

Our ability to bring our Southwest Appalachia production to market will depend on a number of factors including the construction of and/or the availability of capacity on gathering systems and pipelines that we do not own. We refer you to “Marketing” within [Item 1](#) of Part I of this Annual Report for a discussion of our gathering and transportation arrangements for Southwest Appalachia production.

Other

Excluding 2,518,519 acres in New Brunswick, Canada, which have been subject to a government-imposed drilling moratorium since 2015, we held 9,764 net undeveloped acres for the potential development of new resources as of December 31, 2020 in areas outside of Appalachia. This compares to 27,334 net undeveloped acres held at year-end 2019, excluding the New Brunswick acreage.

We limited our activities in areas beyond our assets in Appalachia during 2020 and 2019 as a result of the commodity price environment as we focused our capital allocation on these more economically competitive plays. There can be no assurance that any prospects outside of our development plays will result in viable projects or that we will not abandon our initial investments.

New Brunswick, Canada. We currently hold exclusive licenses to search and conduct an exploration program covering 2,518,519 net acres in New Brunswick. In 2015, the provincial government in New Brunswick imposed a moratorium on hydraulic fracturing until it is satisfied with a list of conditions. In response to this moratorium, we requested and were granted an extension of its licenses to March 2021. In May 2016, the provincial government announced that the moratorium would continue indefinitely. Given this development, we fully impaired our investment in New Brunswick in 2016. We are currently working with Canadian officials to extend our licenses, although we cannot assure that the licenses will be extended past March 2021. Unless and until the moratorium is lifted, we will not be able to develop these assets.

Acquisitions and Divestitures

In November 2020, we completed a merger with Montage Resources Corporation (the “Merger”) pursuant to which Montage merged with and into Southwestern, with Southwestern continuing as the surviving company. At the effective time of the Merger we acquired all of the outstanding shares of common stock in Montage in exchange for 1.8656 shares of our common stock per share of Montage common stock. The Merger expanded our footprint in Appalachia by supplementing our Northeast Appalachia and Southwest Appalachia operations and by expanding our operations into Ohio. See [Note 3](#) to the consolidated financial statements of this Annual Report for more information on the Merger.

During 2019, we sold non-core acreage for \$38 million. There was no production or proved reserves associated with this acreage.

Capital Investments

(in millions)	For the years ended December 31,	
	2020	2019
E&P Capital Investments by Type		
Exploratory and development drilling, including workovers	\$ 692	\$ 838
Acquisition of properties	37	55
Seismic expenditures	—	3
Water infrastructure project	9	35
Other	17	21
Capitalized interest and expenses	144	186
Total E&P capital investments	<u>\$ 899</u>	<u>\$ 1,138</u>
E&P Capital Investments by Area		
Northeast Appalachia	\$ 362	\$ 365
Southwest Appalachia	510	710
Other ⁽¹⁾	27	63
Total E&P capital investments	<u>\$ 899</u>	<u>\$ 1,138</u>

(1) Includes \$9 million and \$35 million for the years ended December 31, 2020 and 2019 related to our water infrastructure project.

- The decrease in 2020 E&P capital investing, as compared to the prior year, resulted from reduced average well costs as well as our commitment to invest within our cash flows from operations, which are heavily dependent on commodity prices, supplemented by the remaining proceeds from the Fayetteville Shale sale.