

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)  
June 3, 2011 (May 27, 2011)

**SM Energy Company**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-31539  
(Commission  
File Number)

41-0518430  
(I.R.S. Employer  
Identification No.)

1775 Sherman Street, Suite 1200, Denver, Colorado  
(Address of principal executive offices)

80203  
(Zip Code)

Registrant's telephone number, including area code: (303) 861-8140

Not applicable  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement.**

***Credit Agreement***

On May 27, 2011, SM Energy Company (the “Company”) entered into a Fourth Amended and Restated Credit Agreement (the “Credit Agreement”) by and among the Company, Wells Fargo Bank, National Association, as Administrative Agent (the “Agent”), and the institutions named therein as lenders. The \$2.5 billion Senior Secured Revolving Credit Facility provided for by the Credit Agreement (the “Revolving Credit Facility”) is secured by substantially all of the proved oil and natural gas properties of the Company. The Credit Agreement replaces the Company’s Third Amended and Restated Credit Agreement with Wells Fargo Bank, National Association and certain other lenders, which would have matured on July 31, 2012.

The Revolving Credit Facility has a maximum facility amount of \$2.5 billion, with total initial lender commitments of \$1.0 billion. The Revolving Credit Facility is scheduled to mature on May 27, 2016. Borrowings under the Revolving Credit Facility will accrue interest, at the Company’s election, (i) at the Alternate Base Rate, plus a margin ranging from 0.50% to 1.50% or (ii) for LIBOR borrowings, at the Adjusted LIBO Rate, plus a margin ranging from 1.50% to 2.50%. “Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (iii) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%. “Adjusted LIBO Rate” means the reserve-adjusted LIBO Rate for a given Interest Period, rounded upwards, if necessary, to the next 1/16 of 1%. The undrawn portion of the total commitments will be subject to a commitment fee ranging from 0.375% to 0.50%.

The applicable margin and commitment fee is dependent upon borrowings relative to the then-effective borrowing base. The initial borrowing base is \$1.3 billion. The borrowing base will be redetermined by the lenders at least semi-annually on each April 1 and October 1, beginning October 1, 2011. The Company and the lenders may each request one unscheduled borrowing base redetermination between each scheduled redetermination, and the Agent is entitled to make a special redetermination of the borrowing base on March 15, 2012. The borrowing base will also be reduced in certain circumstances upon any issuance of senior unsecured or subordinated debt, upon cancellation of certain hedging positions and as a result of certain asset sales.

The Revolving Credit Facility contains customary covenants including, but not limited to, (i) a minimum current ratio and a maximum leverage ratio and (ii) limitations on incurrence of indebtedness, liens on assets, dividends and redemptions, investments, transactions with affiliates, mergers and consolidations and sales of assets. The Revolving Credit Facility also includes customary lending conditions, representations and warranties, events of default and indemnification provisions.

Affiliates of certain of the lenders under the Revolving Credit Facility have provided from time to time, and may provide in the future, investment and commercial banking and financial advisory services to the Company and its affiliates in the ordinary course of business, for which they have received, and may continue to receive, customary fees and commissions.

***Gathering Agreement***

On May 31, 2011, the Company entered into a Gas Gathering Agreement (“Gas Gathering Agreement”) with Regency Field Services LLC (“Regency”). Pursuant to the Gas Gathering Agreement, the Company has dedicated all natural gas production from certain of the Company’s Eagle Ford shale assets and Regency will gather and process all natural gas production from such assets through gathering facilities and related equipment that Regency owns or to be constructed and completed (the “Facilities”) pursuant to mutually agreed upon development plans with the Company. The terms of the Gas Gathering Agreement provide the Company with priority for scheduling and certain other purposes on the Facilities. The term of the Gas Gathering Agreement runs for twenty years from the first day of the month following the month when the Company’s natural gas first flows through the Facilities. The Company shall pay Regency specified fees per MMBtu or per Mcf, as applicable, for gathering, compression and treating services. These fees are subject to escalation on an annual basis. The Company may be required to make periodic deficiency payments to Regency for any shortfalls from specified minimum annual volume commitments; however, any volumes delivered in excess of such minimum volume commitments will be credited against the Company’s commitments for future periods. In the event that no gas is delivered under the Gas Gathering Agreement, the Company’s aggregate deficiency payments will total approximately \$216 million.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of the Registrant.**

Please see the discussion under Item 1.01 above, which is hereby incorporated by reference into this Item 2.03.

**Item 7.01 Regulation FD Disclosure.**

In accordance with General Instruction B.2. of Form 8-K, the following information, including Exhibit 99.1, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such a filing.

