims and defenses brought by the parties. The section entitled “Getting More Information” describes the process by which you can get more information about the action, claims, and defenses asserted.

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4. What has happened so far in the case?

This action was filed by Plaintiff on July 25, 2014. Defendants answered and SEECO filed a counterclaim for declaratory relief against Plaintiff and a mandatory, counter-defendant class of royalty owners pursuant to Rules 23(a), (b)(1) and (b)(2) of the Federal Rules of Civil Procedure, requesting that the Court declare the respective rights of SEECO and its royalty owners. The Court denied Defendants' motion for certification of a counter-defendant class. Plaintiff's motion to dismiss the counterclaim is still pending and the parties are awaiting a ruling from the Court. If granted, the counterclaim will be removed from the case.

Defendants have filed three motions for summary judgment. The Court granted one of those motions, ruling that "SEECO incurred costs under the meaning of the lease." The other motions for summary judgment challenge each claim brought by Plaintiff. These motions are still pending and the parties are awaiting a ruling from the Court. If Defendants win their motions for summary judgment on one or more claims, that means those claims would be decided against the Class in this case.

On April 11, 2016, the Court granted Plaintiff's motion for class certification and certified the Class described below. The parties have engaged in extensive discovery. The action is near its conclusion and ready for trial, subject to pretrial motions.

5. What is Plaintiff asking for on behalf of the Class?

In general, Plaintiff seeks damages equal to the amount of the underpayment plus interest. Specifically, Plaintiff seeks a judgment against Defendants, jointly and severally, in favor of Plaintiff and the Class. This favorable judgment could include an award of some or all the following relief:

- a) an order declaring, adjudging, and decreeing the conduct alleged to be unlawful;
- b) actual, compensatory, consequential and general damages in an amount to be determined at trial;
- c) treble damages;
- d) punitive damages;
- e) restitution and/or disgorgement of Defendants' alleged ill-gotten gains, and the imposition of an equitable trust over all such amounts for the benefit of Plaintiff and the Class;
- f) statutory interest;
- g) pre- and post-judgment interest;
- h) reasonable attorney's fees;
- i) costs and disbursements of the action; and
- j) such other and further relief as the Court may deem just and proper.

6. Is there any money available now?

There is no money available now. The lawyers for the Plaintiff will present their claims and the lawyers for Defendants will present their defenses at a trial. If Plaintiff wins, there should be money awarded against Defendants that the Court would then determine how to distribute. However, there is no guarantee that money will ever be awarded or obtained.

MEMBERS OF THE CLASS

7. How do I know if I am part of the Class?

If you fit within the Class definition below and do not fall under any exclusion, you are a Member of the Class. The Court certified a Class consisting of:

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All royalty owners of SEECO, Inc., now known as SWN Production (Arkansas), L.L.C. (“SEECO”) (i) in wells producing natural gas from the Fayetteville Shale Field in Arkansas that was gathered by DeSoto Gathering Company, L.L.C. (“DeSoto”) and purchased by Southwestern Energy Services Company (“SES”), (ii) from whose royalty payments on such gas SEECO took deductions for gathering, compression and/or treating at any time since January 1, 2006, and (iii) who were paid such royalty payments under oil and gas leases which provide for the payment of royalty as follows:

- a. “Lessee shall pay Lessor [stated fraction or %] of the proceeds derived from the sale of all gas (including substances contained in such gas) produced, saved and sold by Lessee. Proceeds are defined as the actual amount received by the Lessee for the sale of said gas. In calculating the proceeds derived from the sale of gas produced, saved and sold by Lessee, Lessee shall be entitled to deduct all reasonable gathering, transportation, treatment, compression, processing and marketing costs that are incurred by Lessee in connection with the sale of such gas” and
- b. “Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations, except water from the wells of the lessor.”

