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 eight 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. Arkansas Western Pipeline is a subsidiary that ceased to exist due to a merger in 1998.

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 and 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.

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 eight subsidiaries.

Arkansas Western Gas Company (AWG), Claimant's only public utility subsidiary, operates 6,566 miles of pipeline. This system includes, in Arkansas, a gathering and storage system with 390 miles of pipeline, 978 miles of transmission pipeline and 3,602 miles of distribution pipeline. Additionally the system includes, in Missouri, 436 miles of transmission pipeline and 1,160 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 and parts of Missouri. Major communities served in northeast Arkansas include Blytheville, Piggott and Osceola. The Associated distribution system also serves the "bootheel" area in southeast Missouri, including the communities of Sikeston, New Madrid and Caruthersville, and extends north to the Jackson area. In addition, Associated provides 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.

3. Arkansas Western Gas Company made gas sales for the 12 months ended December 31, 1998, as follows:

(a) Natural gas distributed at retail:

Utility Sales	Average Consumers	Mcf	Sales
Residential	153,120	11,059,013	$ 71,480,399
Commercial	21,218	7,583,205	39,648,594
Industrial	304	4,203,619	16,129,523
Total	174,642	22,845,837	$127,258,516

(b) The public utility subsidiary distributed 5,573,078 Mcf of natural gas for revenues of $32,376,000 to retail customers in the state of Missouri.

(c) The public utility subsidiary distributed 1,000,401 Mcf of natural gas for revenues of $3,877,000 to industrial customers in the state of Missouri.

(d) The public utility subsidiary purchased outside the state 4,377,220 Mcf of natural gas costing $9,967,000 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, 1998.

EXHIBIT B

Financial Data Schedule for the year ended December 31, 1998.

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 26th day of February, 1999.

SOUTHWESTERN ENERGY COMPANY

By: /s/ GREGORY D. KERLEY

Gregory D. Kerley
Senior Vice President
and Chief Financial
Officer

ATTEST:

/s/ JEFFREY L. DANGEAU

Jeffrey L. Dangeau
Assistant Secretary

Notices and correspondence concerning this statement should be addressed to:
Gregory D. Kerley, Senior 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, 1998
(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Diamond "M" Production Company	A.W. Realty Company	Southwestern Energy Pipeline Company
Operating Revenues:							
Gas sales	$ -	$ 127,259	$ 48,572	$ 27,810	$ 49	$ -	$ -
Gas marketing	-	-	-	-	-	-	-
Oil sales	-	-	-	8,050	1,507	-	-
Gas transportation	-	5,597	-	-	-	-	-
Other	-	1,855	244	-	-	384	-
	-	134,711	48,816	35,860	1,556	384	-
Operating Costs and Expenses:							
Gas purchases - utility	-	70,973	-	-	-	-	-
Gas purchases - marketing	-	-	-	-	-	-	-
Operating and general	-	37,901	8,285	15,147	1,667	26	46
Depreciation, depletion and amortization	-	6,616	12,419	25,229	1,120	77	-
Write-down of oil and gas properties	-	-	-	66,383	-	-	-
Taxes, other than income	-	3,192	463	2,721	71	23	-
	-	118,682	21,167	109,480	2,858	126	46
Operating income (loss)	-	16,029	27,649	(73,620)	(1,302)	258	(46)
Interest Expense:							
Interest on long-term debt	19,600	-	-	-	-	-	-
Intercompany interest	(3,473)	4,114	(830)	(455)	(34)	184	476
Other interest charges	902	501	10	11	-	-	-
Interest capitalized	-	(26)	(826)	(3,032)	-	-	-
	17,029	4,589	(1,646)	(3,476)	(34)	184	476
Other Income (Expense)	27,238	(233)	(1,862)	22	-	1,107	(3,087)
Income Before Provision (Benefit) for Income Taxes	10,209	11,207	27,433	(70,122)	(1,268)	1,181	(3,609)
Provision (Benefit) for Income Taxes	(6,573)	4,300	10,763	(27,339)	(444)	464	(1,416)
Net Income (Loss)	$ 16,782	$ 6,907	$ 16,670	$ (42,783)	$ (824)	$ 717	$ (2,193)

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1998
(in thousands)

