

SOUTHWESTERN ENERGY CO
 Form 4
 December 28, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KERLEY GREGORY D

2. Issuer Name and Ticker or Trading Symbol
SOUTHWESTERN ENERGY CO [SWN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 2350 N. SAM HOUSTON PKWY
 EAST, SUITE 300

3. Date of Earliest Transaction (Month/Day/Year)
 12/27/2006

____ Director
 Officer (give title below) Executive Vice President & CFO
 ____ 10% Owner
 ____ Other (specify below)

(Street)
 HOUSTON, TX 77032

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

| Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned | | | | | | | | | | |
|--|--------------------------------------|--|--------------------------------|---|---|--|---|-------------|---|---------------------------------|
| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | | |
| | | | | (A) or (D) | Price | | | | | |
| Common Stock | 12/27/2006 | | M | V | 18,921 | A | \$ 5.285 | 1,093,309 | D | |
| Common Stock | | | | | | | | 12,101.5888 | I | By 401(k) plan |
| Common Stock | | | | | | | | 25,794.8632 | I | By Nonqualified Retirement Plan |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Stock Options (Right to buy) | \$ 5.285 | 12/27/2006 | | M | 18,921 | 12/10/2004 12/10/2013 | Common Stock | 18,921 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KERLEY GREGORY D 2350 N. SAM HOUSTON PKWY EAST SUITE 300 HOUSTON, TX 77032 | | | Executive Vice President & CFO | |

Signatures

Melissa D. McCarty,
Attorney-in-Fact
Date: 12/28/2006

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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