

SOUTHWESTERN ENERGY CO
Form U-3A-2
February 26, 2004

FORM U-3A-2

File No. 69-248

SECURITIES & EXCHANGE COMMISSION
Washington, D.C.

Statement by Holding Company Claiming Exemption
Under Rule U-3A-2 from the Provisions of the
Public Utility Holding Company Act of 1935

SOUTHWESTERN ENERGY COMPANY hereby files with the Securities & Exchange Commission, pursuant to Rule U-3A-2, its statement claiming exemption as a holding company from the provisions of the Public Utility Holding Company Act of 1935. In support of such claim for exemption, the following information is submitted:

1. Southwestern Energy Company, an Arkansas corporation, is located at 2350 North Sam Houston Parkway East, Suite 300, Houston, Texas 77032. Southwestern Energy Company is a holding company with seven wholly owned subsidiaries. The wholly owned subsidiaries of the holding company are Arkansas Western Gas Company, an Arkansas utility; SEECO, Inc., an Arkansas based gas exploration and production company; Southwestern Energy Production Company (formerly Arkansas Western Production Company), an oil and gas exploration and production company with offices in Texas and Arkansas; Diamond "M" Production Company, a Texas based oil and gas exploration and production company; Southwestern Energy Services Company, an Oklahoma based gas marketing company; Southwestern Energy Pipeline Company, a corporation that owns a minority interest in the NOARK Pipeline System Limited Partnership (NOARK), (NOARK owns an interstate natural gas pipeline in Arkansas and Oklahoma); and A. W. Realty Company, an Arkansas real estate company which holds real estate interests. Overton Partners, L.L.C., is an Arkansas limited liability company owned by Southwestern Energy Production Company. Overton Partners, L.L.C., owns a majority interest in Overton Partners, L.P., a Texas limited partnership. The financial results of Overton Partners, L.P., are consolidated with the financial results for Southwestern Energy Company and its other subsidiaries. PV Exploration Company, an Arkansas corporation, is a wholly owned subsidiary of SEECO, Inc. Arkansas Gas Gathering Company is a wholly owned subsidiary of SEECO, Inc., and is currently inactive.

The main location of Arkansas Western Gas Company is 1001 Sain Street, Fayetteville, Arkansas 72703. The main location of SEECO, Inc., Arkansas Gas Gathering Company, A. W. Realty Company, Overton Partners, L.L.C., and Overton Partners, L.P. is 1083 Sain Street, Fayetteville, Arkansas 72703. The main location of Southwestern Energy Production Company and Diamond "M" Production Company is 2350 North Sam Houston Parkway East, Suite 300, Houston, Texas 77032. The main location of Southwestern Energy Services Company and Southwestern Energy Pipeline Company is 5314 South Yale, Suite 710, Tulsa, Oklahoma 74135.

All of the Claimant's subsidiaries, with the exception of Diamond "M" Production Company, Overton Partners, L.P., and Overton Partners, L.L.C., are Arkansas corporations with Southwestern Energy Production Company being authorized to do business in Oklahoma, Texas, Colorado, Wyoming, Louisiana, North Dakota, South Dakota, Kansas, New Mexico, Mississippi and Nebraska. SEECO, Inc., has authority to operate only in Arkansas. Arkansas Western Gas Company is also authorized to do business in Missouri, although it has sold all of its Missouri operations effective May 31, 2000.

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Southwestern Energy Pipeline Company is also authorized to do business in Oklahoma. Southwestern Energy Services Company is also authorized to do business in Oklahoma, Louisiana and Texas. Diamond "M" Production Company is a Delaware corporation authorized to do business in Texas. Overton Partners, L.L.C., is an Arkansas limited liability company authorized to do business in Arkansas and Texas. Overton Partners, L.P., is a Texas limited partnership authorized to do business in Texas.

2. Claimant, Southwestern Energy Company, is the parent company and owns beneficially and of record 100% of the issued and outstanding shares of stock of its seven corporate subsidiaries.

Arkansas Western Gas Company (AWG), Claimant's only public utility subsidiary, operates 5,283 miles of pipeline. This system is located entirely within the state of Arkansas and includes a gathering and storage system with 390 miles of pipeline, 993 miles of transmission pipeline and 3,900 miles of distribution pipeline.

