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) November 1, 2012 (October 31, 2012)

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 2.02 Results of Operations and Financial Condition.

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 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On October 31, 2012, SM Energy Company (the "Company") issued a press release announcing its financial results for the third quarter of 2012, as well as providing an operational update. As indicated in the press release, the Company has scheduled a related third quarter of 2012 earnings teleconference call for November 1, 2012, at 8:00 a.m. (Mountain Time). The teleconference call is publicly accessible, and the press release includes instructions concerning how to access the teleconference and the location on the Company's web site where the teleconference information will be available. 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.

(d) Exhibits.	The following exhibit is furnished as part of this report:
Exhibit 99.1	Press release of SM Energy Company dated October 31, 2012 entitled SM Energy Reports
	Results for Third Quarter of 2012; Provides Operations Update

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.

SM ENERGY COMPANY

Date: November 1, 2012

By: <u>/s/ KELLY E. COLLINS</u> Kelly E. Collins Director of Financial Reporting & Assistant Corporate Secretary

Exhibit 99.1

For Information James R. Edwards 303-837-2444

FOR IMMEDIATE RELEASE

SM ENERGY REPORTS RESULTS FOR THE THIRD QUARTER OF 2012; PROVIDES OPERATIONS UPDATE

- Record quarterly production of 57.0 BCFE or 9.5 MMBOE, an average of 620 MMCFE/d; above quarterly guidance range of 565 603 MMCFE/d
- Full-year production guidance increased to 215.5 218.5
 BCFE
- Quarterly GAAP net loss of \$38.3 million or \$0.58 per diluted share; adjusted net income of \$9.7 million or \$0.14 per diluted share
- Quarterly EBITDAX of \$260.9 million; 22% sequential growth over second quarter

DENVER, CO OCTOBER 31, 2012 - SM Energy Company (NYSE: SM) announces financial results for the third quarter of 2012 and provides an operations update. In addition, a new presentation for the Company's third quarter earnings and operations update will be posted on the Company's website at www.sm-energy.com. This presentation will be referenced during the conference call scheduled for 8:00 a.m. Mountain Time (10:00 a.m. Eastern Time) on November 1, 2012. Information for the earnings call can be found below.

THIRD QUARTER 2012 RESULTS

SM Energy reported a net loss for the third quarter of 2012 of \$38.3 million or \$0.58 per diluted share. This compares to net income of \$230.1 million, or \$3.41 per diluted share, for the same period of 2011. Adjusted net income for the third quarter of 2012 was \$9.7 million, or \$0.14 per diluted share, compared to adjusted net income of \$42.4 million, or \$0.63 per diluted share, for the same period of 2011. Adjusted net income excludes certain items that the Company believes affect the comparability of operating results. The Company generally excludes non-recurring items, items whose timing and/or amount cannot be reasonably estimated, and large non-cash items, such as gains or losses on divestiture activity and unrealized gains or losses from derivative activity. The table below presents a summary of the adjustments made to arrive at adjusted net income:

Adjusted Net Income Reconciliation

(in thousands, except per share data)

Reconciliation of net income (loss) (GAAP) to adjusted net income (Non-GAAP):

	For the Three Months Ended September 30,								
	2012								
Reported net income (loss) (GAAP) Adjustments, net of tax: ⁽¹⁾	\$	(38,336)	\$	230,097					
Change in Net Profits Plan liability		500		(15,631)					
Unrealized derivative (gain) loss (Gain) loss on divestiture activity		41,869 5,350		(82,877) (119,586)					
Impairment of proved properties Abandonment & impairment of unproved properties				30,425					
	¢		¢	40.400					
Adjusted net income (Non-GAAP)	<u>Ф</u>	9,663	<u>Ф</u>	42,428					
Adjusted net income per diluted common share:	\$	0.14	\$	0.63					
Diluted weighted-average common shares outstanding: (2)		66,973		67,386					

(1) For the three-month periods ended September 30, 2012 and September 30, 2011, adjustments are shown net of tax and are calculated using an effective tax rate of 37.3%, which approximates the Company's statutory tax rate, as adjusted for ordinary permanent differences.

(2) For periods where the Company reports a GAAP net loss, the diluted weighted average share count is calculated using potentially dilutive securities related to unvested Restricted Stock Units, in-the-money outstanding options to purchase the Company's common stock, contingent Performance Share Awards, and contingent Performance Stock Units. On a GAAP basis, these items are not treated as dilutive securities in periods where the Company reports a GAAP loss for the quarter.

Earnings before interest, taxes, depreciation, depletion, amortization, accretion, and exploration expense ("EBITDAX") was \$260.9 million for the third quarter of 2012, an increase of 21% from\$215.5 million for the same period of 2011.

Adjusted net income and EBITDAX are non-GAAP financial measures — please refer to the respective reconciliations in the accompanying Financial Highlights section at the end of this release for additional information about these measures.

Revenues and other income for the third quarter were \$379.0 million compared to \$530.6 million for the same period of 2011. The decrease in operating revenue in the third quarter of 2012 was primarily due to a decrease in divestiture activity in the current period compared to the same period in 2011, when the Company recognized approximately \$191 million in gains from divestiture activity. The table below provides the average realized prices received by product for the Company, as well as the adjusted prices received after taking into account cash settlements for derivative transactions:

Average Realized Commodity Prices for Quarter Ended September 30, 2012

	ct of derivative cash tlements	After the effect of derivative cash settlements				
Oil (\$/Bbl)	\$ 83.98	\$	82.15			
Gas (\$/Mcf)	\$ 3.05	\$	3.44			
Natural gas liquids (\$/Bbl)	\$ 34.82	\$	37.39			
Equivalent (\$/MCFE)	\$ 6.56	\$	6.76			

The table below presents key performance measures and metrics, as well as previously provided guidance for the third quarter of 2012:

Production	Reported	3Q12 Guidance
Average daily production (MMCFE/d)	620	565 - 603
Total production (BCFE)	57.0	52.0 - 55.5
Costs		
LOE (\$/MCFE)	\$0.82	\$0.88 - \$0.94
Transportation (\$/MCFE)	\$0.65	\$0.69 - \$0.73
Production taxes (% of pre-derivative oil, gas, and NGL revenue)	5.1%	6.1%
G&A - Cash (\$/MCFE)	\$0.37	\$0.44 - \$0.47
G&A - Cash NPP (\$/MCFE)	\$0.07	\$0.07 - \$0.09
G&A - Non-cash (\$/MCFE)	<u>\$0.12</u>	<u>\$0.13 - \$0.15</u>
Total G&A (\$/MCFE)	\$0.56	\$0.64- \$0.71
DD&A (\$/MCFE)	\$3.38	\$3.20 - \$3.40
Non-cash interest expense (\$MM)	\$1.1	\$1.1

For the third quarter of 2012, SM Energy met or beat guidance on all metrics. Production was approximately 6% above the midpoint of third quarter guidance, primarily driven by growth in the Company's operated Eagle Ford shale program as the Company's third party midstream provider alleviated infrastructure constraints on its midstream gathering system. LOE was lower than guidance primarily due to the operated Eagle Ford shale program, where cost saving initiatives and the installation of a water recycling facility have driven costs below the Company's earlier forecast. For transportation costs, the Company was below guidance due to anticipated third party field compression and oil gathering facilities not coming online during the third quarter as planned. The Company's production tax rate as a percentage of oil, gas, and NGL revenue was lower than guidance due to severance tax incentives granted to deep gas wells associated with the Texas portion of the Company's Haynesville shale program. G&A per MCFE was lower than guidance as a result of a combination of higher than forecasted production and lower than forecasted compensation related expenses.

