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SOUTHWESTERN ENERGY CO

Form U-3A-2

February 27, 2001

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 1083 Sain Street, Fayetteville, Arkansas (P.O. Box 1408, Fayetteville, Arkansas 72702-1408). 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, a gas 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), which indirectly 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. 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 72701. SEECO, Inc., Arkansas Gas Gathering Company, and A. W. Realty Company, occupy the same location as that of Claimant. 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 2200 Mid-Continent Tower, 401 South Boston, Tulsa, Oklahoma 74103.

All of the Claimant's subsidiaries, with the exception of Diamond "M" Production Company, 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, and Southwestern Energy Pipeline Company is also authorized to do business in Oklahoma. Southwestern

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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.

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 subsidiaries.

Arkansas Western Gas Company (AWG), Claimant's only public utility subsidiary, operates 5,062 miles of pipeline. This system includes, in Arkansas, a gathering and storage system with 386 miles of pipeline, 984 miles of transmission pipeline and 3,692 miles of distribution pipeline.

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AWG's northwest Arkansas gas utility system gathers its 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 east to the Harrison and Mountain Home areas. This eastern section of the AWG system receives a portion of its gas supply from a lateral line off of the Ozark Pipeline System. Through its division, Associated Natural Gas Company (Associated), AWG provides distribution of natural gas to communities in northeast Arkansas. Major communities served in northeast Arkansas include Blytheville, Piggott and Osceola. The Associated distribution system also served the "bootheel" area in southeast Missouri prior to the sale of its Missouri assets on May 31, 2000, including the communities of Sikeston, New Madrid and Caruthersville, and extended north to the Jackson area. In addition, prior to May 31, 2000, Associated provided service to Butler, Missouri, near the state's western border, and Kirksville, Missouri, near the state's northern border, through connections off of interstate pipelines in those areas. The Company previously served approximately 48,000 customers in Missouri.

3. Arkansas Western Gas Company made gas sales for the 12 months ended December 31, 2000, as follows:

(a) Natural gas distributed at retail:

Utility Sales -----	Average Consumers -----	Mcf ---	Sales -----
Residential	134,099	10,947,779	\$ 79,441,092
Commercial	18,371	7,627,412	47,003,749
Industrial	257	3,488,270	18,149,834
	-----	-----	-----
Total	152,727	22,063,461	\$ 144,594,675
	=====	=====	=====

(b) The public utility subsidiary distributed 2,740,694 Mcf of natural gas for revenues of \$16,302,494 to retail customers in the state of Missouri.

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- (c) The public utility subsidiary distributed 224,483 Mcf of natural gas for revenues of \$1,003,631 to industrial customers in the state of Missouri.
  - (d) The public utility subsidiary purchased outside the state of Arkansas 7,100,274 Mcf of natural gas costing \$26,604,108 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, 2000.

EXHIBIT B

Financial Data Schedule for the year ended December 31, 2000.

EXHIBIT C

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

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The above named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 28th day of February, 2001.

SOUTHWESTERN ENERGY COMPANY

By: /s/ GREG D. KERLEY

-----  
Greg D. Kerley  
Executive Vice President  
and Chief Financial Officer

ATTEST:

/s/ GEORGE A. TAAFFE

-----  
George A. Taaffe  
Secretary

Notices and correspondence concerning this statement should be addressed to:  
Greg D. Kerley, Executive Vice President and Chief Financial Officer  
Southwestern Energy Company  
P.O. Box 1408  
Fayetteville, Arkansas 72702-1408

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Di "M Pr Co
Operating Revenues:					
Gas sales	\$ -	\$ 144,595	\$ 54,560	\$ 36,316	\$ -
Gas marketing	-	-	-	-	-
Oil sales	-	-	-	12,445	-
Gas transportation	-	4,901	-	-	-
Other	-	1,739	4,359	-	-
	-	151,235	58,919	48,761	-
Operating Costs and Expenses:					
Gas purchases - utility	-	93,992	-	-	-
Gas purchases - marketing	-	-	-	-	-
Operating and general	-	33,128	7,891	15,240	-
Unusual items	-	-	111,288	-	-
Depreciation, depletion and amortization	-	6,625	12,947	25,173	-
Taxes, other than income	-	2,834	119	5,307	-
	-	136,579	132,245	45,720	-
Operating Income (Loss)	-	14,656	(73,326)	3,041	-
Interest Expense:					
Interest on long-term debt	24,089	-	-	-	-
Intercompany interest	(7,915)	4,185	2,563	410	-
Other interest charges	1,111	441	4	2	-
Interest capitalized	-	(18)	(337)	(2,092)	-
	17,285	4,608	2,230	(1,680)	-
Other Income (Expense)	14,850	2,599	(342)	32	-
Income (Loss) before Provision (Benefit) for Income Taxes	(2,435)	12,647	(75,898)	4,753	-
Provision (Benefit) for Income Taxes	(6,587)	4,869	(22,420)	(5,242)	-

