

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

CONNIE JEAN SMITH, individually and on)
Behalf of all others similarly situated,)
)
Plaintiffs,)
)
v.)
)
SEECO, INC., n/k/a SWN PRODUCTION)
(ARKANSAS), INC.; DESOTO GATHERING)
COMPANY, L.L.C.; SOUTHWESTERN)
ENERGY SERVICES COMPANY; and)
SOUTHWESTERN ENERGY COMPANY,)
)
Defendants.)

Case No. 4:14-CV-435-BRW

ANSWER OF DEFENDANTS DESOTO, SES, AND SWN

Defendants DeSoto Gathering, LLC (DeSoto), Southwestern Energy Services Company (SES), and Southwestern Energy Company (SWN) file the following Answer to Plaintiff Connie Jean Smith’s Complaint, by her numbered paragraphs:

1. Defendants deny all allegations in Paragraph 1.
2. Defendants admit the allegations in Paragraph 2.
3. Defendants admit the allegations in Paragraph 3.
4. Defendants admit the allegations in Paragraph 4.
5. Defendants admit the allegations in Paragraph 5.
6. Defendants admit the allegations in the first and third sentences of Paragraph 6.

SES denies the allegations of the second sentence in Paragraph 6. DeSoto and SWN are without knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 6.

7. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 7.

8. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 8.

9. Defendants deny the allegations in Paragraph 9.

10. Defendants admit the allegations in Paragraph 10.

11. Defendants admit this Court has specific jurisdiction over them; deny they are subject to general jurisdiction; and are without knowledge or information sufficient to form a belief as to truth of those allegations against SEECO.

12. Defendants admit only the allegations made as to them in Paragraph 12 and are without knowledge or information sufficient to form a belief as to truth of those allegations against SEECO.

13. SWN denies the allegations in Paragraph 13, and SES and DeSoto are without knowledge or information sufficient to form a belief as to truth of the allegations.

14. SWN admits that SEECO finds and brings natural gas to the surface through exploration and production activities in the Fayetteville Shale under oil and gas leases and the Orders of the Arkansas Oil and Gas Commission. The leases and Orders speak for themselves. SWN denies the remaining allegations in the first sentence. In answer to the allegations in the second sentence, SWN admits that SEECO acts as both an operator and non-operating working interest owner, and denies the remaining allegations in the sentence. SES and DeSoto are without knowledge or information sufficient to form a belief as to truth of these allegations.

15. Defendants admit the allegations in Paragraph 15.

16. Defendants admit the allegations in Paragraph 16.

17. Defendants admit the allegations in Paragraph 17.

18. Defendants deny all allegations in Paragraph 18.

19. Defendants deny all allegations in Paragraph 19.

20. Defendants admit the allegations in the first sentence of Paragraph 20 and deny the allegations in the second sentence.

21. DeSoto and SWN admit that there exists a contract between SEECO and DeSoto, titled the Amended and Restated Dedicated Field Services Agreement, and that it was entered into in 2006 and has been amended. The Agreement speaks for itself. Except as the Agreement expressly states, DeSoto and SWN deny all remaining allegations in Paragraph 21. SES is without knowledge or information sufficient to form a belief as to the truth of these allegations.

22. Defendants admit that SWN's 10-K filed with the SEC on February 27, 2014, states that "Our natural gas marketing subsidiary, Southwestern Energy Services Company ("SES"), captures downstream opportunities that arise through the marketing and transportation of the natural gas produced in our E&P operations." To the extent, the allegations in paragraph 22 differ from the statement in SWN's 10-K or Smith understands its allegations in a manner different than the Defendants, Defendants deny the allegations in Paragraph 22.

23. SWN and SES admit that there exists a contract between SEECO and SES titled Base Contract for the Sale and Purchase of Natural gas and dated in 2006. The Base Contract speaks for itself. Except as this Contract expressly states, SWN and SES deny all remaining allegations in the first sentence. SES and SWN deny the allegations in the second sentence of Paragraph 22. DeSoto is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 23.