FINANCIAL POSITION AND LIQUIDITY

At the end of the third quarter of 2012, SM Energy had total long-term debt of approximately\$1.3 billion. A summary of the Company's long-term debt is shown in the table below:

Schedule of long-term debt

(\$ in millions)

Debt Issue	outstanding at ber 30, 2012
Revolving credit facility	\$ 228
Senior Notes due 2019	350
Senior Notes due 2021	350
Senior Notes due 2023	400
Total	\$ 1,328

On August 31, 2012, the Company's bank group redetermined its borrowing base, increasing it to \$1.55 billion from \$1.4 billion at June 30, 2012. SM Energy has elected to keep its current commitments under its credit facility unchanged at \$1.0 billion. As of September 30, 2012, SM Energy's debt-to-book capitalization ratio was 47% and the ratio of the Company's debt to twelve month trailing EBITDAX was 1.3 times. As of the end of the third quarter, SM Energy was in compliance with all of the covenants associated with its long-term debt.

OPERATIONS UPDATE

Production

SM Energy reported quarterly production of 57.0 BCFE or 9.5 MMBOE, resulting in average daily production of 620 MMCFE per day for the third quarter of 2012. Reported production was 6% above the midpoint of the previously provided production guidance range of 565 to 603 MMCFE per day. Reported production increased by 13% from the quarterly production of 50.6 BCFE in the second quarter of 2012. The Company's Eagle Ford program is primarily responsible for this production growth.

Eagle Ford Shale

The Company's operated net production in the Eagle Ford shale averaged 243 MMCFE/d in the third quarter o£012, an 18% increase from second quarter production of 207 MMCFE/d. Average daily production from the Company's operated Eagle Ford shale program increased 90% from the third quarter of 2011 to the third quarter of 2012. During the third quarter of 2012, SM Energy operated six drilling rigs on its operated Eagle Ford shale acreage. At the end of the third quarter, one rig was released and the Company expects to exit the year with five operated rigs. During the quarter, the Company's midstream provider began installing additional planned tank batteries in its infield gathering system. At the end of the quarter, the system had five of the six planned tank batteries installed, and the Company expects the sixth remaining battery to be operational by year end. During the third quarter, the Company completed 24 wells on its operated acreage. Based on the current drilling schedule, the Company now expects to complete 74 wells in 2012, with another 21 drilled wells waiting on completion at year end.

In the non-operated portion of the Company's Eagle Ford shale program, net production for the third quarter o2012 averaged 14.0 MBOE/d. The operator ran approximately nine drilling rigs and one spudder rig during the third quarter of 2012, and is expected to continue at the same activity level for the remainder of the year.

Bakken / Three Forks

SM Energy operated four drilling rigs during the third quarter, and plans to operate those four rigs for the remainder of 2012. The Company continues to focus three of its rigs on Bakken and Three Forks drilling in its Raven and Bear Den prospects in McKenzie and Williams Counties, North Dakota, while the fourth operated rig focuses on the Three Forks formation in the Company's Gooseneck prospect in Divide County, North Dakota. Third quarter average daily production for the Company's Bakken / Three Forks program was 11.0 MBOE/d, a 6% increase from the second quarter of 2012 and a 96% increase from the third quarter of 2011. During the first half of 2012, the Company transitioned most of its drilling and completion activity in the Williston Basin to multi-well pad infill drilling. During the quarter, the Company completed nine operated wells in its Bakken / Three Forks program. While the Company has divested a number of its non-operated Williston Basin assets, the Company is still participating in a number of non-operated wells throughout the Williston Basin.

Permian Basin

In the third quarter of 2012, the Company increased its acreage position in the Permian Basin by approximately 10,300 net acres to a total of approximately 125,600 net acres in the basin. During the third quarter, the Company operated four drilling rigs. Two of these rigs were focused on the Company's Mississippian limestone project in the northern Midland Basin, where it continues to delineate its approximately 68,000 net acre position. One operated rig is focused on the Leonard shale, with four wells in various stages of drilling and completion. The Company expects to evaluate the performance of these initial wells prior to providing any additional commentary on this program.

Other Activity

In its Granite Wash program, the Company operated three rigs and completed four wells in the third quarter of 2012. The Company plans to drop one of the rigs during the fourth quarter of 2012, exiting the year with two operated rigs. The Company also operated one rig in its Powder River Basin program in Wyoming, where it is testing long lateral Frontier wells as well as the prospectivity of other intervals.

UPDATED PRODUCTION, AND PERFORMANCE GUIDANCE

Guidance for 2012

The Company is providing updated production and cost guidance for fourth quarter and full year 2012 in the table below:

Guidance for 2012		
	4Q12	FY2012
Production (BCFE)	57.5 - 60.5	215.5 - 218.5
Average daily production (MMCFE/d)	625 - 658	589 - 597
Oil production (as % of total)		~28%
Natural gas production (as % of total)		~55%
NGL production (as % of total)		~17%
LOE (\$/MCFE)	\$0.82 - \$0.87	\$0.81 - \$0.86
Transportation (\$/MCFE)	\$0.69 - \$0.73	\$0.62 - \$0.65
Production taxes (% of pre-derivative oil, gas, and NGL		
revenue)	6.1%	5.3%
G&A - Cash (\$/MCFE)	\$0.40 - \$0.44	\$0.41 - \$0.45
G&A - Cash NPP (\$/MCFE)	\$0.40 - \$0.44 \$0.07 - \$0.09	\$0.08 - \$0.10
	\$0.11 - \$0.13	\$0.10 - \$0.10 \$0.10 - \$0.12
G&A - Non-cash (\$/MCFE)		
Total G&A (\$/MCFE)	\$0.58 - \$0.66	\$0.59 - \$0.67
DD&A (\$/MCFE)	\$3.20 - \$3.40	\$3.20 - \$3.40
Non-cash interest expense (\$MM)	\$ 1.1	\$ 6.8
Effective income tax rate range		37.3% - 37.8%
% of income tax that is current		<5%

EARNINGS CALL INFORMATION

The Company has scheduled a teleconference to discuss these results and other operational matters for November 1, 2012, at 8:00 a.m. Mountain Time (10:00 a.m. Eastern Time). The call participation number is 877-445-0811 and the conference ID number is 42308521. An audio replay of the call will be available approximately two hours after the call at 855-859-2056, with the conference ID number 42308521. International participants can dial 617-401-8115 to take part in the conference call, using the conference ID number 42308521, and can access a replay of the call at 404-537-3406, using conference ID number 42308521. Replays can be accessed through November 15, 2012.

This call is being webcast live and can be accessed at SM Energy Company's website at www.sm-energy.com. An audio recording of the conference call will be available at that site through November 15, 2012.

INFORMATION ABOUT FORWARD LOOKING STATEMENTS

This release may contain or incorporate by reference forward looking statements within the meaning of securities laws, including estimates, forecasts, plans and projections. The words "will," "believe," "budget," "anticipate," "plan," "intend," "estimate," "forecast," and "expect" and similar expressions are intended to identify forward looking statements. The forward looking statements contained in this release speak as of the date of this release. 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 such factors as the volatility and level of oil, natural gas, and natural gas liquids prices, the uncertain nature of the expected benefits from the acquisition, divestiture, 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, uncertainties inherent in projecting future rates of production from drilling activities and acquisitions, the ability of midstream service providers to purchase or market the Company's production, the ability of purchasers of production to pay for those sales, the availability of debt and equity financing for purchasers of oil and gas properties, the ability of the banks in the Company's credit facility to fund requested borrowings, the ability of derivative counterparties to settle derivative contracts in favor of the Company, 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 2011 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 acquisition, exploration, development, and production of crude oil, natural gas, and natural gas liquids in onshore North America. SM Energy routinely posts important information about the Company on its website. For more information about SM Energy, please visit its website at www.sm-energy.com

Guidance Comparison

For the Three Months 201	•
Actual	Guidance Range
620	565 - 603
57.0	52.0 - 55.5
\$0.82	\$0.88 - \$0.94
\$0.65	\$0.69 - \$0.73
5.1%	6.1%
\$0.37	\$0.44 - \$0.47
\$0.07	\$0.07 - \$0.09
\$0.12	\$0.13 - \$0.15
\$0.56	\$0.64- \$0.71
\$3.38	\$3.20 - \$3.40
\$1.1	\$1.1
	\$1.1