AWG's northwest Arkansas gas utility system gathers its primary gas supply in Arkansas from the Arkoma Basin where it also provides distribution service to communities in that area, including the towns of Ozark and Clarksville. AWG's transmission and distribution lines extend north and supply communities in the northwest part of the state, including the towns of Fayetteville, Springdale and Rogers. AWG's service area also extends to the Harrison and Mountain Home areas. The section of the AWG system serving Harrison and Mountain Home receives a portion of its gas supply from a lateral line off of the Ozark Pipeline System.

AWG's northeast Arkansas gas utility system obtains its primary gas supply from interstate pipelines. Through its northeast Arkansas gas utility system, AWG provides distribution of natural gas to the major communities of Blytheville, Piggott and Osceola.

3. Arkansas Western Gas Company made gas sales for the 12 months ended December 31, 2003, as follows:

- a. Natural gas distributed at retail:

| Utility Sales | Average Consumers | Mcf | Sales |
|---------------|-------------------|------------|---------------|
| Residential | 122,430 | 8,962,931 | \$ 75,624,180 |
| Commercial | 16,332 | 6,084,094 | 44,502,273 |
| Industrial | 178 | 1,254,371 | 9,091,723 |
| Total | 138,940 | 16,301,396 | \$129,218,176 |

- b. None.

c. None.

d. The public utility subsidiary purchased outside the state of Arkansas 3,494,064 Mcf of natural gas costing \$19,091,148 and utilized the services of interstate pipelines to deliver the gas to its service territory or to storage facilities pending later delivery.

4. The Claimant holds no direct or indirect interest in an EWG or a foreign utility company.

EXHIBIT A

Consolidating Statements of Income and Surplus along with Consolidating Balance Sheets for the year ended December 31, 2003.

EXHIBIT B

Financial Data Schedule for the year ended December 31, 2003.

EXHIBIT C

The Claimant holds no direct or indirect interest in an EWG or a foreign utility company.

The above named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 27th day of February, 2004.

SOUTHWESTERN ENERGY COMPANY

By: /s/ GREG D. KERLEY

Greg D. Kerley
Executive Vice President
and Chief Financial Officer

ATTEST:

By: /s/ MARK K. BOLING

Mark K. Boling
Secretary

Notices and correspondence concerning this statement should be addressed to:

Greg D. Kerley, Executive Vice President and Chief Financial Officer
Southwestern Energy Company

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2350 North Sam Houston Parkway East, Suite 300

Houston, Texas 77032

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003

(in thousands)

| | Southwestern Energy Company | Arkansas Western Gas Company | Southwestern Energy Production Company SEECO, Inc. | Diamond "M" Production Company | Overton Partners L.P. | Overton Partners L.L.C. | Exploration Company | Southwestern Energy Realty Company | Southwestern Energy Pipeline Company | Southwestern Energy Services Company | Elimination |
|--|-----------------------------------|---------------------------------------|---|---|-----------------------------|-------------------------------|------------------------|---|---|---|-------------|
| Operating Revenues: | | | | | | | | | | | |
| Gas sales | \$ - | \$ 129,218 | \$ 60,245 | \$ 91,405 | \$ 222 | \$ 7,758 | \$ - | \$ - | \$ - | \$ - | \$ (32,38) |
| Gas marketing | - | - | - | - | - | - | - | - | - | 201,977 | (158,66) |
| Oil sales | - | - | - | 10,461 | 3,436 | 283 | - | - | - | - | - |
| Gas transportation | - | 4,928 | - | - | - | - | - | - | - | - | - |
| Other | 1,252 | 3,210 | 2,433 | - | 2 | - | - | 2,220 | - | - | (60) |
| | 1,252 | 137,356 | 62,678 | 101,866 | 3,660 | 8,041 | - | 2,220 | - | 201,977 | (191,64) |
| Operating Costs and Expenses: | | | | | | | | | | | |
| Gas purchases - utility | - | 84,926 | - | - | - | - | - | - | - | - | (32,34) |
| Gas purchases - marketing | - | - | - | - | - | - | - | - | - | 198,092 | (158,66) |
| Operating and general | - | 36,977 | 10,303 | 20,038 | 1,932 | 598 | - | - | 55 | 145 | 1,139 |
| Depreciation, depletion and amortization | - | 6,252 | 19,603 | 27,827 | 828 | 1,295 | - | - | 90 | 3 | 50 |
| Taxes, other than income | - | 2,435 | 1,714 | 7,322 | 129 | (81) | - | - | 11 | 5 | 84 |
| | - | 130,590 | 31,620 | 55,187 | 2,889 | 1,812 | - | - | 156 | 153 | 199,365 |
| Operating Income (Loss) | 1,252 | 6,766 | 31,058 | 46,679 | 771 | 6,229 | - | - | 2,064 | (153) | 2,612 |