Exclusions: Excluded from the Class are: (a) overriding royalty interest owners who derive their interest through the oil and gas lease; (b) all governmental entities, including federal, state and local governments and their respective agencies, departments, or instrumentalities; (c) Southwestern Energy Company, SEECO, DeSoto and SES and their subsidiaries and affiliates; (d) owners of any interests and/or leases located on or within any federally created units, including the Ozark Highlands Unit; (e) owners of any non-operating working interest for which SEECO or its agents or representatives, as operator, disburses royalty; (f) SEECO’s counsel, their firms, and members of their firms; and (g) members of the judiciary and their staff to whom this action is assigned.

If you are still not sure whether you are included in the Class, contact the Administrator or Class Counsel, listed below. Or, you may contact your own lawyer at your own expense.

8. How do I keep my address current?

If this Notice was sent to you at your current address, you do not have to do anything to receive future notices. If it was forwarded by the postal service, or sent to you at an address which is not current, you should immediately contact the **SEECO Class Administrator, c/o Heffler Claims Group, P.O. Box 58485, Philadelphia, PA 19102-8485, or via phone at (844) 271-4785 or through the ‘Contact Us’ section of the website www.smithvseeco.com** and provide them with your current address.

YOUR RIGHTS AND OPTIONS

9. What happens if I do nothing at all?

If you do nothing right now, you are choosing to stay in the Class. If the Plaintiff wins or loses at trial, you will be legally bound by all orders and judgments of the Court, and you will not be able to sue or continue to sue Defendants, in a different case, over the legal claims that are or could have been included in this action. If there is a recovery, you may be entitled to share in the proceeds, less such costs,

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expenses, and attorney's fees as the Court may allow out of such recovery. Do not request exclusion if you wish to participate in this lawsuit as a Class Member.

10. What happens if I exclude myself?

If you exclude yourself from the Class you will not be bound by any judgment in this lawsuit, nor will you be entitled to share in any recovery in this lawsuit, but you may individually pursue any legal rights you may have against Defendants at your own expense. If you do exclude yourself so you can start or continue your own lawsuit against Defendants, you should talk to your own lawyer soon, because your claims may be subject to a statute of limitations.

11. Why would I ask to be excluded?

Other royalty underpayment cases against some or all Defendants have been filed. In *Snow v. SEECO*, Case No. CV-2010-126 (Conway Cty. Cir. Ct. Oct. 14, 2014) ("*Snow*"), a state court certified a class of royalty owners that were citizens of the State of Arkansas. Similarly, in *Stewmon v. SEECO*, Case No. 62CV-13-00141-2 (St. Francis Cty. Cir. Ct. Oct. 21, 2014) ("*Stewmon*"), a state court certified a class of Arkansas residents. The full definitions of the classes in *Snow* and *Stewmon* can be obtained at www.smithvseeco.com. The trial courts' decisions to certify classes in both *Snow* and *Stewmon* have been appealed. At this time, there is no final decision relating to whether they may proceed as a class action. Any previous advertisements or notices relating to those cases were not approved by the Court in charge of this case.

Grouping the class members into this one class action saves both federal and state court's time and expenses, limits royalty owners' exposure to legal fees and expert witness charges, and allows the royalty owners' remedies to be quickly and efficiently decided. The Court in this lawsuit certified a broad class that overlaps the *Snow* and *Stewmon* cases. If you (a) already have your own royalty underpayment lawsuit against one or more of the Defendants and want to continue with it or (b) believe you may be a member of the *Snow* or *Stewmon* classes that are on appeal and want to participate in either of those cases if they are finally certified, you should exclude yourself. If you choose to stay in the Class in this lawsuit, you will be legally bound by all orders and judgments of the Court if Plaintiff wins or loses at trial, and you will not be able to sue or continue to sue Defendants, in a different case, over the legal claims that are or could have been included in this action.