Production Data		For the Three Months Ended September 30,						For the Nine Months Ended September 30,					
	2012		2011		Percent Change	2012		2011		Percent Change			
Average realized sales price, before the effects of													
derivative cash settlements:													
Oil (per Bbl)	\$	83.98	\$	82.63	2%	\$	85.76	\$	88.54	(3)%			
Gas (per Mcf)		3.05		4.52	(33)%		2.78		4.51	(38)%			
NGL (per Bbl)		34.82		56.10	(38)%		38.53		52.71	(27)%			
Equivalent (per MCFE)	\$	6.56	\$	7.65	(14)%	\$	6.63	\$	7.90	(16)%			
Average realized sales price, including the effects of													
derivative cash settlements:													
Oil (per Bbl)	\$	82.15	\$	75.02	10%	\$	83.04	\$	78.13	6%			
Gas (per Mcf)		3.44		4.89	(30)%		3.35		4.97	(33)%			
NGL (per Bbl)		37.39		49.71	(25)%		39.61		46.45	(15)%			
Equivalent (per MCFE)	\$	6.76	\$	7.40	(9)%	\$	6.85	\$	7.57	(10)%			
Production:													
Oil (MMBbls)		2.6		2.0	33%		7.5		5.6	33%			
Gas (Bcf)		31.3		25.9	21%		88.1		71.5	23%			
NGL (MMBbls)		1.7		0.8	109%		4.2		2.2	91%			
BCFE (6:1)		57.0		42.5	34%		158.3		118.4	34%			
Average daily production:													
Oil (MBbls per day)		28.6		21.5	33%		27.4		20.6	33%			
Gas (MMcf per day)		340.3		281.2	21%		321.5		262.0	23%			
NGL (MBbls per day)		18.0		8.6	109%		15.3		8.0	91%			
MMCFE per day (6:1)		619.6		462.1	34%		577.6		433.7	33%			
Per MCFE Data:													
Realized price before the effects of derivative cash settlements	\$	6.56	\$	7.65	(14)%	\$	6.63	\$	7.90	(16)%			
Lease operating expense		0.82		0.94	(13)%		0.83		0.90	(8)%			
Transportation costs		0.65		0.56	16%		0.61		0.47	30%			
Production taxes		0.33		0.33	%		0.33		0.29	14%			
General and administrative		0.56		0.70	(20)%		0.58		0.70	(17)%			
Operating profit, before the effects of derivative cash settlements	\$	4.20	\$	5.12	(18)%	\$	4.28	\$	5.54	(23)%			
Derivative cash settlements		0.20		(0.25)	(180)%		0.22		(0.33)	(167)%			
Operating profit, including the effects of derivative cash settlements	\$	4.40	\$	4.87	(10)%	\$	4.50	\$	5.21	(14)%			
Depletion, depreciation, amortization, and													
asset retirement obligation liability accretion	\$	3.38	\$	2.89	17%	\$	3.31	\$	2.90	14%			

Consolidated Statements of Operations

(in thousands, except per share amounts)	For the Three Months Ended September 30,				ths Ended 30,			
		2012		2011		2012		2011
Operating revenues and other income:								
Oil, gas, and NGL production revenue	\$	373,928	\$	325,231	\$	1,049,131	\$	935,478
Realized hedge gain (loss)		501		(6,843)		2,338		(14,548)
Gain (loss) on divestiture activity		(8,532)		190,728		(31,246)		245,662
Marketed gas system and other operating revenue		13,054		21,458		40,571		57,184
Total operating revenues and other income		378,951		530,574		1,060,794		1,223,776
Operating expenses:								
Oil, gas, and NGL production expense		102,447		77,753		280,713		196,907
Depletion, depreciation, amortization, and asset retirement obligation liability accretion		192,432		123,067		523,610		343,805
Exploration		25,417		11,272		66,031		33,587
Impairment of proved properties		—		48,525		38,523		48,525
Abandonment and impairment of unproved properties		447		_		11,296		4,316
General and administrative		32,171		29,787		91,443		82,958
Change in Net Profits Plan liability		798		(24,930)		(17,342)		(24,719)
Unrealized and realized derivative (gain) loss		55,856		(128,425)		(40,040)		(83,872)
Marketed gas system and other operating expense		12,219		20,737		40,780		57,746
Total operating expenses		421,787		157,786		995,014	_	659,253
Income (loss) from operations		(42,836)		372,788		65,780		564,523
Nonoperating income (expense):								
Interest income		126		27		201		382
Interest expense		(18,362)		(9,372)		(45,352)		(33,636)
Income (loss) before income taxes		(61,072)		363,443		20,629		531,269
Income tax benefit (expense)		22,736		(133,346)		(7,740)		(195,142)
Net income (loss)	\$	(38,336)	\$	230,097	\$	12,889	\$	336,127
Basic weighted-average common shares outstanding		65,745		63,904		64,815		63,665
Diluted weighted-average common shares outstanding		65,745		67,386		67,343		67,390
Basic net income (loss) per common share	\$	(0.58)	\$	3.60	\$	0.20	\$	5.28
Diluted net income (loss) per common share	\$	(0.58)	\$	3.41	\$	0.19	\$	4.99