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Extraordinary Loss due to early Retirement of L-T Debt (Net of Tax)	-	-	-	(862)
Net Income (Loss)	\$ 4,152	\$ 7,778	\$ (53,478)	\$ 9,133

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(in thousands)

	Southwestern Energy Services Company	Eliminations	Consolidated
Operating Revenues:			
Gas sales	\$ -	\$ (35,349) (b)	\$ 200,269
Gas marketing	207,748	(70,514) (b)	137,234
Oil sales	-	-	15,538
Gas transportation	-	-	4,901
Other	-	(604) (c)	5,942
	207,748	(106,467)	363,884
Operating Costs and Expenses:			
Gas purchases - utility	-	(35,323) (b) (c)	58,669
Gas purchases - marketing	203,735	(70,514) (b)	133,221
Operating and general	1,382	(690) (c)	59,790
Unusual items	-	-	111,288
Depreciation, depletion and amortization	109	-	45,869
Taxes, other than income	62	-	8,515
	205,288	(106,527)	417,352
Operating Income (Loss)	2,460	60	(53,468)
Interest Expense:			
Interest on long-term debt	-	-	24,089
Intercompany interest	(14)	-	-
Other interest charges	30	-	1,588
Interest capitalized	-	-	(2,447)
	16	-	23,230
Other Income (Expense)	-	(14,060) (c) (d)	1,997
Income (Loss) Before Provision (Benefit) for Income Taxes	2,444	(14,000)	(74,701)
Provision (Benefit) for Income Taxes	912	-	(28,905)

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Extraordinary Loss due to early Retirement of L-T Debt (Net of Tax)	-	-	(891)
Net Income (Loss)	\$ 1,532	\$ (14,000)	\$ (46,687)
	=====	=====	=====

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2000

(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Di "M Pr Co
	-----	-----	-----	-----	-----
<b>Assets</b>					
<b>Current Assets:</b>					
Cash	\$ 1,489	\$ 846	\$ -	\$ 50	\$
Accounts receivable	288	36,349	3,028	16,468	
Intercompany accounts receivable	64,612	-	(44,475)	(6,826)	
Income taxes receivable	265	-	-	-	
Inventories, at average cost	-	10,339	6,661	-	
Other	1,613	14,275	(3)	280	
	-----	-----	-----	-----	-----
Total Current Assets	68,267	61,809	(34,789)	9,972	
	-----	-----	-----	-----	-----
<b>Investments:</b>					
Investment in subsidiaries, at cost	417,967	-	-	-	
Other	-	-	-	-	
	-----	-----	-----	-----	-----
	417,967	-	-	-	
	-----	-----	-----	-----	-----
<b>Property, Plant and Equipment:</b>					
Oil and gas properties, using the full cost method	-	-	272,711	591,974	
Gas utility system	-	190,893	-	-	
Gas in underground storage	-	11,818	16,049	-	
Other	15,427	878	233	5,076	
	-----	-----	-----	-----	-----
	15,427	203,589	288,993	597,050	
Less - Accumulated depreciation, depletion and amortization	11,987	80,707	150,214	305,947	
	-----	-----	-----	-----	-----
	3,440	122,882	138,779	291,103	
	-----	-----	-----	-----	-----
Other Assets	7,625	4,119	168	903	
	-----	-----	-----	-----	-----
	\$ 497,299	\$ 188,810	\$ 104,158	\$ 301,978	\$
	=====	=====	=====	=====	=====

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2000  
(in thousands)

	Southwestern Energy Services Company	Eliminations	Consolidated
	-----	-----	-----
<b>Assets</b>			
<b>Current Assets:</b>			
Cash	\$ 1	\$ -	\$ 2,386
Accounts receivable	20,747	-	77,041
Intercompany accounts receivable	(2,961)	-	-
Income taxes receivable	-	-	265
Inventories, at average cost	-	-	17,000
Other	-	-	16,163
	-----	-----	-----
Total Current Assets	17,787	-	112,855
	-----	-----	-----
<b>Investments:</b>			
Investment in subsidiaries, at cost	-	(417,967) (a)	-
Other	-	-	15,574
	-----	-----	-----
	-	(417,967)	15,574
	-----	-----	-----
<b>Property, Plant and Equipment:</b>			
Oil and gas properties, using the full cost method	-	-	872,023
Gas utility system	-	-	190,893
Gas in underground storage	-	-	27,867
Other	387	-	27,940
	-----	-----	-----
	387	-	1,118,723
Less - Accumulated depreciation, depletion and amortization	206	-	554,616
	-----	-----	-----
	181	-	564,107
	-----	-----	-----
Other Assets	-	-	12,842
	-----	-----	-----
	\$ 17,968	\$ (417,967)	\$ 705,378
	=====	=====	=====