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| | | | | | | | | | | | | |
|--|------------|----------|-----------|-----------|--------|----------|----------|------|----------|-------|----------|-----|
| Interest Expense: | | | | | | | | | | | | |
| Interest on long-term debt | 17,722 | - | - | - | - | - | - | - | - | - | - | - |
| Intercompany interest | (4,398) | 4,048 | (1,570) | 969 | (218) | - | 449 | - | (74) | 821 | (27) | |
| Other interest charges | 910 | 351 | 107 | 11 | - | - | - | - | - | - | 2 | |
| Interest capitalized | - | (4) | (464) | (1,324) | - | - | - | - | - | - | - | |
| | 14,234 | 4,395 | (1,927) | (344) | (218) | - | 449 | - | (74) | 821 | (25) | |
| Other Income (Expense) | | | | | | | | | | | | |
| | 54 | (181) | (30) | (36) | (1) | - | - | - | 2 | 1,053 | - | (6) |
| Minority Interest - Partnership | | | | | | | | | | | | |
| | - | - | - | (2,180) | - | - | - | - | - | - | - | |
| Income (Loss) before Provision (Benefit) | | | | | | | | | | | | |
| for Income Taxes | (12,928) | 2,190 | 32,955 | 44,807 | 988 | 6,229 | (449) | - | 2,140 | 79 | 2,637 | |
| Provision (Benefit) for Income Taxes | | | | | | | | | | | | |
| | (4,854) | 767 | 12,926 | 17,879 | 346 | - | - | - | 839 | 30 | 963 | |
| Cumulative Effect of SFAS 143 Adoption | | | | | | | | | | | | |
| | - | - | - | (855) | - | - | - | - | - | - | - | |
| Net Income (Loss) | \$ (8,074) | \$ 1,423 | \$ 20,029 | \$ 26,073 | \$ 642 | \$ 6,229 | \$ (449) | \$ - | \$ 1,301 | \$ 49 | \$ 1,674 | \$ |

- (a) To eliminate intercompany sales and purchases.
(b) To eliminate intercompany income and expense items.
(c) To eliminate intercompany dividends.

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2003

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(in thousands)