Consolidated Balance Sheets

Instance Name Name Name Name Constance:	Consolidated Balance Sheets			
Current states:NNConstruction for program and program and there3.5415.541Papel and program and the state of a communication of the state of the state of a communication of the state of	(in thousands, except per share amounts)	1	September 30,	December 31,
Calcul calculation S H H H Account calculation 25587 21584 25184 Model and second calculation 2343 55184 25184 Model and second calculation 2343 55184 25184 55184 Department and calculation and an antination 21508 462241 5618 Depart optimization force-calculations and/only at cert 141 1548 5519751 541983 1518 Calculation and gas appectins 215195 2151951 215195 2151951 2151951 Calculation and gas appectins 215195 2151951	ASSETS		2012	 2011
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India licence rates 3.321 4.531 Provide queres and Address 4.136 5.531 Detrovide sears 3.262 4.0324 4.032 Provide queres and Address 2.252.08 4.0324 5.031 Detrovide sears 1.244 1.544 1.544 1.544 Provide queres tasks 1.244 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.544 1.545 1.5577 1.5577 1.55777 1.55777 1.55777 </td <td>Cash and cash equivalents</td> <td>\$</td> <td>184</td> <td>\$ 119,194</td>	Cash and cash equivalents	\$	184	\$ 119,194
Project operation 34,044 44,045 45,035 Detraining source tasks 35,746 4222 Total connect tasks 35,746 4222 Total connect tasks 35,746 4222 Total connect tasks 1,845 1,548 Project operation (sourcential efforts method), at cost: 1,845 1,548 East - connectation delightion depectation, and amerization 0,1633,073 44,334,347 Delight operation is and metrization 0,1633,073 14,357 Dial and periodication of acconnectation delightion, deprecisation and amortization of \$52,354,64 m 202 and \$310,714 m 2011 15,598 3,306,048 Dial and periodication of acconnectation delightion, deprecisation and amortization of \$52,354,64 m 202 and \$310,714 m 2011 15,598 3,306,048 Dial and periodication of acconnectation of \$52,374,54 m 202 and \$20,071 m 2011 15,598 3,306,048 Dial and periodication of acconnectation of \$52,374,54 m 202 and \$20,071 m 2011 1,598 3,168,25 Distribution acconnect assets 2,432,42 2,434,42 2,434,42 Distribution acconnect assets 2,032,53 3,056,535 3,056,558 Distreacononconnectation	Accounts receivable		235,887	210,368
Decarse cases 41.045 55.51.1 Deferre issues cases 5.56.4 42.02.1 Tool curvet asses 32.55.99.1 460.204.1 Property and experiment (secrement at an untritration 1.05.5 1.51.6 Marrial issues, at an untritration 0.10.90.91 (1.60.44.91) Operand at all age properties 0.00.90.91 (1.60.44.91) Marrial issues, at low of extra cranded 1.00.12.84 1.00.12.84 Other property and experiment, or of accommuted togenetiation of 35.24.64 in 2012 and 51.07.14 in 2011 1.00.12.84 1.00.12.84 Other property and experiment, or of accommuted togenetiation of 35.24.66 in 2012 and 51.07.24 in 2011 1.00.12.84 1.00.02.84 Other property and experiment, or of accommuted togenetiation of 35.24.66 in 2012 and 51.07.24 in 2011 1.00.12.84 1.00.02.84 Other accounter accou	Refundable income taxes		3,242	5,581
Defers tasks 5.746 4.232 Toti covert ausis 35.700 465.2704 Prophy and program tasks 1.645 1.546 Proce of and gas properties 5.0753 4.53204 Cover - sourcation (douted gas properties) 1.646 1.596 Cover - sourcation (douted gas properties) 1.646,44 1.296,444 Cover - sourcation (douted gas properties) 2.646,44 1.736,84 Cover - sourcation (douted gas properties) 2.643,45 1.736 Cover - sourcation (douted gas properties) 2.643,45 1.736 Cover - sourcation (douted gas properties) 2.643,45 2.731,40 Cover - sourcation (douted gas properties) 2.643,232 2.3378,880 Cover - sourcation (douted gas properties) 2.643,232 2.3378,880 Cover - sourcation (douted gas proper	Prepaid expenses and other		39,014	68,026
Tool curver asets 335,998 463,784 Prepty and explorment (soccardial efforts method), at cost: 1,845 1,548 1,548 I and 5,157,751 4,37,848 1,04,483 12,054 I general and ang properties 0,19,050 11,054,481 12,054 12,054 Velocitil inviscuto, and monthration 0,19,050 11,054,051 12,054 12,054 Velocitil inviscuto, and accommuted dependence dependence of \$22,073 in 2012 and \$23,093 in 2011 13,533 3,26 Other anservant asset: 22,363 13,002 3,000,056 8,3757 Did and commute asset: 22,363 10,022 8,3757 12,023 3,000,056 8,3757 Did and non-concurrent asset: 22,363 10,022 8,3757 12,023 5 3,798,090 LIMILITIES AND STOCKHOLDERS' EQUIY Curvent liabilitie: A structure asset: 21,043 2 3,2306 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 <td>Derivative asset</td> <td></td> <td>41,865</td> <td>55,813</td>	Derivative asset		41,865	55,813
Property and equipment (accendul effects method), at cost: 1,845 1,588 Land 1,845 1,588 Prime of and gap properties 1,219,501 4,279,827 Low = accentualized deptotes deproteins 2,219,501 1,279,828 Verticit is prepared to a number of a constrained 2,219,501 1,279,828 Materialis increatory, at low of o cor on mater 10,646,84 120,646 Other apperty and equipment, and a constrained deptotion, deprecision of \$35,446 in 2012 and \$50,774 in 2011 13,577 71,269 Other apperty and equipment, and 22,0153 31,662 31,662 Derivative insets: 22,315 31,662 31,662 Derivative insets: 22,315 31,662 223,163 31,662 Derivative insets: 22,315 31,662 239,140 328,355 Tead series 5 4,123,923 5 3,799,690 Carcent labilitie: 30,000 83,375 71,124,303 346 Carcent labilitie: 40,000 490,275 50,3595 Carcent labilitie: 30,000 30,000 <td< td=""><td>Deferred income taxes</td><td></td><td>5,746</td><td> 4,222</td></td<>	Deferred income taxes		5,746	 4,222
Last 1.343 1.343 Devol of and gap sroperies 5.197,51 4.373.997 Los - accumulated deplotion, depreciation, and amotitation (2,193,597) (1,764,455) Deprove of and gap properies 361,64.4 (22,73,83) Mitted is invertexy, allower of occumulated depreciation of \$32,475 in 2012 and \$310,714 in 2011 (1,52,77) (1,564,45) Other ancournet asset: 2014,84 22,335 (3,00,72) (3,00,72) During and equipation of a comulated depreciation of \$32,475 in 2012 and \$310,714 in 2011 (3,01,72) (3,00,72) (3,00,72) Other ancournet asset: 20,23,35 (3,00,72) (3,00,72) (3,00,72) (3,00,72) (3,00,72) (3,01,72) (3,00,7	Total current assets		325,938	 463,204
Process in and gas properties 5,197,201 4,373,897 Is as-accoundance dagle properties 0,00,007 (1,266,487) Version cold and gas properties 0,00,007 (1,266,487) Wells in progers and and gas properties 24,243 (2,203,407) Old ang gas properties led for all en or faccentulated dispectations of \$2,075 an 302 and \$23,095 in 2011 13,537 71,369 Old are process and and equipment, en of accentulated dispectations of \$2,075 an 302 and \$23,095 in 2011 13,537 71,369 Old are process and adjugations. and of accentulated dispectations of \$2,075 an 302 and \$23,095 in 2011 13,537 71,369 Old are process and adjugations. and of accentulated dispectations of \$2,075 an 302 and \$23,095 in 2011 13,537 71,369 Other moment materia 90,071 10,370 71,309 Directivers and sequence transitions 90,071 10,370 Other moment materia 90,071 10,370 Directivers and sequence transitions 90,071 10,370 Cond control opposed 90,072 20,3109 Directivers and sequence transitions 90,072 20,3109 Control transin babitions 90,002 <td< td=""><td>Property and equipment (successful efforts method), at cost:</td><td></td><td></td><td></td></td<>	Property and equipment (successful efforts method), at cost:			