24. Defendants deny all allegations in Paragraph 24.

25. DeSoto and SWN state that the Amended and Restated Field Services Agreement, as amended, speaks for itself. Except as that Agreement expressly states, DeSoto and SWN deny all remaining allegations in Paragraph 25. SES is without knowledge or information sufficient to form a belief as to the truth of these allegations.

26. Defendants deny all allegations in Paragraph 26.

27. DeSoto and SWN state that the Amended and Restated Field Services Agreement, as amended, speaks for itself. Except as that Agreement expressly states, DeSoto and SWN deny all remaining allegations in the first and second sentences. DeSoto and SWN deny the allegations in the third and fourth sentences of Paragraph 27. SES is without knowledge or information sufficient to form a belief as to the truth of these allegations.

28. DeSoto and SWN state that its Amended and Restated Field Services Agreement, as amended, speaks for itself. Except as that Agreement expressly states, DeSoto and SWN deny all remaining allegations in the first sentence. In answer to the allegations in the second sentence of Paragraph 28, DeSoto and SWN deny that “blending” is accurately described, but admits the remaining allegations. SES is without knowledge or information sufficient to form a belief as to the truth of these allegations.

29. Defendants deny all allegations in Paragraph 29.

30. Defendants deny all allegations in Paragraph 30.

31. SWN admits that a deduction is shown for royalty owners whose leases permit it for Compression, but denies all remaining allegations in Paragraph 31. SES and DeSoto are without knowledge or information sufficient to form a belief as to the truth of these allegations.

32. Defendants deny all allegations in Paragraph 32.

33. Defendants deny all allegations in Paragraph 33.

34. Defendants deny all allegations in Paragraph 34.

35. Defendants deny all allegations in Paragraph 35.

36. Defendants deny all allegations in Paragraph 36.

37. Defendants state that Plaintiff's oil and gas lease speaks for itself, and except as that lease expressly states, they deny all allegations in Paragraph 37.

38. Defendants deny all allegations in Paragraph 38.

39. Defendants deny all allegations in Paragraph 39.

40. Defendants deny all allegations in Paragraph 40.

41. Defendants deny all allegations in Paragraph 41.

42. Defendants deny all allegations in Paragraph 42.

43. Defendants deny all allegations in Paragraph 43, including subparts (a) to (g).

44. Defendants deny all allegations in Paragraph 44.

45. Defendants deny all allegations in Paragraph 45.

46. Defendants deny all allegations in Paragraph 46.

47. Defendants deny all allegations in Paragraph 47 and state that Plaintiff has not complied with the requirements of Paragraph 11 of her Oil and Gas Lease.

48. Defendants deny all allegations in Paragraph 48.

49. Defendants deny all allegations in Paragraph 49.

50. Defendants deny all allegations in Paragraph 50.

51. Defendants deny all allegations in Paragraph 51.

52. Defendants deny all allegations in Paragraph 52.

53. Defendants deny all allegations in Paragraph 53.

54. Defendants deny all allegations in Paragraph 54.

55. Defendants deny all allegations in Paragraph 55.

56. Defendants deny all allegations in Paragraph 56, including subparts (a) to (e).

57. SWN admits that Plaintiff Connie Jean Smith has a direct contractual relationship with SEECO, but SWN is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 57. SES and DeSoto are without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 57.

