

SOUTHWESTERN ENERGY CO
Form U-3A-2
February 28, 2005

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 2, its statement claiming exemption as a holding company from the provisions of the Public Utility Holding Company Act of 1935, and submits the following information:

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 eight direct, wholly-owned subsidiaries. (1) Arkansas Western Gas Company, an Arkansas utility; (2) SEECO, Inc., a natural gas exploration and production company with offices in Arkansas; (3) Southwestern Energy Production Company, an oil and gas exploration and production company with offices in Texas and Arkansas; (4) Diamond

"M" Production Company, an oil and natural gas exploration and production company with offices in Texas; (5) Southwestern Energy Services Company, a gas marketing company with offices in Oklahoma; (6) Southwestern Energy Pipeline Company, which holds a minority interest in the NOARK Pipeline System Limited Partnership (an interstate natural gas pipeline in Arkansas and Oklahoma); (7) A. W. Realty Company, a real estate holding company with offices in Arkansas; and (8) DeSoto Gathering Company, L.L.C., a newly formed entity which has no operations. The Claimant's indirect subsidiaries are: Overton Partners, L.L.C., which owns a majority interest in Overton Partners, L.P., a Texas limited partnership, and has offices in Texas; PV Exploration Company, a wholly owned subsidiary of SEECO, Inc., with offices in Arkansas that explores for natural gas; Certified Title Company, a wholly owned subsidiary of SEECO, Inc., with offices in Arkansas that performs title services; Arkansas Gas Gathering Company, a wholly owned subsidiary of SEECO, Inc., 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. The main location of PV Exploration Company is 1083 Sain Street, Fayetteville, Arkansas 72703. The main location of Certified Title Company is 1083 Sain Street, Fayetteville, Arkansas 72703.

All of the Claimant

's subsidiaries, with the exception of Diamond "M" Production Company, Overton Partners, L.P., Overton Partners, L.L.C., and DeSoto Gathering Company, 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 sold all of its Missouri operations effective May 31, 2000. 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. DeSoto Gathering Company, L.L.C., is an Arkansas limited liability company authorized to do business in Arkansas.

- Arkansas Western Gas Company (AWG), Claimant

's only public utility subsidiary, operates 5,416 miles of pipeline. This system is located entirely within the state of Arkansas and includes a gathering and storage system with 392 miles of pipeline, 1,032 miles of transmission pipeline and 3,992 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.

- (a) Arkansas Western Gas Company made retail natural gas sales of 15,490,389 Mcf for the 12 months ended December 31, 2004.
 - (b) None.
 - (c) None.
 - (d) Arkansas Western Gas Company purchased 4,129,110 Mcf of natural gas outside the state of Arkansas.
- The Claimant does not hold a direct or indirect interest in any EWG or foreign utility company.

EXHIBIT A

Consolidating Statements of Income and Surplus along with Consolidating Balance Sheets for the year ended December 31, 2004.

EXHIBIT B

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

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, 2005.

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
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, 2004
(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	Certified Title Company	A.W. Realty Company	Southwestern Energy Pipeline Company	Southwestern Energy Services Company
Operating Revenues:												
Gas sales	\$	-	\$ 145,521	\$ 81,315	\$ 175,429	\$ 180	\$ 6,019	\$	-	\$	-	\$