Los-contrained depiction, and amoritation 2,19(597) (1,766.44) Upproved isl and psymperities 264,644 120,966 Material investmps, at lower of out or marker 12,118 (1,676.44) Oth and asy approperity ind equipment, not of accentrated depiction, depictiation of \$15,476 in 2012 and \$22,015 in 2011 13,537.6 71,369 Other concentrate depiction, not of accentrated depiction, depictiation of \$22,075 in 2012 and \$22,015 in 2011 13,537.6 71,369 Other concentrat assets 22,333 31,007.788 30,007.788 30,007.788 Other concentrat assets 30,007.78 30,007.788 30,007.788 30,007.788 Current liabilities 30,007.78 30,007.788 30,006,008 30,771 124,008 Other uncentrate assets 30,007.78 30,007.788 30,007.788 30,006,000 30,771 124,008 Other uncentrate assets 30,007.78 30,007.788 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 <td>Land</td> <td></td> <td>1,845</td> <td>1,548</td>	Land		1,845	1,548
Upper of all and gas properties 100,408 123,908 Welk is progress 102,408 123,908 123,208 Multitudi is increatively, at lower of cost or market. 122,718 116,357 131,6537 Oll and gas properties held for solure not accumulated depectation of \$15,446 is 2012 and \$10,714 is 2011 19,593 346 Other property and equipment, ort 32,007,798 31,062 31,062 Merical is accumulated depectation of \$15,446 is 2012 and \$21,075 is 2012 and \$22,095 is 2011 32,007,798 31,062 Collect acacut. 22,243 31,1662 32,007,798 31,062 Collect acacut. 90,022 81,373 31,062 81,373 Total obsers 90,022 81,373 31,062 81,373 Total obsers 9 41,22,592 3,5766,590 35,006 Concern tabilities 106,216 22,840 35,006 35,006 Concern tabilities 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000	Proved oil and gas properties		5,197,761	4,378,987
With spegges 24,044 271,08 Matrials increatory, at lower of cost or market 1213 16,537 Oth and gas properts is held for sale not of accumulated depletion, depreciation of \$15,446 in 2012 and \$10,714 in 2011 19,503 246 Other monument adequestment, not 22,933 31,007.28 30,008.06 Other monument assets 22,333 31,002.28 \$3,375 Total objects model adependent, not 50,077.11 112,370.01 22,393.13 31,002.02 Other monument assets 50,002 \$83,375. Total objects \$80,002 \$83,375. Total object noncourrent assets 50,002 \$83,375. 104,016 229,410 Carrent labilities 50,002 \$83,375. 104,016 229,410 Carrent labilities 50,002 \$83,375.5 104,016 229,410 Carrent labilities 50,002 \$83,375.5 104,016 229,410 Carrent labilities 50,352 \$4,26,099 90,252 24,000 Carrent labilities 104,252 \$50,5805 105,252 42,000 -	Less - accumulated depletion, depreciation, and amortization		(2,190,507)	(1,766,445)
Material memotry allows of local or markst 12,718 14,537 Oil and gas properties held for such and all capterian, of S22,075 in 2012 and S23,985 in 2011 19,543 23,466 Oiler property and equipment, and allow multiple depiction, of S22,075 in 2012 and S23,985 in 2011 3,601,798 3,006,688 Other monetyment assets: 22,233 3,106,208 3,006,688 Other monetyment assets: 9,3771 124,703 3,006,208 8,3751 Other monetyment assets: 9,0022 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 8,3755 3,006,208 3,006,2	Unproved oil and gas properties		160,468	120,966
04 as properties head for such card accumulated depretion, depretiation of \$15,446 in 2012 and \$10,714 in 2011 19.503 246 Other property and equipment, net of accumulated depretion of \$22,075 in 2012 and \$23,385 in 2011 135,376 71,349 Total property and equipment, net of accumulated depretion of \$22,075 in 2012 and \$23,385 in 2011 3,006,20 3,006,20 Other monement assets 22,383 3,10,62 4,83,235 Dotal property and equipment, net of accumulated depretion of \$22,007 in 2012 and \$10,002 9,3,771 134,2035 Other monement assets 29,3,771 134,2035 Dotal property and equipment, net of accumulated depretion dep	Wells in progress		264,634	273,428
Other property and equipment, net of accumulated depreciation of \$22,075 in 2012 and \$23,985 in 2011 135,376 7,130 Total property and equipment, net of 2,601,798 3,006,636 Other noncurrent assets: 2,253 31,062 Detivative assets: 9,771 124,203 Other noncurrent assets: 90,021 22,353 Total other noncurrent assets: 90,021 22,353 Total other noncurrent assets: 90,021 22,353 Total other noncurrent assets: 90,021 23,314 Current liabilities: 5 471,573 5 456,999 Detivative cancer and accurate accura	Materials inventory, at lower of cost or market		12,718	16,537
Total property and equipment, net 3,001,798 3,006,036 Other noncurrent assets: 22,383 31,062 81,375 Derivative asset 22,383 31,062 81,375 Total other noncurrent assets 20,062 81,375 701 124,703 Other noncurrent assets 80,062 81,375 701 124,703 701 701,771 712,4703 Other noncurrent assets 80,062 81,375 7014 040 renocurrent assets 80,062 81,375 Total Assets 8 412,3092 \$ 3,798,090 701 71 71,47,713 \$ 450,099 Current liabilities: \$ 193,523 44,000 6,000	Oil and gas properties held for sale net of accumulated depletion, depreciation and amortization of \$15,446 in 2012 and \$10,714 in 2011		19,503	246
Link June Other monument assets: 23.83 31.002 Restricted cash 93,771 124,703 Other monument assets 93,771 124,703 Other monument assets 196,210 239,400 Total Other monument assets 196,210 239,400 Current liabilities: 2 3,798,980 LARLITTES AND STOCKHOLDERS' EQUITY 2 456,099 Current liabilities: 6,000 6,000 Derivative liabilities: 6,000 6,000 Other current liabilities: 6,000 6,000 Total current liabilities: 223,000 Long-term credit facility 223,000 Solvis Soaiic Overable Notes, are of unamortized discount of \$2,431 in 2011 258,060 6.6555 (Saniar Notes Due 2019 39,0000 350,000 6.5055 (Saniar Notes Due 2019 39,0000 350,000 6.5056 (Saniar Notes Due 2021 400,000 Asset retriement oblightion 90,788 871,677 Nee roofier Plan liability 90,389	Other property and equipment, net of accumulated depreciation of \$22,075 in 2012 and \$23,985 in 2011		135,376	71,369
Drivative asset 22,383 31,082 Rettired caft 93,771 124,703 Other noncurrent assets 3096,216 239,140 Total other noncurrent assets 1996,216 239,140 Total Asset 5 4,123,952 5 3,798,990 LILELITIES AND STOCKHOLDERS' EQUTY Carrent labilities: 5 4,74,573 5 4,66,999 Derivative liabilities 6,000 6,000 6,000 6,000 Total current liabilities 6,000 6,000 6,000 6,000 Total current liabilities 228,000 28,000 2,59% Senior Convertible Notes, bact of unamonized discount of \$2,431 in 2011 28,000 3,59% Senior Kotes Due 2012 350,000 <td></td> <td></td> <td>3,601,798</td> <td> 3,096,636</td>			3,601,798	 3,096,636
Drivative asset 22,383 31,082 Rettired caft 93,771 124,703 Other noncurrent assets 3096,216 239,140 Total other noncurrent assets 1996,216 239,140 Total Asset 5 4,123,952 5 3,798,990 LILELITIES AND STOCKHOLDERS' EQUTY Carrent labilities: 5 4,74,573 5 4,66,999 Derivative liabilities 6,000 6,000 6,000 6,000 Total current liabilities 6,000 6,000 6,000 6,000 Total current liabilities 228,000 28,000 2,59% Senior Convertible Notes, bact of unamonized discount of \$2,431 in 2011 28,000 3,59% Senior Kotes Due 2012 350,000 <td>Other noncurrent assets:</td> <td></td> <td></td> <td></td>	Other noncurrent assets:			
Restricted cash 93,771 124,703 Older noncurrent asets 38,062 43,375 Total ober noncurrent asets 196,216 2321,40 Total Asets 5 4,123,92 5 3,798,899 Current liabilities Accounts pupale and accrued expenses 5 474,573 5 466,699 Order current liabilities 19,352 428,060 6,000 6,000 Order current liabilities 249,925 558,880 6,000			22 383	31.062