58. Defendants deny all allegations in Paragraph 58.

59. Defendants deny all allegations in Paragraph 59.

60. Defendants deny all allegations in Paragraph 60.

61. Defendants deny all allegations in Paragraph 61.

62. Defendants deny all allegations in Paragraph 62.

63. Defendants deny all allegations in Paragraph 63.

64. Defendants deny all allegations in Paragraph 64.

65. Defendants deny all allegations in Paragraph 65.

66. Defendants deny all allegations in Paragraph 66.

67. Defendants deny all allegations in Paragraph 67.

68. Defendants deny all allegations in Paragraph 68.

69. Defendants deny all allegations in Paragraph 69.

70. Defendants deny all allegations in Paragraph 70.

71. Defendants deny all allegations in Paragraph 71.

72. Defendants deny all allegations in Paragraph 72.

73. Defendants deny all allegations in Paragraph 73.

74. Defendants deny all allegations in Paragraph 74.

75. Defendants deny all allegations in Paragraph 75.

76. Defendants deny all allegations in Paragraph 76.

77. Defendants deny all allegations in Paragraph 77.

78. Defendants admit the allegations in the first sentence of Paragraph 78 and deny all remaining allegations.

79. Defendants deny all allegations in Paragraph 79.

80. Defendants deny all allegations in Paragraph 80.

81. Defendants deny all allegations in Paragraph 81.

82. Defendants deny all allegations in Paragraph 82.

83. Defendants deny all allegations in Paragraph 83.

84. Defendants deny all allegations in Paragraph 84.

85. Defendants deny all allegations in Paragraph 85.

86. No answer is required to Paragraph 86. Defendants deny that a jury trial may be had on Plaintiff's alleged claims for equitable relief.

87. Defendants deny that Plaintiff is entitled to any of the relief Plaintiff seeks in Section VIII of the Complaint.

88. Defendants deny all allegations in the Complaint not expressly admitted above.

Affirmative Defenses

89. The Complaint fails to state a claim upon which relief can be granted.

90. The Complaint does not plead allegations of fraud with particularity, as required by Fed. R. Civ. P. 9(b).

91. Plaintiff's claims (and those of any alleged class) are barred in whole or part by statutes of limitations.

92. Plaintiff's equitable claims are barred by laches.

93. Plaintiff's claims are barred by estoppel.

94. Plaintiff's claims are barred by waiver.

95. Plaintiff's claims are barred by ratification.

96. Plaintiff's claims against DeSoto, SES, and SWN are barred because there is no privity between them and Plaintiff.

97. Plaintiff's claims (and those of any alleged class) are barred by the express terms of oil and gas leases, and other instruments or agreements by which she is (and they are) bound.

98. To the extent Plaintiff attempts to ignore the separateness of different business entities or treat one or more of them as alter egos or attempts to pierce the corporate veil, Plaintiff has failed to meet her burden of proof to establish alter ego, veil piercing, or any other doctrine that might permit the separateness of one or more business entities to be ignored or disregarded.

99. Plaintiff's claims are barred by the lack of privity between plaintiff and the defendants.

100. Plaintiff has not pleaded alleged items of special damages with specificity, as required by Fed. R. Civ. P. 9(g), and thus cannot recover any such alleged damages.

101. Plaintiff's claims are barred in whole or part by the economic loss rule.

102. An award of punitive or exemplary damages or alleged statutory penalties in this action would violate the Due Process Clauses of the United States and Arkansas Constitutions.

103. Plaintiff has failed to join necessary or indispensable parties.

104. If this action proceeds as a class action as alleged, Defendants will be deprived of their rights under the Due Process clauses of the United States and Arkansas Constitutions.

Prayer

Therefore, Defendants DeSoto Gathering, LLC, Southwestern Energy Services Company, and Southwestern Energy Company respectfully pray that the relief requested in Plaintiff Connie Jean Smith's Complaint be denied in all respects; that Plaintiff take nothing by this action; that no class will be certified; that Defendants be awarded their costs and reasonable attorney fees, to the extent the same are recoverable in this proceeding; and that Defendants be granted all other and further relief to which they may be entitled.

September 8, 2014

Respectfully submitted,

/s/ R. Paul Yetter

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Certificate of Service

On September 8, 2014, I electronically transmitted this document to the Clerk of Court via the ECF System for filing. Based on records currently on file, the Clerk will transmit a Notice of Electronic Filing to the following registrants and by other means to non-registered participants:

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