On June 1, 2011, the Company issued a press release providing an update regarding certain of its divestitures and announcing that the Company had entered into the Credit Agreement. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

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|---------------|---|
| (d) Exhibits. | The following exhibits are filed as part of this report:  |
| Exhibit 99.1  | Press release of SM Energy Company dated June 1, 2011, entitled SM Energy Provides Divestiture Update and Announces Amended Credit Facility |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 3, 2011

SM ENERGY COMPANY

By: /s/ KELLY E. COLLINS

Kelly E. Collins

Director of Financial Reporting & Assistant Corporate Secretary

**FOR IMMEDIATE RELEASE**

**SM ENERGY PROVIDES DIVESTITURE UPDATE  
AND ANNOUNCES AMENDED CREDIT FACILITY**

- *Negotiations concerning divestiture of Eagle Ford shale assets have begun*
- *Enters into agreement to divest non-core assets*
- *Announces amended credit facility with increased borrowing base and commitments*

**DENVER, CO – June 1, 2011** – SM Energy Company (NYSE: SM) announces it has commenced negotiations concerning the divestiture and development of a material portion of its Eagle Ford shale position. The Company received multiple bids during its marketing process and is currently negotiating a transaction or combination of transactions.

In addition, the Company has entered into an agreement to sell non-core assets in the Constitution Field for aggregate proceeds of approximately \$44 million. First quarter production associated with these properties is approximately 6 MMCFE/d. The Constitution Field transaction represents the Company's entire position in this legacy field in southeastern Texas. These assets have been categorized as assets held for sale on the Company's balance sheet since the third quarter of 2010. The closing of this divestiture is expected to occur late in the second quarter of 2011. The sale is subject to customary purchase price adjustments, closing conditions, and transaction fees.

SM Energy also announces its entry into an amended five-year senior secured revolving credit facility, with an increase of the Company's borrowing base to \$1.3 billion from \$1.0 billion. The commitment amount has also been increased to \$1.0 billion, up from \$678 million. The Company's previous credit facility was scheduled to mature in July of 2012. As of May 31, 2011, the Company did not have any borrowings drawn against its credit facility.

Tony Best, President and CEO, remarked, "We are pleased that we have reached this phase of our Eagle Ford marketing effort. Our oft-stated goal is to create value for our stockholders and we believe that a meaningful sell-down of our Eagle Ford position, when completed, will further enhance our ability to achieve that goal. The non-core asset sale and amended credit facility that we are announcing today further strengthen our already strong liquidity position and balance sheet. Our robust inventory of high-return projects and solid financial standing are a winning combination that will benefit our stockholders for years to come."

**INFORMATION ABOUT FORWARD LOOKING STATEMENTS**

This release contains forward looking statements within the meaning of securities laws, including forecasts and projections. The words "will," "believe," "budget," "anticipate," "plan," "intend," "estimate," "forecast," and "expect" and similar expressions are intended to identify forward looking statements. These statements involve known and unknown risks, which may cause SM Energy's actual results to differ materially from results expressed or implied by the forward looking statements. These risks include factors such as the uncertainty of negotiations to result in an agreement or a completed transaction, the uncertain nature of the expected benefits from the actual or expected acquisition, divestiture, farm down or joint venture of oil and gas properties, the uncertain nature of announced divestiture, joint venture, farm down or similar efforts and the ability to complete such transactions, the volatility and level of oil, natural gas, and natural gas liquids prices, uncertainties inherent in projecting future rates of production from drilling activities and acquisitions, the imprecise nature of estimating oil and gas reserves, the availability of additional economically attractive exploration, development, and property acquisition opportunities for future growth and any necessary financings, unexpected drilling conditions and results, unsuccessful exploration and development drilling, the availability of drilling, completion, and operating equipment and services, the risks associated with the Company's commodity price risk management strategy, uncertainty regarding the ultimate impact of potentially dilutive securities, and other such matters discussed in the "Risk Factors" section of SM Energy's 2010 Annual Report on Form 10-K and subsequent quarterly reports filed on Form 10-Q. Although SM Energy may from time to time voluntarily update its prior forward looking statements, it disclaims any commitment to do so except as required by securities laws.

**ABOUT THE COMPANY**

SM Energy Company is an independent energy company engaged in the exploration, exploitation, development, acquisition, and production of natural gas, natural gas liquids, and crude oil. SM Energy routinely posts important information about the Company on its website. For more information about SM Energy, please visit its website at [sm-energy.com](http://sm-energy.com).