Other noncurrent assets 80,062 83,375 Total other noncurrent assets 196,216 239,140 Total Asset \$ 4,123,922 \$ 3,798,980 LABILITIES AND STOCKHOLDERS' EQUITS Current liabilities \$ 474,573 \$ 466,999 Derivative liabilities 6,000 6,000 Other current liabilities 6,000 6,000 Total current liabilities 6,000 6,000 Statis Science 228,000 - Josel current liabilities 228,000 - Long-term credit ficility 228,000 - 3,50% Scinic Oversthike Notes, not or namorized discount of \$2,431 in 2011 - 228,000 6,59% Scinic Notes Due 2019 350,000 350,000 6,59% Scinic Notes Due 2023 400,000 - Asst retirement obligation 90,788 87,167 Asst retirement obligation 90,389 107,311 Derivative liabilities 57,680 733,577 Total current liabilities 57,8802 12,825,800 Other noncurrent liabilities 57				
Total other noncurrent assets 196;216 239,140 Total Assets \$ 4,123,952 \$ 3,798,989 LLABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts pupple and accrued expenses \$ 474,573 \$ 456,999 Derivative liabilities: 0.00 6,000 <td></td> <td></td> <td></td> <td></td>				
LABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: S 474.573 \$ 456,999 Derivative liability 19.352 42,806 6,000 6,000 Other current liabilities: 6,000 6,000 6,000 6,000 Toal current liabilities: 228,000 - 9,9255 505,805 Noncurrent liabilities: 228,000 - 28,900 30,000 350,050 350,553				
LABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: S 474.573 \$ 456,999 Derivative liability 19.352 42,806 6,000 6,000 Other current liabilities: 6,000 6,000 6,000 6,000 Toal current liabilities: 228,000 - 9,9255 505,805 Noncurrent liabilities: 228,000 - 28,900 30,000 350,050 350,553				
Current liabilities: S 474,573 S 456,099 Derivative liabilities: 6,000 <	Total Assets	\$	4,123,952	\$ 3,798,980
Accounts payable and accrued expenses S 474,573 S 456,999 Drivative liability 19,352 42,806 Other current liabilities 6,000 6,000 Total current liabilities 499,925 505,805 Noncurrent liabilities: 228,000 2,50% Senior Covertible Notes, net of unamortized discount of \$2,431 in 2011 228,000 5,50% Senior Notes Due 2019 350,000 350,000 6,50% Senior Notes Due 2021 350,000 350,000 6,50% Senior Notes Due 2023 400,000 Asset retirement obligation 90,788 87,167 Asset retirement obligation associated with oil and gas properties held for sale 749 1,277 Net Portis Plan liability 90,788 87,167 Defersed income taxes 573,577 568,263 Drivative liabilities \$73,577 568,263 Drivative liabilities \$74,99 1,277 Other noncurrent liabilities \$74,99 1,277 Common stock, \$010 \$7,680 67,833 Contron stock, \$0	LIABILITIES AND STOCKHOLDERS' EQUITY			
Derivative liability 19,352 42,806 Other current liabilities 6,000 6,000 Total current liabilities 499,925 505,805 Noncurrent liabilities: 228,000 1,00% Senior Convertible Notes, net of unamortized discount of \$2,431 in 2011 228,000 6,62% Senior Notes Due 2019 350,000 350,000 6,50% Senior Notes Due 2021 350,000 350,000 6,50% Senior Notes Due 2023 400,000 Asset teriment obligation associated with oil and gas properties held for sale 749 1,277 Net Profits Plan liability 90,389 107,731 Derivative liabilities 575,877 568,263 Other oncurrent liabilities 575,877 568,263 Derivative liabilities 575,877 568,263 Other oncurrent liabilities 57,680 67,533 Total noncurrent liabilities 2,149,985 1,830,235 Stockholders' equity: 61 641 Common stock, \$0,01 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; out 54,94 1,424,9	Current liabilities:			
Other current liabilities 6,000 6,000 Total current liabilities 499,925 505,805 Noncurrent liabilities: 228,000 - 3.50% Senior Convertible Notes, net of unamortized discount of \$2,431 in 2011 - 285,009 6.52% Senior Notes Due 2019 350,000 350,000 6.50% Senior Notes Due 2011 350,000 - Asset retirement obligation 90,788 87,167 Asset retirement obligation associated with oil and gas properties held for sale 749 1,277 Net Profits Plan liability 90,389 107,731 568,363 Derivative liability 8,802 12,875 0ther noncurrent liabilities 57,680 67,833 Total noncurrent liabilities 57,680 67,833 107,731 568,363 Stockholders' equity: 2,149,985 1,830,235 1,830,235 Stockholders' equity: 22,149,985 1,830,235 1,257,534 1,251,157 Additional paid-in capital 1,257,534 1,251,157 1,251,157 Additional paid-in capital 1,257,534 1,251,157	Accounts payable and accrued expenses	\$	474,573	\$ 456,999
0,000 0,000 Total current liabilities 499,925 505,805 Noncurrent liabilities: 228,000 1,50% Senior Convertible Notes, net of unamoritzed discount of \$2,431 in 2011 285,069 6,625% Senior Notes Due 2019 350,000 350,000 350,000 6,50% Senior Notes Due 2021 350,000 350,000 Asset retirement obligation 400,000 Asset retirement obligation 90,788 87,167 Asset retirement obligation associated with oil and gas properties held for sale 749 1,277 Net Profits Plan liability 90,389 107,731 Defrered income taxes 573,577 568,263 Other noncurrent liabilities 2,149,985 1,830,235 Stockholders' equity: 2,149,985 1,830,235 Common stock, 50,010 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; outstanding, net of treasury shares; 66,071,228 shares in 2011 661 641 Additional paid-in capital 222,812 21,6966 1,474,042 1,429,045 1,474,042	Derivative liability		19,352	42,806
Noncurrent liabilities: 228,000 - 3.50% Senior Convertible Notes, net of unamorized discount of \$2,431 in 2011 - 285,060 6.625% Senior Notes Due 2019 350,000 350,000 6.50% Senior Notes Due 2021 350,000 350,000 6.50% Senior Notes Due 2023 400,000 - Asset retirement obligation associated with oil and gas properties held for sale 749 1,277 Net Profits Plan liability 90,389 107,731 568,263 Derivative liabilities 573,577 568,263 21,449,985 1,830,235 Stockholders' equity: 2,149,985 1,830,235 1,830,235 1,830,235 Stockholders' equity: 222,812 216,966 641 Additional paid-in capital 222,812 216,966 1,474,042 1,462,940 Total stockholders' equity 1,474,042 1,462,940 1,474,042	Other current liabilities		6,000	6,000
Long-term credit facility 228,000 - 3.50% Senior Convertible Notes, net of unamortized discount of \$2,431 in 2011 - 285,069 6.625% Senior Notes Due 2019 350,000 350,000 6.50% Senior Notes Due 2021 350,000 - Asset retirement obligation 400,000 - Asset retirement obligation 90,788 87,167 Asset retirement obligation 90,788 87,167 Net Profits Plan liability 90,389 107,731 Deferred income taxes 749 1,277 Net Profits Plan liability 90,389 107,731 Defirered income taxes 573,577 568,263 Other noncurrent liabilities 21,49,985 1,830,235 Total noncurrent liabilities 21,49,985 1,830,235 Stockholders' equity: 661 641 Additional paid-in capital 222,812 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 64,064,415 shares in 2011 611 641 Additional paid-in capital 2,22,812 216,966 1,257,534 1,251,157	Total current liabilities		499,925	 505,805
Long-term credit facility 228,000 - 3.50% Senior Convertible Notes, net of unamortized discount of \$2,431 in 2011 - 285,069 6.625% Senior Notes Due 2019 350,000 350,000 6.50% Senior Notes Due 2021 350,000 - Asset retirement obligation 400,000 - Asset retirement obligation 90,788 87,167 Asset retirement obligation 90,788 87,167 Net Profits Plan liability 90,389 107,731 Deferred income taxes 749 1,277 Net Profits Plan liability 90,389 107,731 Defirered income taxes 573,577 568,263 Other noncurrent liabilities 21,49,985 1,830,235 Total noncurrent liabilities 21,49,985 1,830,235 Stockholders' equity: 661 641 Additional paid-in capital 222,812 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 64,064,415 shares in 2011 611 641 Additional paid-in capital 2,22,812 216,966 1,257,534 1,251,157	Noncurrent liabilities			
