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The Honorable Mary L. Shapiro, Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Shapiro:

Please consider this letter a formal request for an inquiry into the actions of two publicly-traded companies. It is my belief that these two companies, Southwestern Energy (SWN) and XTO Energy (XON), an ExxonMobil subsidiary, have pursued a course of action that I feel was detrimental to the shareholders of these companies.

It all began innocently enough with my proposal to increase the severance tax on natural gas in the state of Arkansas. As the former head of a Fortune 500 natural gas company in this state, Arkla, Inc., for twelve years, I have pursued this for a number of years. I have attached an editorial and an article that explain my position.

In February, 2012, Randy Zook, president and CEO of the Arkansas State Chamber of Commerce, was selected to lead the effort to defeat our proposed severance tax increase through an organization called Arkansans for Jobs and Affordable Energy. They also created another group they call Stop the Gas Tax AR, to fight our efforts to get the issue on the ballot. The Chamber of Commerce was to serve as the conduit through which the natural gas companies, which are too unpopular to handle it themselves, would send tremendous sums of money to fight our proposal. Their entire effort has centered around convincing the public that the jobs in the natural gas industry will leave Arkansas if the severance tax increase is passed. They have pounded that in over and over, with Zook and a number of office-holders maintaining that the industry will leave this state, taking the jobs with them, if this tax passes. I have enclosed a number of articles featuring comments by Zook, two Arkansas Congressmen and business leaders all sounding this alarm, and have more if you would like to see them. Additionally, the State Chamber and the Conway, Arkansas Chamber of Commerce, where Southwestern Energy has an office, spent substantial dollars to get two reports that show the jobs will leave the state, reinforcing the prevailing message. They have been successful in convincing the people of Arkansas that jobs are at risk if they pass our proposed tax. They apparently feel that there is no ethical problem with their sitting silently by while the general public was being bombarded with this misleading information.

It is at this point that we encounter the problem that I spoke of in the first paragraph, and I feel that is one of a legal nature. Of the \$1,577,955 raised by their group, \$1,500,000 of the amount was contributed by XTO Energy, Southwestern Energy and a privately-owned company, Stephens Production Co. Stephens Production Co. is owned by the Stephens family, who also own Stephens, Inc., one of the largest investment bankers in this part of the country. The real problem is that \$950,000 of the total amount of money raised, or over 60% of that money, was provided by the two publicly-traded companies (see attached official report). Those companies, in concert with Stephens, have been actively involved on this issue from the very beginning, and they, in essence, control both the messenger and the message.

It is my belief that this presents a major problem for Southwestern Energy and XTO Energy, because they have participated in the delivery of the message, thus participating in this dissemination of misinformation that they will leave Arkansas if the severance tax passes. They have not raised their voices to counteract that information, because they were a major part of it, and they allowed the perception to become reality with the people of this state. Of course, some Arkansans are, and were, shareholders in the two companies. In essence, these multi-billion-dollar companies backed a message that was established to defeat us in the election, but could have influenced – or did influence – shareholders who got the message along with other Arkansans. This was information that was not being disseminated to stockholders who live in other states and other countries. Therefore, those who received the message here were given the equivalent of either inside information, or scare tactics, to base their decision on whether to continue their stock ownership, or not. Whether they acted on either this warning – or this lie – is irrelevant. I believe that this created an untenable situation that continues today.

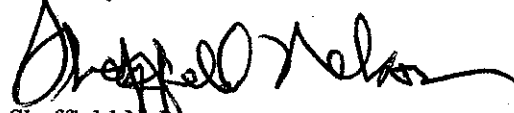
Your commission is tasked with the responsibility of safeguarding the shareholders of publicly-held companies including SWN and XOM. Part of that responsibility is to make sure that all shareholders have the same information available.

Both companies have invested significant amounts of money in Arkansas in obtaining leases, drilling wells and installing infrastructure. Both companies, through their agents, are publicly stating that if the severance tax in Arkansas is increased they will abandon those assets and walk away from those investments. Yet neither company has made any public disclosure or made any public filing to its shareholders in furtherance of same. As a result, only those in Arkansas who have heard or read those statements have knowledge that SWN and XON may intend to abandon billions of dollars in assets.

These two companies should be required to take some sort of remedial action. They should either have to notify all shareholders of their position, if they do plan to leave the state if this proposal passes, or they should have to spend a significant amount of money with the Arkansas news media to correct the misimpression they have intentionally created here. By perpetuating the spreading of the lie, they have placed themselves in a box. If it is a lie, which I truly believe to be the case, they should have to provide sufficient assurances to their shareholders in this state that they will not be leaving the billions of dollars they have invested here, if the severance tax increase is passed by the voters.

In closing, I would reiterate that these two companies have been integrally involved in determining what would be done. They selected the leadership for their campaign and they have furnished over 60% of the money spent to mislead the people of Arkansas, including their shareholders who reside here, on this important matter. In fairness to all shareholders, they should be required to correct the problem they created.

Sincerely,


Sheffield Nelson

SN/ebd
Attachments

cc: To All Concerned