	Arkansas Western Pipeline Company	Southwestern Energy Services Company	Eliminations	Consolidated
Operating Revenues:				
Gas sales	$ -	$ -	$(30,900)(b)	$ 172,790
Gas marketing	-	97,175	(20,808)(b)	76,367
Oil sales	-	-	-	9,557
Gas transportation	236	-	(224)(c)	5,609
Other	-	-	(501)(c)	1,982
	236	97,175	(52,433)	266,305
Operating Costs and Expenses:				
Gas purchases - utility	-	-	(31,110)(b)(c)	39,863
Gas purchases - marketing	-	94,043	(20,808)(b)	73,235
Operating and general	19	1,266	(2,442)(c)	61,915
Depreciation, depletion and amortization	57	19	1,380 (c)	46,917
Write-down of oil and gas properties	-	-	-	66,383
Taxes, other than income	19	47	407 (c)	6,943
	95	95,375	(52,573)	295,256
Operating income (loss)	141	1,800	140	(28,951)
Interest Expense:				
Interest on long-term debt	-	-	-	19,600
Intercompany interest	24	(6)	-	-
Other interest charges	2	44	-	1,470
Interest capitalized	-	-	-	(3,884)
	26	38	-	17,186
Other Income (Expense)	-	(1)	(27,140) (c)(d)	(3,956)
Income Before Provision (Benefit) for Income Taxes	115	1,761	(27,000)	(50,093)
Provision (Benefit) for Income Taxes	45	704	-	(19,496)
Net Income (Loss)	$ 70	$ 1,057	$ (27,000)	$ (30,597)

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

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1998
(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Diamond "M" Production Company	A.W. Realty Company	Southwestern Energy Pipeline Company
Assets							
Current Assets:							
Cash	$ 1,205	$ 414	$ -	$ -	$ -	$ -	$ -
Accounts receivable	2,915	23,163	(70)	15,795	649	(1,918)	(8,083)
Income taxes receivable	2,008	-	-	-	-	-	-
Inventories, at average cost	-	14,303	8,509	-	-	-	-
Other	1,504	1,257	713	1,698	-	2	-
Total current assets	7,632	39,137	9,152	17,493	649	(1,916)	(8,083)
Investments:							
Investment in subsidiaries, at cost	406,019	-	-	-	-	-	-
Other	189	-	-	-	-	50	13,776
	406,208	-	-	-	-	50	13,776
Property, Plant and Equipment:							
Oil and gas properties, using the full cost method	-	-	252,354	499,499	7,010	-	-
Gas utility system	-	217,741	-	-	-	-	-
Gas in underground storage	-	11,091	13,188	-	-	-	-
Other	17,014	365	128	3,773	-	5,991	-
	17,014	229,197	265,670	503,272	7,010	5,991	-
Less - Accumulated depreciation, depletion and amortization	11,807	78,156	125,035	260,290	2,743	716	-
	5,207	151,041	140,635	242,982	4,267	5,275	-
Other Assets	8,591	2,218	22	674	154	-	-
	$ 427,638	$ 192,396	$ 149,809	$ 261,149	$ 5,070	$ 3,409	$ 5,693

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1998
(in thousands)

	Arkansas Western Pipeline Company	Southwestern Energy Services Company	Eliminations	Consolidated
Assets				
Current Assets:				
Cash	$ -	$ 3	$ -	$ 1,622
Accounts receivable	-	8,204	-	40,655
Income taxes receivable	-	-	-	2,008
Inventories, at average cost	-	-	-	22,812
Other	-	-	-	5,174
Total current assets	-	8,207	-	72,271
Investments:				
Investment in subsidiaries, at cost	-	-	(406,019)(a)	-
Other	-	-	-	14,015
	-	-	(406,019)	14,015
Property, Plant and Equipment:				
Oil and gas properties, using the full cost method	-	-	-	758,863
Gas utility system	-	-	-	217,741
Gas in underground storage	-	-	-	24,279
Other	-	311	-	27,582
	-	311	-	1,028,465
Less - Accumulated depreciation, depletion and amortization	-	43	-	478,790
	-	268	-	549,675
Other Assets	-	-	-	11,659
	$ -	$ 8,475	$ (406,019)	$ 647,620

(a) To eliminate investment in subsidiaries.