3.50% Senior Convertible Notes, net of unamortized discount of \$2,431 in 2011 — 285,069 6.625% Senior Notes Due 2019 350,000 350,000 6.50% Senior Notes Due 2021 350,000 350,000 6.50% Senior Notes Due 2023 400,000 — Asset retirement obligation 90,788 87,167 Asset retirement obligation associated with oil and gas properties held for sale 749 1,27,31 Deferred income taxes 573,577 568,263 Derivative liability 8,802 12,875 Other noncurrent liabilities 57,680 67,853 Total noncurrent liabilities 57,680 67,853 Stockholders' equity: 661 641 Additional paid-in capital 222,812 216,966 Treasury shorks: to 2012 and 81,067 shares in 2011 (1,221) (1,544) Retained earnings (5,744) (4,280) Total stockholders' equity (5,744) (4,280)			228.000	_
6.625% Senior Notes Due 2019 350,000 350,000 6.50% Senior Notes Due 2021 350,000 350,000 6.50% Senior Notes Due 2023 400,000 Asset retirement obligation 90,788 87,167 Asset retirement obligation associated with oil and gas properties held for sale 749 1,277 Net Profits Plan liability 90,389 107,73.3 Deferred income taxes 573,577 568,263 Derivative liability 8,802 12,875 Other noncurrent liabilities 57,680 67,853 Total noncurrent liabilities 57,680 67,853 Common stock, \$0.01 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; outstanding, net of treasury shares: in 6,071,228 shares in 2012 and 64,064,415 shares in 2011 661 641 Additional paid-in capital 222,812 216,966 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 64,064,415 shares in 2011 (1,544) (1,544) Accumulated other comprehensive loss (5,744) (4,280) (4,280) Total stockholders' equity 1,474,042 1,462,940 1,462,940			228,000	285.069
6.50% Senior Notes Due 2021 350,000 350,000 6.50% Senior Notes Due 2023 400,000 Asset retirement obligation 90,788 87,167 Asset retirement obligation associated with oil and gas properties held for sale 749 1,277 Net Profits Plan liability 90,389 107,731 Deferred income taxes 573,577 568,263 Derivative liability 8,802 12,875 Other noncurrent liabilities 57,680 67,853 Total noncurrent liabilities 2,149,985 1,830,235 Stockholders' equity: 661 641 Additional paid-in capital 222,812 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 64,064,415 shares in 2011 (1,221) (1,544) Retained earmings 1,257,534 1,251,157 Accumulated other comprehensive loss (5,744) (4,280) Total stockholders' equity 1,474,042 1,462,940			350,000	
6.50% Senior Notes Due 2023 $400,000$ $-$ Asset retirement obligation $90,788$ $87,167$ Asset retirement obligation associated with oil and gas properties held for sale 749 $1,277$ Net Profits Plan liability $90,389$ $107,731$ Deferred income taxes $573,577$ $568,263$ Derivative liabilities $57,680$ $67,853$ Other noncurrent liabilities $57,680$ $67,853$ Total noncurrent liabilities $57,680$ $67,853$ Stockholders' equity: $2,149,985$ $1,830,235$ Stockholders' equity: 661 641 Additional paid-in capital $222,812$ $216,966$ Treasury stock, sto.51 shares in 2012 and $64,064,415$ shares in 2011 $(1,221)$ $(1,544)$ Retained earnings $(5,744)$ $(4,280)$ Total stockholders' equity $(5,744)$ $(4,22,940)$				
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Asset retirement obligation associated with oil and gas properties held for sale749 $1,277$ Net Profits Plan liability $90,389$ $107,731$ Deferred income taxes $573,577$ $568,263$ Derivative liability $8,802$ $12,875$ Other noncurrent liabilities $57,680$ $67,853$ Total noncurrent liabilities $57,680$ $67,853$ Stockholders' equity: $2,149,985$ $1,830,235$ Stockholders' equity: 661 661 Additional paid-in capital $222,812$ $216,966$ Treasury stock, at cost: $50,581$ shares in 2012 and $64,064,415$ shares in 2011 $(1,221)$ $(1,544)$ Retained earnings $1,257,534$ $1,251,157$ Accumulated other comprehensive loss $(5,744)$ $(4,280)$ Total stockholders' equity $1,474,042$ $1,462,940$				
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Derivative liability 8,802 12,875 Other noncurrent liabilities 57,680 67,853 Total noncurrent liabilities 2,149,985 1,830,235 Stockholders' equity: 0 661 641 Additional paid-in capital 222,812 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 64,064,415 shares in 2011 (1,221) (1,544) Retained earnings 1,257,534 1,251,157 Accumulated other comprehensive loss (5,744) (4,280) Total stockholders' equity 1,474,042 1,462,940	-			
Other noncurrent liabilities57,68067,853Total noncurrent liabilities2,149,9851,830,235Stockholders' equity: common stock, \$0.01 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; outstanding, net of treasury shares: 66,071,228 shares in 2012 and 64,064,415 shares in 2011661641Additional paid-in capital222,812216,966Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011(1,221)(1,544)Retained earnings1,257,5341,251,157Accumulated other comprehensive loss(5,744)(4,280)Total stockholders' equity1,474,0421,462,940				
Total noncurrent liabilities 2,149,985 1,830,235 Stockholders' equity: Common stock, \$0.01 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; outstanding, net of treasury shares: 66,071,228 shares in 2012 and 64,064,415 shares in 2011 661 641 Additional paid-in capital 222,812 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011 (1,221) (1,544) Retained earnings 1,257,534 1,251,157 Accumulated other comprehensive loss (5,744) (4,280) Total stockholders' equity 1,474,042 1,462,940			8,802	12,875
Stockholders' equity:Common stock, \$0.01 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; outstanding, net of treasury shares: 66,071,228 shares in 2012 and 64,064,415 shares in 2011661641Additional paid-in capital222,812216,966Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011(1,221)(1,544)Retained earnings1,257,5341,251,157Accumulated other comprehensive loss(5,744)(4,280)Total stockholders' equity1,474,0421,462,940	Other noncurrent liabilities			 67,853
Common stock, \$0.01 par value - authorized: 200,000,000 shares; issued: 66,121,809 shares in 2012 and 64,145,482 shares in 2011; outstanding, net of treasury shares: 66,071,228 shares in 2012 and 64,064,415 shares in 2011661641Additional paid-in capital222,812216,966Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011(1,221)(1,544)Retained earnings1,257,5341,251,157Accumulated other comprehensive loss(5,744)(4,280)Total stockholders' equity1,474,0421,462,940	Total noncurrent liabilities		2,149,985	 1,830,235
outstanding, net of treasury shares: 66,071,228 shares in 2012 and 64,064,415 shares in 2011661641Additional paid-in capital222,812216,966Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011(1,221)(1,544)Retained earnings1,257,5341,251,157Accumulated other comprehensive loss(5,744)(4,280)Total stockholders' equity1,474,0421,462,940				
Additional paid-in capital 222,812 216,966 Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011 (1,544) (1,544) Retained earnings 1,257,534 1,251,157 Accumulated other comprehensive loss (5,744) (4,280) Total stockholders' equity 1,474,042 1,462,940			661	641
Treasury stock, at cost: 50,581 shares in 2012 and 81,067 shares in 2011 (1,221) (1,544) Retained earnings 1,257,534 1,251,157 Accumulated other comprehensive loss (5,744) (4,280) Total stockholders' equity 1,474,042 1,462,940			222,812	216,966
Retained earnings 1,257,534 1,251,157 Accumulated other comprehensive loss (5,744) (4,280) Total stockholders' equity 1,474,042 1,462,940				
Accumulated other comprehensive loss(5,744)(4,280)Total stockholders' equity1,474,0421,462,940	-			
Total stockholders' equity 1,474,042 1,462,940	-			
S4,123,952\$3,798,980	-			
	Total Liabilities and Stockholders' Equity	\$	4,123,952	\$ 3,798,980

Total Liabilities and Stockholders' Equity

Consolidated Statements of Cash Flows

(in thousands)

	For the Three Months Ended September 30,			ed For the Nine Months End September 30,					
	2012		2011	2012		2011			
Cash flows from operating activities:									
Net income (loss)	\$ (38,33	6) \$	230,097	\$ 12,889	\$	336,127			
Adjustments to reconcile net income to net cash provided by operating activities:									
(Gain) loss on divestiture activity	8,53	2	(190,728)	31,246		(245,662)			
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	192,43	2	123,067	523,610		343,805			
Exploratory dry hole expense	10,35	3	_	18,551		49			
Impairment of proved properties	-	_	48,525	38,523		48,525			
Abandonment and impairment of unproved properties	44	7	_	11,296		4,316			
Stock-based compensation expense	9,35	9	7,713	21,731		19,550			
Change in Net Profits Plan liability	79	8	(24,930)	(17,342)		(24,719)			
Unrealized derivative (gain) loss	66,77	7	(132,180)	(7,237)		(108,020)			
Amortization of debt discount and deferred financing costs	1,07	6	3,404	5,692		14,698			
Deferred income taxes	(22,91	0)	112,010	7,305		164,251			
Plugging and abandonment	(28		(1,505)	(1,804)		(2,935)			
Other	1,77	·	(64)	906		(5,952)			
Changes in current assets and liabilities:	,								
Accounts receivable	(19,41	7)	(10,417)	(18,682)		(20,787)			
Refundable income taxes	(63		3,134	2,339		8,482			
Prepaid expenses and other	(1,44	·	(960)	(6,203)		14,732			
	34,78		(39,028)	30,766		(41,558)			
Accounts payable and accrued expenses	54,70	5	(59,020)	50,700		(41,550)			
Excess income tax benefit from the exercise of stock awards			(8,364)			(15,155)			
Net cash provided by operating activities	243,29	8	119,774	653,586		489,747			
Cash flows from investing activities:									
Net proceeds from sale of oil and gas properties	33,25	3	227,101	48,663		325,053			
Capital expenditures	(421,38	9)	(419,245)	(1,126,755)		(1,081,617)			
Acquisition of oil and gas properties	(29	2)	_	(5,604)		_			
Other	(11	1)	2,015	_		(340)			
Net cash used in investing activities	(388,53	<u> </u>	(190,129)	(1,083,696)		(756,904)			
Cash flows from financing activities:									
Proceeds from credit facility	432,00	n	13,500	1,234,500		115,500			
Repayment of credit facility	(265,00		(13,500)	(1,006,500)		(163,500)			
Debt issuance costs related to credit facility	(200,00	_	(10,000)	(1,000,000)		(105,500)			
Net proceeds from Senior Notes due 2019	_	_	(313)	_		341,122			
Net proceeds from Senior Notes due 2013 Net proceeds from Senior Notes due 2023	(11	3)	(515)	392,223		511,122			
Repayment of Convertible Notes	(11		_	(287,500)					
Proceeds from sale of common stock	53		664	3,421		5,593			
	55	5	004						
Dividends paid	(21.60	-	(0.067)	(3,208)		(3,181)			
Net share settlement from issuance of stock awards	(21,60	5)	(9,967)	(21,605)		(9,967)			
Excess income tax benefit from the exercise of stock awards	-	-	8,364	(221)		15,155			
Other	(57		644	(231)					
Net cash provided by (used in) financing activities	145,24	<u> </u>	(802)	311,100		292,003			
Net change in cash and cash equivalents	-	_	(71,157)	(119,010)		24,846			
Cash and cash equivalents at beginning of period	18	4	101,080	119,194		5,077			
Cash and cash equivalents at end of period	\$ 18	4 \$	29,923	\$ 184	\$	29,923			

Adjusted Net Income

(in thousands, except per share data)

Reconciliation of net income (loss) (GAAP)

to adjusted net income (Non-GAAP):

•	For the Three Months Ended September 30,					For the Nine Months Ended September 30,					
	2012			2011		2012		2011			
Reported net income (loss) (GAAP)	\$	(38,336)	\$	230,097	\$	12,889	\$	336,127			
Adjustments net of tax: ⁽¹⁾											
Change in Net Profits Plan liability		500		(15,631)		(10,873)		(15,499)			
Unrealized derivative (gain) loss		41,869		(82,877)		(4,538)		(67,729)			
(Gain) loss on divestiture activity		5,350		(119,586)		19,591		(154,030)			
Impairment of proved properties		—		30,425		24,154		30,425			
Abandonment and impairment of unproved properties		280		—		7,082		2,706			
Adjusted net income (Non-GAAP) ⁽²⁾	\$	9,663	\$	42,428	\$	48,305	\$	132,000			
Adjusted net income per diluted common share:	\$	0.14	\$	0.63	\$	0.72	\$	1.96			
Diluted weighted-average common shares outstanding: (3)		66,973		67,386		67,343		67,390			

(1) For the three and nine-month periods ended September 30, 2012 and September 30, 2011, adjustments are shown net of tax and are calculated using an effective tax rate of 37.3%, which approximates the Company's statutory tax rate, as adjusted for ordinary permanent differences.

(2) Adjusted net income excludes certain items that the Company believes affect the comparability of operating results. Items excluded generally are non-recurring items or are items whose timing and/or amount cannot be reasonably estimated. These items include non-cash adjustments and impairments such as the change in the Net Profits Plan liability, unrealized derivative (gain) loss, impairment of proved properties, abandonment and impairment of unproved properties, and loss (gain) on divestiture activity. The non-GAAP measure of adjusted net income is presented because management believes it provides useful additional information to investors for analysis of SM Energy's fundamental business on a recurring basis. In addition, management believes that adjusted net income is widely used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in the oil and gas exploration and production industry, and many investors use the published research of industry research analysts in making investment decisions. Adjusted net income should not be considered in isolation or as a substitute for net income, income from operations, cash provided by operating activities or other income, profitability, cash flow, or liquidity measures prepared under GAAP. Since adjusted net income excludes some, but not all, items that affect net income and may vary among companies, the adjusted net income amounts presented may not be comparable to similarly titled measures of other companies.

(3) For periods where the Company reports a GAAP net loss, the diluted weighted average share count is calculated using potentially dilutive securities related to unvested Restricted Stock Units, in-the-money outstanding options to purchase the Company's common stock, contingent Performance Share Awards, and contingent Performance Stock Units. On a GAAP basis, these items are not treated as dilutive securities in periods where the Company reports a GAAP loss for the quarter.

EBITDAX

(in thousands)

Reconciliation of net income (loss) (GAAP) to EBITDAX (Non-GAAP)

	For the Three Months Ended September 30,					For the Nine Months Ended September 30,			
		2012		2011		2012		2011	
Reported net income (loss) (GAAP)	\$	(38,336)	\$	230,097	\$	12,889	\$	336,127	
Adjustments:									
Interest income		(126)		(27)		(201)		(382)	
Interest expense		18,362		9,372		45,352		33,636	
Income tax (benefit) expense		(22,736)		133,346		7,740		195,142	
Depletion, depreciation, amortization, and asset retirement obligation liability accretion		192,432		123,067		523,610		343,805	
Exploration		25,417		11,272		66,031		33,587	
Impairment of proved properties		_		48,525		38,523		48,525	
Abandonment and impairment of unproved properties		447		_		11,296		4,316	
Stock-based compensation expense		9,359		7,713		21,731		19,550	
Unrealized derivative (gain) loss		66,777		(132,180)		(7,237)		(108,020)	
Change in Net Profits Plan liability		798		(24,930)		(17,342)		(24,719)	
(Gain) loss on divestiture activity		8,532		(190,728)		31,246		(245,662)	
EBITDAX (Non-GAAP) ⁽⁴⁾	\$	260,926	\$	215,527	\$	733,638	\$	635,905	

(4) EBITDAX represents income or loss before interest expense, interest income, income taxes, depreciation, depletion, amortization and accretion, exploration expense, property impairments, non-cash stock compensation expense, unrealized derivative gains and losses, change in the Net Profit Plan liability, and gains and losses on divestitures. EBITDAX excludes certain items that the Company believes affect the comparability of operating results and can exclude items that are generally one-time or whose timing and/or amount cannot be reasonably estimated. EBITDAX is a non-GAAP measure that is presented because the Company believes that it provides useful additional information to investors, as a performance measure, for analysis of its ability to internally generate funds for exploration, development, acquisitions, and to service debt. The Company is also subject to financial covenants under its credit facility based on its debt to EBITDAX ratio. In addition, EBITDAX is widely used by professional research analysts and others in the valuation, comparison, and investment decisions. EBITDAX should not be considered in isolation or as a substitute for net income, income from operations, net cash provided by operating activities, profitability, or liquidity measures prepared under GAAP. Since EBITDAX excludes some, but not all items that affect net income and may vary among companies, the EBITDAX amounts presented may not be comparable to similar metrics of other companies.