| | Southwestern Energy Company | Arkansas Western Gas Company | SEECO, Inc. | Southwestern Energy Production Company | Diamond "M" Production Company | Overton Partners L.P. | Overton Partners L.L.C. | PV Exploration Company | A.W. Realty Company | Southwestern Energy Pipeline Company | Southwestern Energy Services Company | Elgin |
|--|-----------------------------|------------------------------|-----------------|--|--------------------------------|-----------------------|-------------------------|------------------------|---------------------|--------------------------------------|--------------------------------------|---------------|
| Assets | | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | | |
| Cash | \$ 1,741 | \$ 561 | \$ (648) | \$ (1,381) | \$ - | \$ 908 | \$ - | \$ 95 | \$ - | \$ - | \$ 1 | \$ - |
| Accounts receivable | 1,448 | 24,219 | 3,324 | 11,073 | 611 | 830 | 878 | - | - | - | - | 16,160 |
| Intercompany accounts receivable | 100,614 | - | (35,906) | (51,574) | 2,697 | - | (4,100) | - | 1,410 | (11,244) | (1,897) | - |
| Income taxes receivable | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred gas purchases | - | 1,107 | - | - | - | - | - | - | - | - | - | - |
| Inventories, at average cost | - | 12,943 | 18,475 | - | - | - | - | - | - | - | - | - |
| Hedging asset | - | 2,137 | 1,556 | - | - | - | - | - | - | - | - | - |
| Other | 3,156 | 796 | (3) | 324 | (1) | - | - | - | - | - | - | - |
| Total Current Assets | 106,959 | 41,763 | (13,202) | (41,558) | 3,307 | 1,738 | (3,222) | 95 | 1,410 | (11,244) | (1,897) | 14,264 |
| Investments: | | | | | | | | | | | | |
| Investment in subsidiaries, at cost | 422,097 | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | (1,907) | - | - | 1,908 | - | 49 | 13,791 | - | - |
| Total Investments | 422,097 | - | - | (1,907) | - | - | 1,908 | - | 49 | 13,791 | - | - |
| Property, Plant and Equipment: | | | | | | | | | | | | |
| Oil and gas properties, using the full cost method | - | - | 348,755 | 817,500 | 7,434 | 28,228 | - | - | - | - | - | - |
| Gas utility system | - | 203,793 | - | - | - | - | - | - | - | - | - | - |
| Gas in underground storage | - | 17,207 | 16,049 | - | - | - | - | - | - | - | - | - |
| Other | 15,933 | 1,564 | 680 | 5,704 | 63 | - | - | - | 5,695 | - | - | 399 |
| Total Property, Plant and Equipment | 15,933 | 222,564 | 365,484 | 823,204 | 7,497 | 28,228 | - | - | 5,695 | - | - | 399 |
| Less - Accumulated depreciation, depletion and amortization | 11,630 | 95,338 | 205,688 | 373,395 | 7,130 | 6,042 | - | - | 1,160 | - | - | 337 |

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|--------------|------------|------------|------------|------------|----------|-----------|------------|-------|----------|----------|-----------|
| | 4,303 | 127,226 | 159,796 | 443,809 | 367 | 22,186 | - | - | 4,535 | - | 62 |
| Other Assets | 7,623 | 2,037 | 4,003 | 613 | - | - | - | - | - | - | - |
| | \$ 540,982 | \$ 171,026 | \$ 150,597 | \$ 400,957 | \$ 3,674 | \$ 23,924 | \$ (1,314) | \$ 95 | \$ 5,994 | \$ 2,547 | \$ 14,326 |

(d) To eliminate intercompany amounts related to Overton Partners, L.P. activity.

(e) To eliminate investments in subsidiaries.

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2003

(in thousands)

| | Southwestern Energy Company | Arkansas Western Gas Company | SEECO, Inc. | Southwestern Energy Production Company | Diamond "M" Production Company | Overton Partners L.P. | Overton Partners L.L.C. | PV Exploration Company | A.W. Realty Company | Southwestern Energy Pipeline Company | Southwestern Energy Services Company |
|---|-----------------------------------|---------------------------------------|----------------|---|---|-----------------------------|-------------------------------|------------------------------|---------------------------|---|---|
| <u>Liabilities & Shareholders' Equity</u> | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 17,794 | \$ 4,040 | \$ 7,925 | \$ 18,971 | \$ 105 | \$ 1,372 | \$ - | \$ - | \$ - | \$ - | \$ 3,979 |
| Taxes payable | 836 | 2,662 | 881 | 288 | - | - | - | - | 60 | - | 965 |
| Interest payable | 2,264 | 74 | - | - | - | - | - | - | - | - | - |
| Hedging liability | - | - | 20,997 | - | - | - | - | - | - | - | - |
| Regulatory liability - hedging | - | 2,137 | - | - | - | - | - | - | - | - | - |
| Deferred gas purchases | - | - | - | - | - | - | - | - | - | - | - |
| Customer deposits | - | 5,277 | - | - | - | - | - | - | - | - | - |
| Other | 358 | 1,064 | 631 | 2,258 | - | - | - | - | - | - | 130 |
| Total | 21,252 | 15,254 | 30,434 | 21,517 | 105 | 1,372 | - | - | 60 | - | 5,074 |
| Current Liabilities | | | | | | | | | | | |
| Long-Term Debt, less current portion | 278,800 | 68,788 | - | - | - | - | - | - | - | - | - |