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Gas marketing	-	-	-	-	-	-	-	-	-	-	-	314,
Oil sales	-	-	-	15,232	3,994	235	-	-	-	-	-	
Gas transportation	-	4,950	-	-	-	-	-	-	-	-	-	
Other	-	1,978	4,506	-	14	-	-	-	-	6,249	-	
	-	152,449	85,821	190,661	4,188	6,254	-	-	-	6,249	-	314,
Operating Costs and Expenses:												
Gas purchases - utility	-	97,274	-	-	-	-	-	-	-	-	-	
Gas purchases - marketing	-	-	-	-	-	-	-	-	-	-	-	310,
Operating and general	-	37,457	11,301	26,425	2,018	537	-	-	40	77	130	
Depreciation, depletion and amortization	-	6,592	21,292	43,685	792	1,111	-	-	44	90	1	
Taxes, other than income	-	2,610	1,320	13,443	235	93	-	-	3	9	6	
	-	143,933	33,913	83,553	3,045	1,741	-	-	87	176	137	311,
Operating Income (Loss)	-	8,516	51,908	107,108	1,143	4,513	-	-	(87)	6,073	(137)	3,
Interest Expense:												
Interest on long-term debt	18,335	-	-	-	-	-	-	-	-	-	-	
Intercompany interest	(11,936)	4,237	1,639	5,252	(238)	-	152	-	-	(255)	800	
Other interest charges	1,198	231	6	25	-	-	-	-	-	-	-	
Interest capitalized	-	(7)	(1,475)	(1,322)	-	-	-	-	-	-	-	
	7,597	4,461	170	3,955	(238)	-	152	-	-	(255)	800	
Other Income (Expense)	92	33	26	11	-	-	-	(1)	-	9	(433)	
Minority Interest - Partnership	-	-	-	(1,579)	-	-	-	-	-	-	-	
Income (Loss) before Provision (Benefit)	(7,505)	4,088	51,764	101,585	1,381	4,513	(152)	(1)	(87)	6,337	(1,370)	2,

for Income Taxes												
Provision (Benefit) for Income Taxes	(2,610)	1,471	20,304	37,175	484	-	-	-	(34)	2,485	(520)	1,
Net Income (Loss)	\$ (4,895)	\$ 2,617	\$ 31,460	\$ 64,410	\$ 897	\$ 4,513	\$ (152)	\$ (1)	\$ (53)	\$ 3,852	\$ (850)	\$ 1,

- (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, 2004
(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	Certified Title Company	A.W. Realty Company	Southwest Energy Pipeline Company
<u>Assets</u>											
<u>Current Assets:</u>											
Cash	\$ 2,245	\$ 668	\$ (699)	\$ (1,564)	\$ -	\$ 585	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	150	34,918	3,747	16,155	489	974	763	2	-	-	-
Intercompany accounts receivable	148,942	-	(35,222)	(104,048)	4,481	-	(676)	-	(481)	9,144	(14,410)
Inventories, at average cost	-	15,181	16,495	572	-	-	-	-	-	-	-
Hedging asset	-	-	1,205	-	-	-	-	-	-	-	-
Other	3,826	2,207	3,852	14	(1)	-	-	-	-	-	-
Total Current Assets	155,163	52,974	(10,622)	(88,871)	4,969	1,559	87	2	(481)	9,144	(14,410)
<u>Investments:</u>											
Investment in subsidiaries, at	427,311	-	-	-	-	-	-	-	-	-	-

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cost											
Other	-	-	-	1,553	-	-	(1,552)	-	-	49	15,411
	427,311	-	-	1,553	-	-	(1,552)	-	-	49	15,411
Property, Plant and Equipment:											
Oil and gas properties, using the full cost method											
	-	-	423,700	1,023,314	7,610	28,454	-	313	433	-	
Gas utility system	-	207,447	-	-	-	-	-	-	-	-	
Gas in underground storage	-	18,905	13,349	-	-	-	-	-	-	-	
Other	21,619	1,794	3,544	6,051	68	-	-	-	7	4,337	
	21,619	228,146	440,593	1,029,365	7,678	28,454	-	313	440	4,337	
Less - Accumulated depreciation, depletion and amortization											
	12,776	98,899	226,730	422,062	7,917	7,153	-	-	44	1,249	
	8,843	129,247	213,863	607,303	(239)	21,301	-	313	396	3,088	
Other Assets	8,584	1,992	4,357	605	-	-	-	-	-	-	
	\$ 599,901	\$ 184,213	\$ 207,598	\$ 520,590	\$ 4,730	\$ 22,860	\$ (1,465)	\$ 315	\$ (85)	\$ 12,281	\$ 1,000