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CONSOLIDATING BALANCE SHEET (continued)
DECEMBER 31, 1998
(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	SEECO, Inc.	Southwestern Energy Production Company	Diamond "M" Production Company	A.W. Realty Company	Southwestern Energy Pipeline Company
Liabilities and Shareholders' Equity							
Current Liabilities:							
Current portion of long-term debt	$ 1,536	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable	9,241	7,590	6,505	7,403	347	-	-
Taxes payable	562	2,072	513	14	-	58	-
Interest payable	2,313	158	-	-	-	-	-
Customer deposits	-	5,635	-	-	-	-	-
Other	(1,423)	4,632	221	481	-	-	-
Total current liabilities	12,229	20,087	7,239	7,898	347	58	-
Long-Term Debt, less current portion above	281,900	71,709	-	-	-	-	-
Other Liabilities:							
Deferred income taxes	(6,568)	19,295	39,239	59,039	(349)	470	8,727
Deferred investment tax credits	-	1,552	-	-	-	-	-
Other	415	1,374	-	1,876	-	-	-
	(6,153)	22,221	39,239	60,915	(349)	470	8,727
Shareholders' Equity:							
Common stock	2,774	24,215	8,243	1	-	1	2
Capital in excess of par	21,249	29,000	22,000	234,544	7,000	1,730	7,572
Retained earnings	147,908	25,164	73,088	(42,209)	(1,928)	1,150	(10,608)
Common stock in treasury, at cost	(31,248)	-	-	-	-	-	-
Unamortized cost of shares issued under stock grant plan	(1,021)	-	-	-	-	-	-
	139,662	78,379	103,331	192,336	5,072	2,881	(3,034)
	$ 427,638	$ 192,396	$ 149,809	$ 261,149	$ 5,070	$3,409	$ 5,693

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (continued)
DECEMBER 31, 1998
(in thousands)

	Arkansas Western Pipeline Company	Southwestern Energy Services Company	Eliminations	Consolidated
Liabilities and Shareholders' Equity				
Current Liabilities:				
Current portion of long-term debt	$ -	$ -	$ -	$ 1,536
Accounts payable	-	6,694	-	37,780
Taxes payable	-	189	-	3,408
Interest payable	-	-	-	2,471
Customer deposits	-	-	-	5,635
Other	-	45	-	3,956
Total current liabilities	-	6,928	-	54,786
Long-Term Debt, less current portion above	-	-	(71,709)(a)	281,900
Other Liabilities:				
Deferred income taxes	-	8	-	119,861
Deferred investment tax credits	-	-	-	1,552
Other	-	-	-	3,665
	-	8	-	125,078
Shareholders' Equity:				
Common stock	-	2	(32,464)(a)	2,774
Capital in excess of par	-	-	(301,846)(a)	21,249
Retained earnings	-	1,537	-	194,102
Common stock in treasury, at cost	-	-	-	(31,248)
Unamortized cost of shares issued under stock grant plan	-	-	-	(1,021)
	-	1,539	(334,310)	185,856
	$ -	$ 8,475	$ (406,019)	$ 647,620

(a) To eliminate investment in subsidiaries.

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1998
(in thousands)

	Southwestern Energy Company	Arkansas Western Gas Company	Seeco, Inc.	Southwestern Energy Production Company	Diamond "M" Production Company	A.W. Realty Company	Southwestern Energy Pipeline Company
RETAINED EARNINGS, beginning of year	$ 137,096	$ 28,257	$ 73,418	$ 574	$ (1,104)	$ 433	$ (8,756)
Net income (loss)	16,782	6,907	16,670	(42,783)	(824)	717	(2,193)
Close AWP retained earnings to SWP	-	-	-	-	-	-	341
Cash dividends	(5,970)	(10,000)	(17,000)	-	-	-	-
RETAINED EARNINGS, end of year	$ 147,908	$ 25,164	$ 73,088	$ (42,209)	$ (1,928)	$ 1,150	$ (10,608)

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1998
(in thousands)

	Arkansas Western Pipeline Company	Southwestern Energy Services Company	Eliminations	Consolidated
RETAINED EARNINGS, beginning of year	$ 271	$ 480	$ -	$ 230,669
Net income (loss)	70	1,057	(27,000)(d)	(30,597)
Close AWP retained earnings to SWP	(341)	-	-	-
Cash dividends	-	-	27,000 (d)	(5,970)
RETAINED EARNINGS, end of year	$ -	$ 1,537	$ -	$ 194,102

(d) To eliminate intercompany dividends.

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PERIOD TYPE	YEAR	
FISCAL YEAR END	DEC 31 1998	
PERIOD END	DEC 31 1998	
BOOK VALUE	PER BOOK	
TOTAL ASSETS	$647,620,000	
TOTAL OPERATING REVENUES	$266,305,000	
NET INCOME	($	30,597,000)

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End of Filing

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