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|---|------------|------------|------------|------------|----------|-----------|------------|-------|----------|----------|-----------|----|
| Other Liabilities: | | | | | | | | | | | | |
| Deferred income taxes | (9,938) | 21,499 | 20,585 | 103,555 | (1,116) | - | - | - | 473 | 11,259 | 20 | |
| Deferred investment tax credits | - | 958 | - | - | - | - | - | - | - | - | - | |
| Long-term hedging liability | - | - | 532 | - | - | - | - | - | - | - | - | |
| Other | 3,710 | 773 | 3,251 | 7,593 | - | - | - | - | - | - | - | |
| | (6,228) | 23,230 | 24,368 | 111,148 | (1,116) | - | - | - | 473 | 11,259 | 20 | |
| Minority Interest - Partnership | - | - | - | 12,127 | - | - | - | - | - | - | - | |
| Shareholders' Equity | | | | | | | | | | | | |
| Common stock | 3,723 | 24,214 | 8,244 | 1 | - | - | 1 | - | 1 | 2 | 2 | |
| Additional paid-in-capital | 123,508 | 29,000 | 21,905 | 253,555 | 7,000 | - | - | 95 | 1,728 | 7,573 | - | |
| Retained earnings | 140,520 | 10,540 | 77,685 | 12,054 | (2,315) | 13,041 | (1,315) | - | 3,732 | (16,287) | 9,230 | |
| Partnership capital | - | - | - | (9,511) | - | 9,511 | - | - | - | - | - | |
| Other comprehensive income | (547) | - | (12,039) | 66 | - | - | - | - | - | - | - | |
| Common stock in treasury, at cost | (14,571) | - | - | - | - | - | - | - | - | - | - | |
| Unamortized cost of restricted shares issued under stock incentive plan | (5,475) | - | - | - | - | - | - | - | - | - | - | |
| | 247,158 | 63,754 | 95,795 | 256,165 | 4,685 | 22,552 | (1,314) | 95 | 5,461 | (8,712) | 9,232 | |
| | \$ 540,982 | \$ 171,026 | \$ 150,597 | \$ 400,957 | \$ 3,674 | \$ 23,924 | \$ (1,314) | \$ 95 | \$ 5,994 | \$ 2,547 | \$ 14,326 | \$ |

(d) To eliminate intercompany amounts related to Overton Partners, L.P. activity.

(e) To eliminate investments in subsidiaries.

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2003

(in thousands)

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| | Southwestern Energy Company | Arkansas Western Gas Company | SEECO, Inc. | Southwestern Energy Production Company | Diamond "M" Production Company | Overton Partners L.P. | Overton Partners L.L.C | PV Exploration Company | A.W. Realty Company | Southwest Energy Pipeline Company | Southwestern Energy Services Company | Elimination | Consolidation |
|--|-----------------------------------|---------------------------------------|----------------|---|---|-----------------------------|------------------------------|------------------------------|---------------------------|--|---|-------------|---------------|
| Retained Earnings, beginning of year | \$ 148,594 | \$ 9,117 | \$ 57,656 | \$ (14,019) | \$ (2,957) | \$ 6,812 | \$ (866) | \$ - | \$ 2,431 | \$ (16,336) | \$ 7,556 | \$ - | \$ 19,000 |
| Net income (loss) | (8,074) | 1,423 | 20,029 | 26,073 | 642 | 6,229 | (449) | - | 1,301 | 49 | 1,674 | - | 4,000 |
| Cash dividends | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Retained Earnings, end of year | \$ 140,520 | \$ 10,540 | \$ 77,685 | \$ 12,054 | \$ (2,315) | \$ 13,041 | \$ (1,315) | \$ - | \$ 3,732 | \$ (16,287) | \$ 9,230 | \$ - | \$ 24,000 |

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES

CONSOLIDATING FINANCIAL DATA SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2003

(in thousands)

| | | |
|--------------------------|----|---------|
| Total Assets | \$ | 890,710 |
| Total Operating Revenues | \$ | 327,401 |
| Net Income | \$ | 48,897 |