- (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, 2004

(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. Company	PV Exploration Company	Certified Title Company	A.W. Realty Company	Southwestern Energy Pipeline Company
<u>Liabilities & Shareholders' Equity</u>											
Current Liabilities:											

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Accounts payable	\$ 28,069	\$ 5,209	\$ 10,578	\$ 29,217	\$ -	\$ 1,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes payable	1,480	3,095	1,017	1,736	-	-	-	-	-	-	44	-
Interest payable	2,284	50	-	-	-	-	-	-	-	-	-	-
Hedging liability	-	1,439	28,447	-	-	-	-	-	-	-	-	-
Deferred gas purchases	-	1,412	-	-	-	-	-	-	-	-	-	-
Customer deposits	-	5,903	-	-	-	-	-	-	-	-	-	-
Other	460	1,095	-	1,504	-	-	-	-	-	3	-	-
Total	32,293	18,203	40,042	32,457	-	1,172	-	-	-	3	44	-
Current Liabilities												
Long-Term Debt, less current portion	325,000	74,002	-	-	-	-	-	-	-	-	-	-
Other Liabilities:												
Deferred income taxes	(14,507)	23,975	38,214	141,846	(853)	-	-	-	-	(34)	2,925	10,563
Deferred investment tax credits	-	843	-	-	-	-	-	-	-	-	-	-
Long-term hedging liability	-	-	5,798	-	-	-	-	-	-	-	-	-
Other	5,513	819	3,396	8,386	-	-	-	-	-	-	-	-
	(8,994)	25,637	47,408	150,232	(853)	-	-	-	-	(34)	2,925	10,563
Minority Interest - Partnership	-	-	-	11,859	-	-	-	-	-	-	-	-
Shareholders' Equity												
Common stock	3,724	24,214	8,244	1	-	-	2	-	(1)	1	1	2
Additional paid-in-capital	128,743	29,000	21,684	253,556	7,001	-	-	316	-	1,727	7,572	-
Retained earnings	135,625	13,157	109,145	76,464	(1,418)	17,554	(1,467)	(1)	(53)	7,584	(17,137)	-
Partnership capital	-	-	-	(4,134)	-	4,134	-	-	-	-	-	-
Other comprehensive income	(1,046)	-	(18,925)	155	-	-	-	-	-	-	-	-
Common stock in treasury, at cost	(9,156)	-	-	-	-	-	-	-	-	-	-	-
Unamortized cost of restricted shares issued under stock incentive plan	(6,288)	-	-	-	-	-	-	-	-	-	-	-

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251,602 66,371 120,148 326,042 5,583 21,688 (1,465) 315 (54) 9,312 (9,563)

\$ 599,901 \$ 184,213 \$ 207,598 \$ 520,590 \$ 4,730 \$ 22,860 \$ (1,465) \$ 315 \$ (85) \$ 12,281 \$ 1,000

(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, 2004

(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	Certified Title Company	A.W. Realty Company	Southwestern Energy Pipeline Company	Southwestern Energy Services Company
Retained Earnings, beginning of year	\$ 140,520	\$ 10,540	\$ 77,685	\$ 12,054	\$ (2,315)	\$ 13,041	\$ (1,315)	\$ -	\$ -	\$ 3,732	\$ (16,287)	\$ 9,230
Net income (loss)	(4,895)	2,617	31,460	64,410	897	4,513	(152)	(1)	(53)	3,852	(850)	1,778
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings, end of year	\$ 135,625	\$ 13,157	\$ 109,145	\$ 76,464	\$ (1,418)	\$ 17,554	\$ (1,467)	\$ (1)	\$ (53)	\$ 7,584	\$ (17,137)	\$ 11,008