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING BALANCE SHEET (continued)  
DECEMBER 31, 2000  
(in thousands)

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	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Di "M Pr Co
Liabilities and Shareholders' Equity					
Current Liabilities:					
Short-term debt	\$ 171,000	\$ -	\$ -	\$ -	\$ -
Accounts payable	12,422	12,743	8,929	7,319	
Taxes payable	558	2,918	386	108	
Interest payable	2,657	150	-	-	
Customer deposits	-	4,799	-	-	
Other	(10,557)	11,946	144	626	
<b>Total Current Liabilities</b>	<b>176,080</b>	<b>32,556</b>	<b>9,459</b>	<b>8,053</b>	
Long-Term Debt, less current portion					
	225,000	64,658	-	-	
Other Liabilities:					
Deferred income taxes	(54,507)	19,966	44,127	74,842	
Deferred investment tax credits	-	1,314	-	-	
Other	450	527	-	795	
	(54,057)	21,807	44,127	75,637	
Shareholders' Equity:					
Common stock	2,774	24,214	8,244	1	
Additional paid-in capital	20,220	29,000	22,000	253,545	
Retained earnings	157,338	16,575	20,328	(35,258)	
Common stock in treasury, at cost	(28,485)	-	-	-	
Unamortized cost of restricted shares issued under stock incentive plan	(1,571)	-	-	-	
	150,276	69,789	50,572	218,288	
	\$ 497,299	\$ 188,810	\$ 104,158	\$ 301,978	\$

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING BALANCE SHEET (continued)  
DECEMBER 31, 2000  
(in thousands)

	Southwestern Energy Services Company	Eliminations	Consolidated
Liabilities and Shareholders' Equity			
Current Liabilities:			
Short-term debt	\$ -	\$ -	\$ 171,000
Accounts payable	12,781	-	54,304
Taxes payable	310	-	4,346



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Interest payable	-	-	2,807
Customer deposits	-	-	4,799
Other	470	-	2,629
	-----	-----	-----
Total Current Liabilities	13,561	-	239,885
	-----	-----	-----
Long-Term Debt, less current portion	-	(64,658) (a)	225,000
	-----	-----	-----
Other Liabilities:			
Deferred income taxes	48	-	96,117
Deferred investment tax credits	-	-	1,314
Other	-	-	1,772
	-----	-----	-----
	48	-	99,203
	-----	-----	-----
Shareholders' Equity:			
Common stock	2	(32,464) (a)	2,774
Additional paid-in capital	-	(320,845) (a)	20,220
Retained earnings	4,357	-	148,352
Common stock in treasury, at cost	-	-	(28,485)
Unamortized cost of restricted shares issued under stock incentive plan	-	-	(1,571)
	-----	-----	-----
	4,359	(353,309)	141,290
	-----	-----	-----
	\$ 17,968	\$ (417,967)	\$ 705,378
	=====	=====	=====

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES  
CONSOLIDATING STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Di "M Pr Co
	-----	-----	-----	-----	-----
RETAINED EARNINGS, beginning of year	\$ 156,190	\$ 22,797	\$ 73,806	\$ (44,391)	\$
Net income (loss)	4,152	7,778	(53,478)	9,133	
Cash dividends	(3,004)	(14,000)	-	-	
	-----	-----	-----	-----	-----
RETAINED EARNINGS, end of year	\$ 157,338	\$ 16,575	\$ 20,328	\$ (35,258)	\$
	=====	=====	=====	=====	=====

SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES

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CONSOLIDATING STATEMENT OF RETAINED EARNINGS  
 FOR THE YEAR ENDED DECEMBER 31, 2000  
 (in thousands)

	Southwestern Energy Services Company -----	Eliminations -----	Consolidated -----
RETAINED EARNINGS, beginning of year	\$ 2,825	\$ -	\$ 198,043
Net income (loss)	1,532	(14,000) (d)	(46,687)
Cash dividends	-	14,000 (d)	(3,004)
	-----	-----	-----
RETAINED EARNINGS, end of year	\$ 4,357 =====	\$ - =====	\$ 148,352 =====