12. How do I ask to be excluded?

To ask to be excluded, you must send an "Exclusion Request" in the form of a letter sent by mail, stating that you want to be excluded from *Connie Jean Smith v. SEECO*. To be valid, your Exclusion Request must (1) state the Owner Number, name and address of the person or entity requesting the exclusion, (2) identify by Property Number / Property Name the well or wells which you hold a royalty in for which you request an exclusion, (3) be signed by the individual or an officer of the entity requesting exclusion and notarized, and (4) be mailed to **SEECO Class Administrator, c/o Heffler Claims Group, P.O. Box 58485, Philadelphia, PA 19102-8485**, and postmarked no later than **November 11, 2016**. Your Owner Number and Property Number(s) / Property Name(s) can be found on your Statement of Oil & Gas Payments. If you do not request exclusion from the Class by **November 11, 2016**, you will be considered a Class Member, and you will be bound by any final judgment in this lawsuit.

THE LAWYERS APPOINTED TO REPRESENT YOU

13. Do I have lawyer in this case?

The Court appointed the attorneys listed below to serve as Class Counsel to represent you and other Class Members. They are experienced in handling similar cases.

Geoffrey C. Jarvis
KESSLER TOPAZ MELTZER &
CHECK, LLP
280 King of Prussia Rd.
Radnor, PA 19087

Brian Cramer
Jack Mattingly, Jr.
Tanner W. Hicks
MATTINGLY & ROSELIUS, PLLC
210 W. Oklahoma Ave.
Guthrie, OK 73044

Brad Seidel
SEIDEL LAW FIRM, PC
9433 Fm 2244 Rd.
Bldg. 3, Suite 101A
Austin, TX 78733

Allen Gordon
Ben H. Caruth
GORDON & CARUTH P.L.C.
105 South Moose St.
Morrilton, AR 72110

Erik Danielson
DANIELSON LAW FIRM, PLLC
2195 N. College Ave.
Fayetteville, AR 72703

14. Should I get my own lawyer?

You do not need to hire your own lawyer because Class Counsel has been appointed by the Court to represent you and all the other members of the Class. You can hire your own lawyer, at your own expense, if you want someone other than Class Counsel to speak for you.

15. How will the lawyers be paid?

If Class Counsel obtains money for the Class, they will ask the Court for fees and expenses. If the Court grants their request, the fees and expenses will either be deducted from the money obtained for the Class or paid separately by Defendants. You will not personally have to pay any of these fees and expenses.

THE TRIAL

16. How and when will the Court decide the case?

The case will be decided at a trial at the United States District Court for the Eastern District of Arkansas, Courtroom #2D, Richard Sheppard Arnold United States Courthouse, 500 West Capitol, Little Rock, Arkansas, 72201. A trial date is not set. Check www.smithvseeco.com for updates.

17. Do I have to come to trial?

You do not have to come to Court unless you choose to do so. Class Counsel will present the case for the Plaintiff and the lawyers for Defendants will present their defenses. You and/or your lawyer may request to appear in Court for this case at your own expense.

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18. Will I get money after the trial?

If Class Counsel obtains a monetary recovery for the Class as a result of the trial or a settlement, you will be notified about how to participate. Updated information about the case may be posted on www.smithvseeco.com.

GETTING MORE INFORMATION

19. Is more information about the Lawsuit available?

This Notice gives only a summary of the lawsuit and the claims and defenses asserted by the parties. More information about the lawsuit is available by visiting www.smithvseeco.com, calling toll-free (844) 271-4785, or writing to **SEECO Class Administrator, c/o Heffler Claims Group, P.O. Box 58485, Philadelphia, PA 19102-8485**. You may also contact Class Counsel listed above.

Complete copies of the pleadings, orders, and other documents filed in this case are available at <http://www.pacer.gov> or the office of the Clerk of the Court, United States District Court for the Eastern District of Arkansas, 500 West Capitol Avenue, Little Rock, Arkansas, 72201 under Civil Action 4:14-CV-00435 BS.

DATE: September 12, 2016

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS