

**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)

**September 3, 2014 (September 3, 2014)**

**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 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, as amended (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, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

From September 3 to September 4, 2014, certain executive officers of SM Energy Company (the "**Company**") will attend the Barclays Capital CEO Energy-Power 2014 Conference in New York, New York. The information included with this Current Report as Exhibit 99.1 includes graphic images or slides that will be made available at the conference. These slides are also available for viewing at the Company's website, www.sm-energy.com, although the Company reserves the right to discontinue that availability at any time.

**Item 9.01 Financial Statements and Exhibits.**

- (d) Exhibits. The following exhibit is furnished as part of this report:  
Exhibit 99.1 Presentation slides dated September 4, 2014.

2

**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: September 3, 2014

By: /s/ DAVID W. COPELAND  
David W. Copeland  
Executive Vice President, General Counsel and Corporate Secretary



# Barclays Energy- Power Conference

**Jay Ottoson**  
President and  
COO

September 4, 2014



## Forward Looking Statements - Cautionary Language

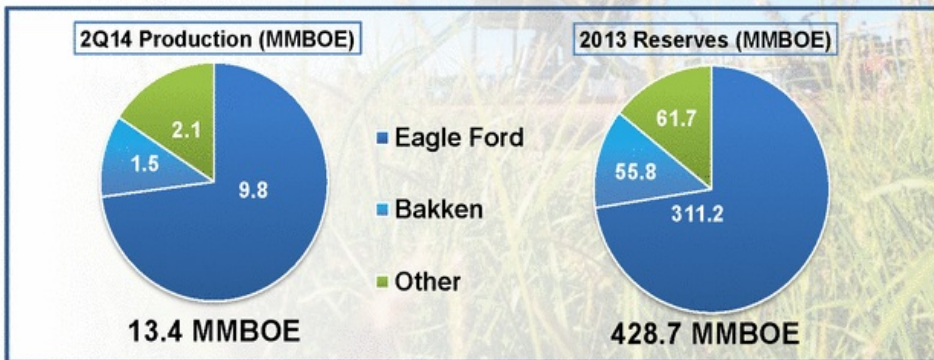
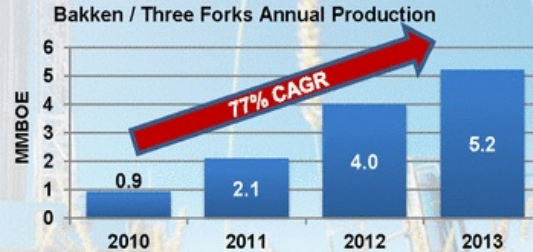
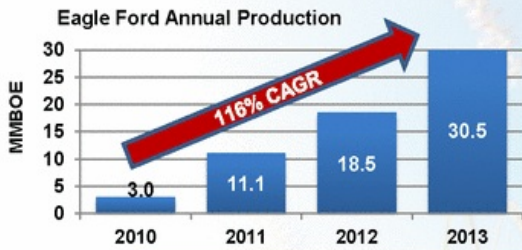


Except for historical information contained herein, statements in this presentation, including information regarding the business of the Company, contain forward looking statements within the meaning of securities laws, including forecasts and projections. The words "anticipate," "assume," "believe," "budget," "estimate," "expect," "target," "forecast," "intend," "plan," "project," "will" 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 availability, proximity, and capacity of gathering, processing and transportation facilities; the uncertainty of negotiations to result in an agreement or a completed transaction; the uncertain nature of announced acquisition, divestiture, joint venture, farm down, or similar efforts and the ability to complete any such transactions; the uncertain nature of expected benefits from the actual or expected acquisition, divestiture, joint venture, farm down, or similar efforts; 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 acquisition opportunities for future growth and any necessary financings; unexpected drilling conditions and results; unsuccessful exploration and development drilling results; 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 2013 Annual Report on Form 10-K. The forward looking statements contained herein speak as of the date of this announcement. 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.

# Overview



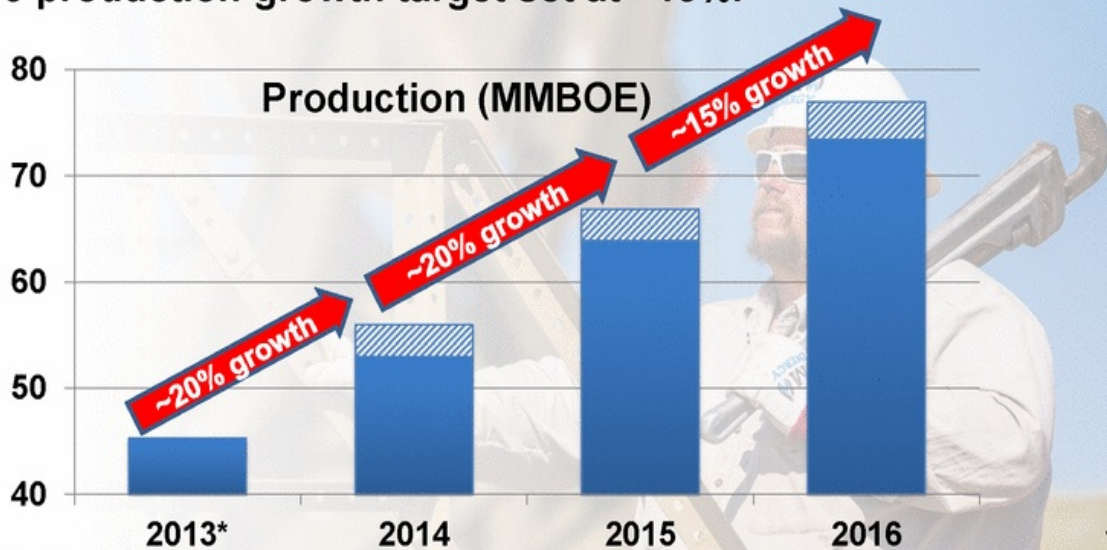
SM Energy is a returns-focused company with core positions in the Eagle Ford and Bakken / Three Forks.



# Production Outlook

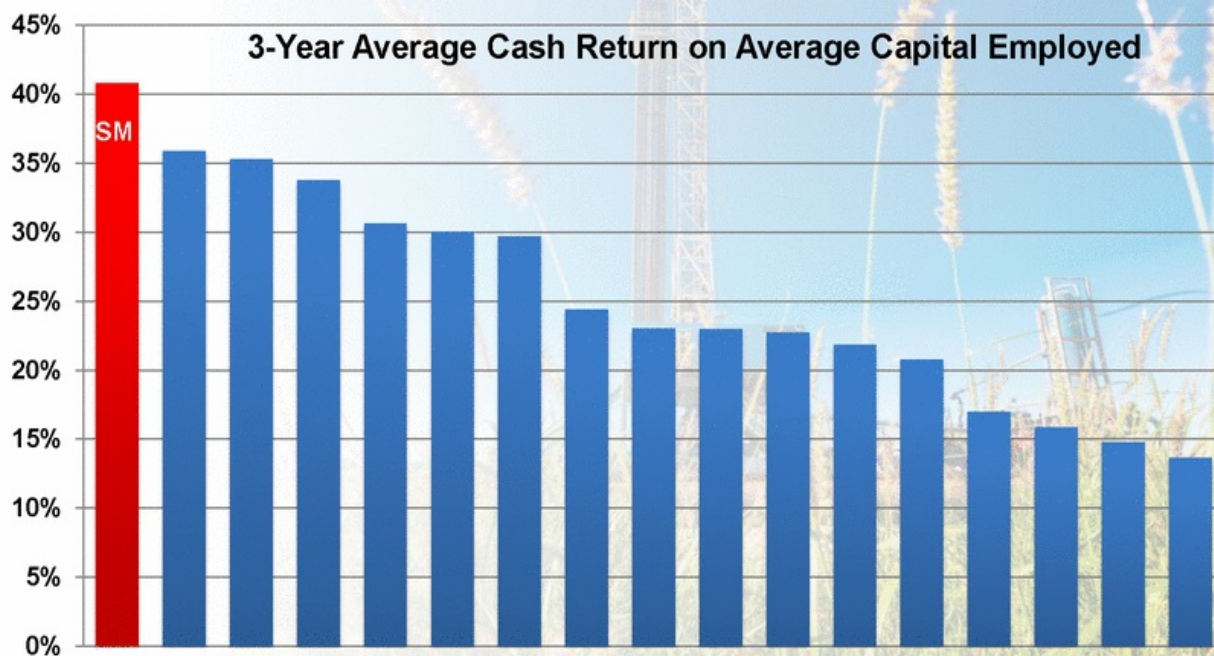


- Recently increased 2014 production guidance; 2015 annual production growth target increased to ~20% from ~15%.
- 2015 oil growth expected to be between 30% and 40%.
- 2016 production growth target set at ~15%.



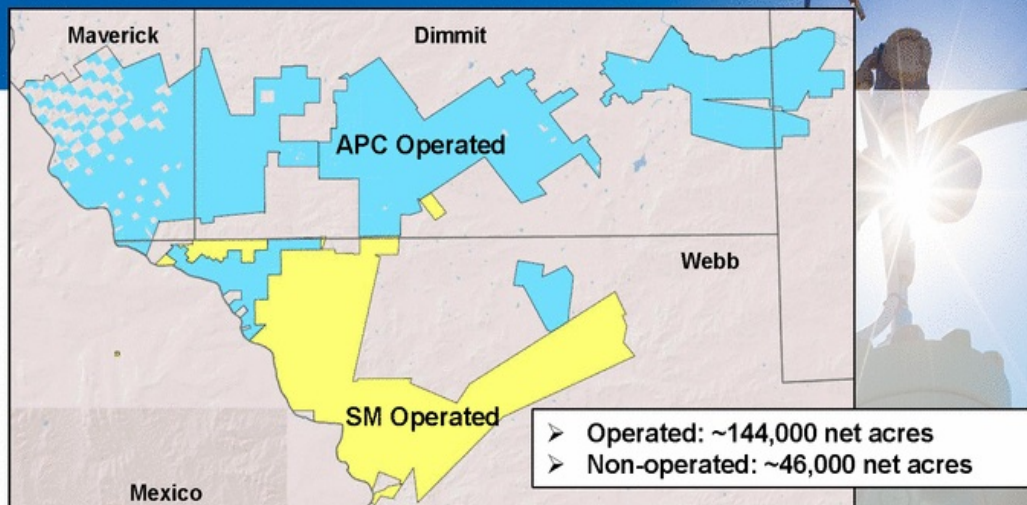
\*2013 production for retained properties.

# Peer-Leading Corporate Returns



Note: Cash return on average capital employed is calculated by SM Energy as GAAP cash flow from operations adjusted for changes in working capital divided by average capital employed. See reconciliation in the Appendix for SM Energy calculation. Data sourced from Bloomberg. Peer group is comprised of the following: CLR, COG, CXO, DNR, EGN, NFX, OAS, PXD, QEP, ROSE, RRC, UPL, WLL, WPX, XCO, and XEC.

# Eagle Ford



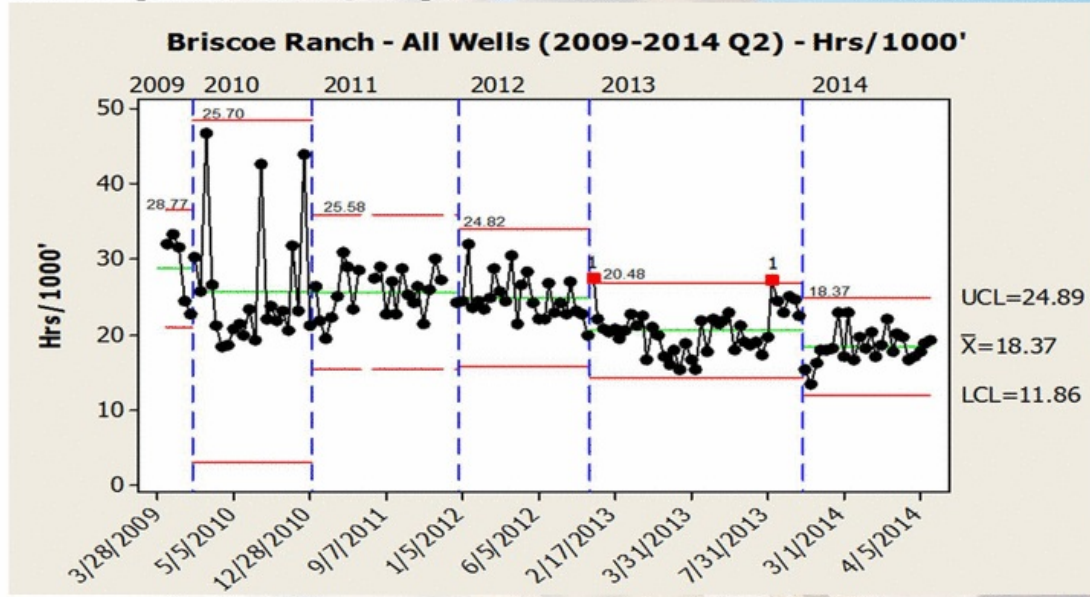
- Operated and non-operated programs are focused on improving and expanding economic drilling inventory.
- 2014 operated program will utilize longer laterals and increased sand loading completions.



# Improved Drilling Time



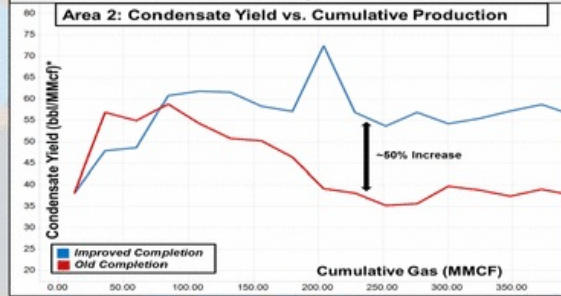
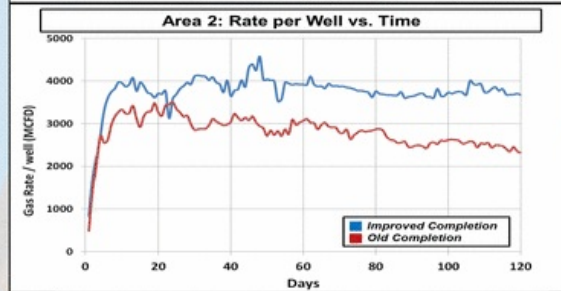
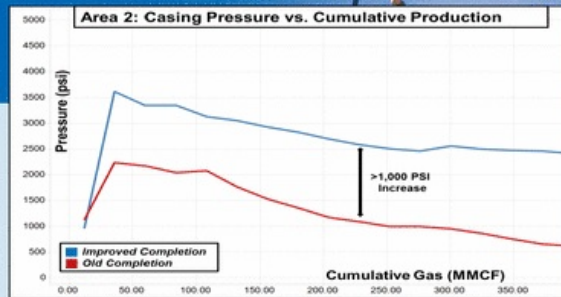
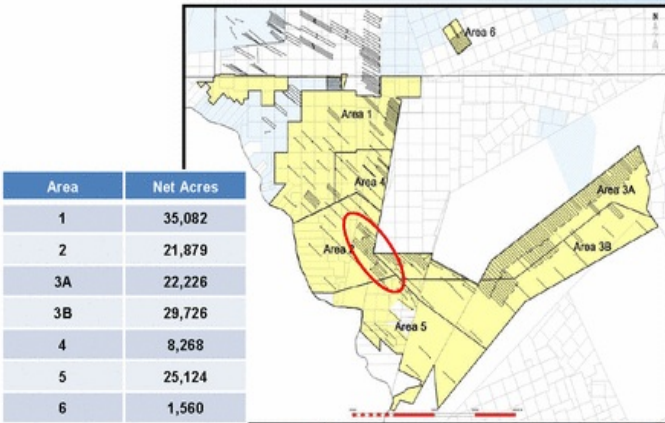
- SM Energy has decreased its average per well drilling time and increased the consistency of drilling time, leading to lower program costs.



# Eagle Ford – Area 2 Improvements Recap



- Substantial increase in sand loading resulting in:
  - ✓ Higher flowing pressures
  - ✓ Increased production rates
  - ✓ Increased condensate yield



# Improving Eagle Ford Completions



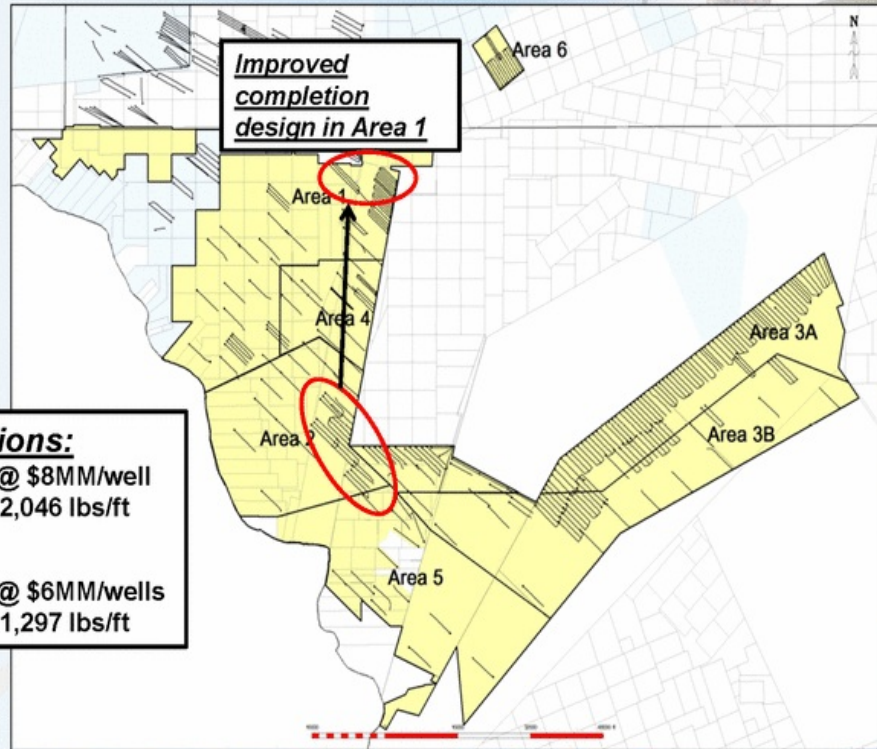
- SM Energy has increased sand loading and lateral length in its recent Area 1 wells.

## Improved Completions:

Average length – 7,032' @ \$8MM/well  
Average sand loading – 2,046 lbs/ft

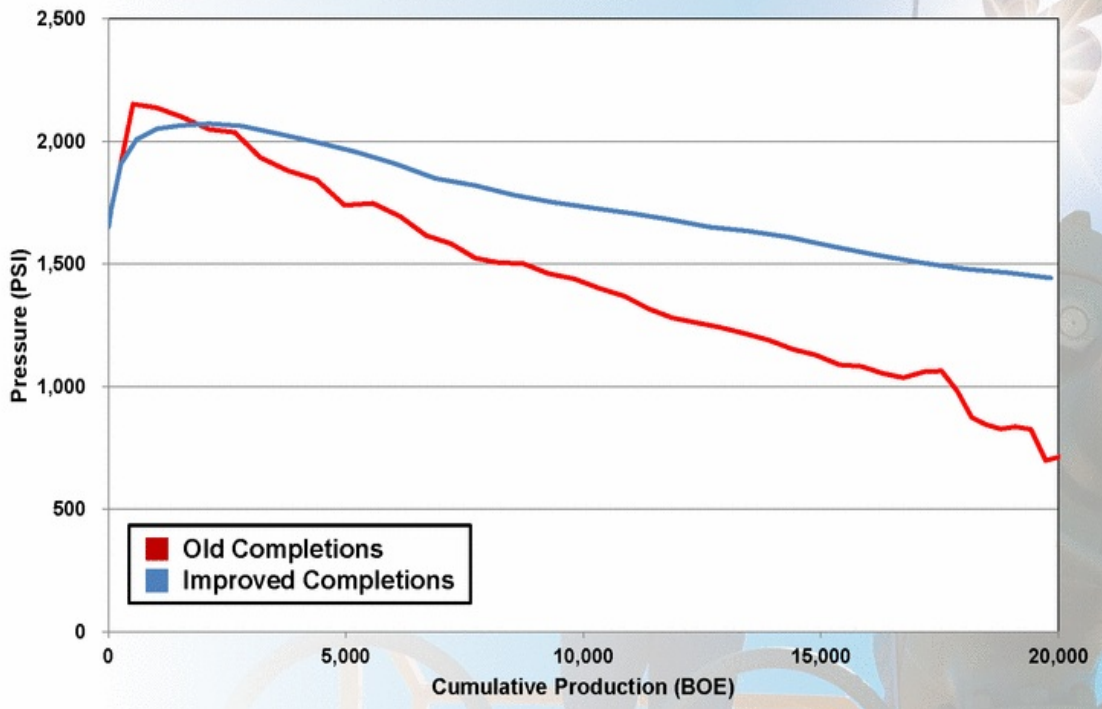
## Old Completions:

Average length – 4,396' @ \$6MM/wells  
Average sand loading – 1,297 lbs/ft



# Improved Completion Design → Higher Pressures

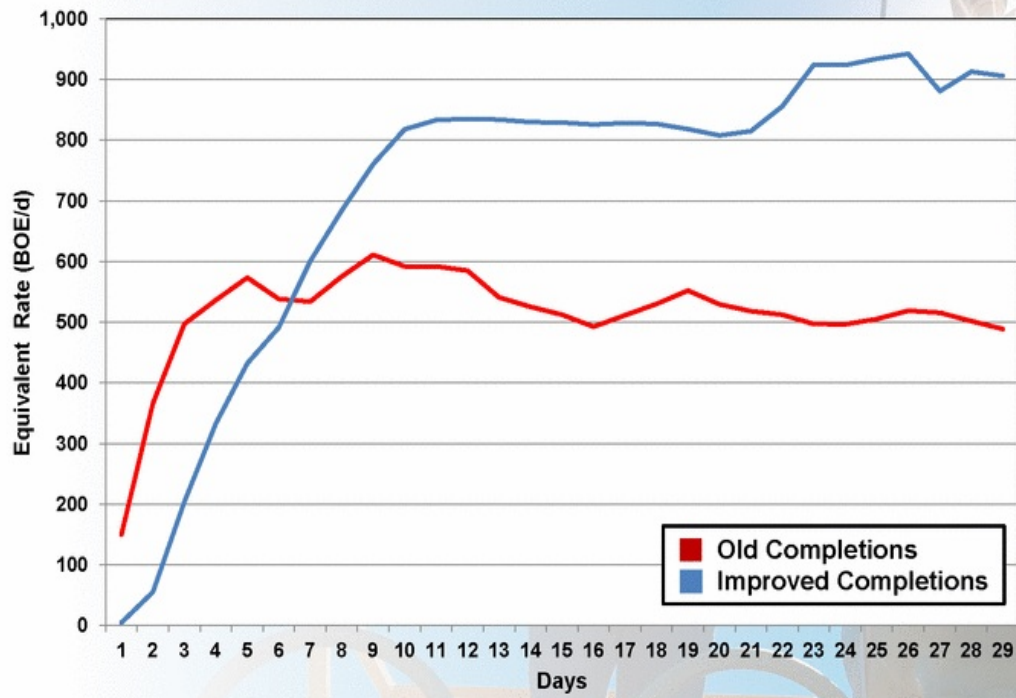
## Area 1: Casing Pressure vs. Cumulative Equivalent Production



# Improved Completion Design → Higher IPs



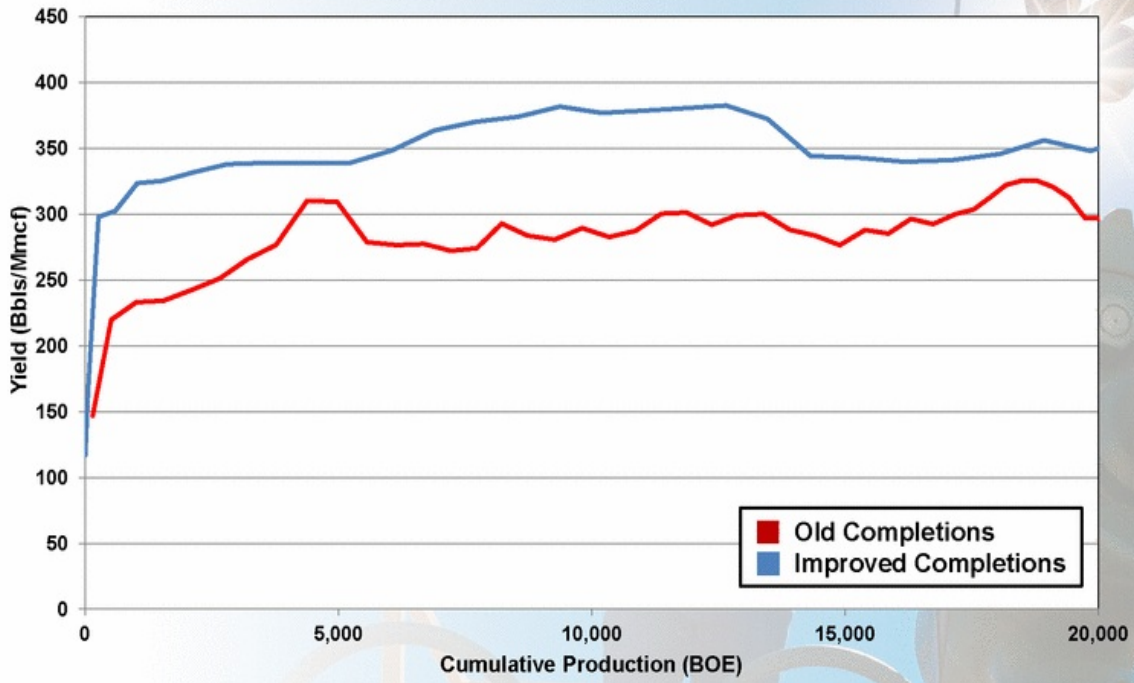
## Area 1: Equivalent Rate Per Well vs. Time



# Improved Completion Design → Higher Yield



## Area 1: Condensate Yield vs. Cumulative Equivalent Production

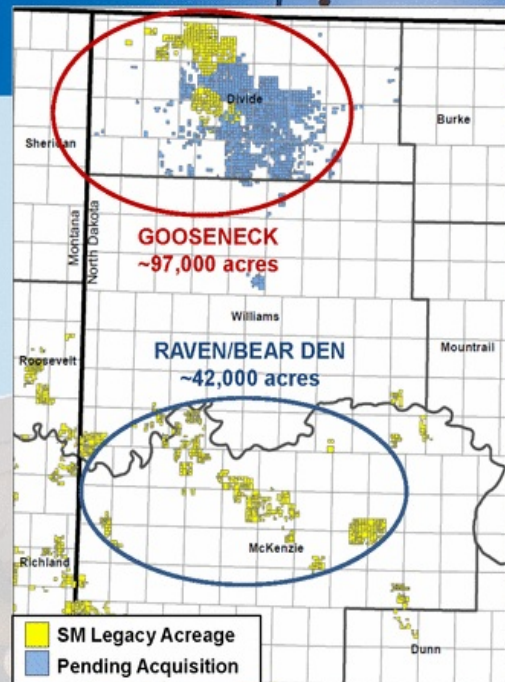


# Bakken/Three Forks



## Operational Highlights

- During 2Q14, the Company operated 2 rigs in Raven/Bear Den and 1 rig in Gooseneck.
- Pending acquisition adjacent to Gooseneck adds ~61,000 net acres for \$330MM.
- The Company expects to ramp its basin activity in 4Q14 and 2015.

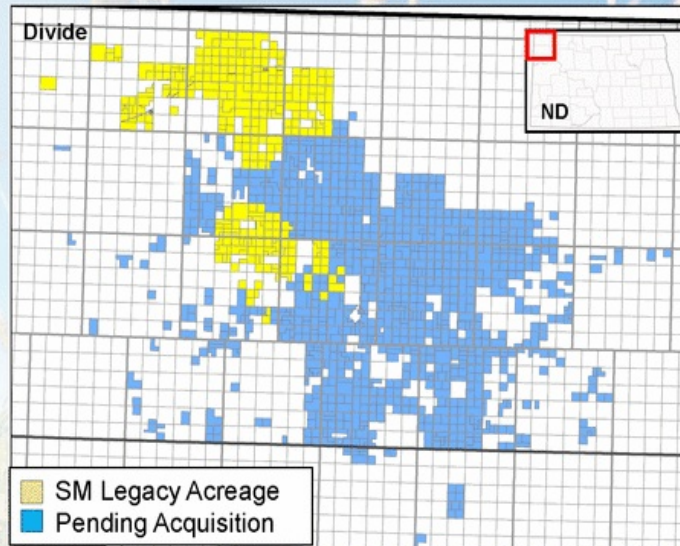


- Total Williston Basin net acreage\*  
✓ ~225,000

\* Map and acreage total includes pending acquisition acreage.

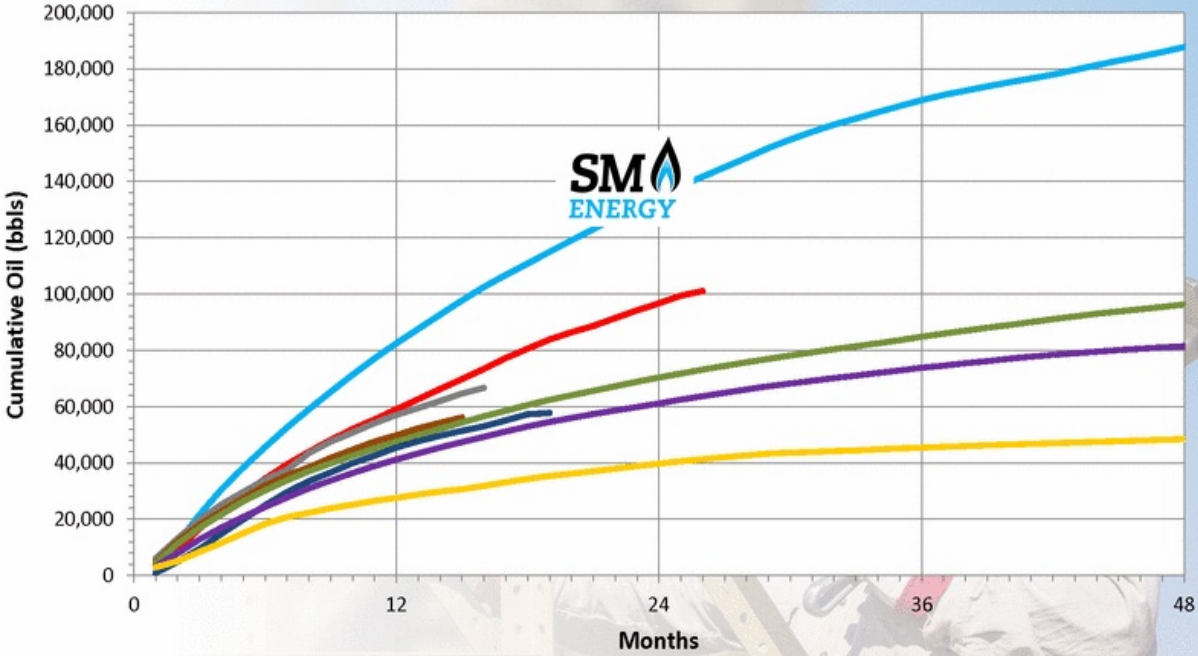
# Pending Gooseneck Acquisition

- Significant acquisition fits perfectly with existing acreage and provides substantial running room for this program.
- Upon closing, the Company will have ~97,000 net acres in its Gooseneck focus area.
- Potential for significant inventory build in Three Forks and Bakken formations.





# SM Gooseneck vs. Offset Operators

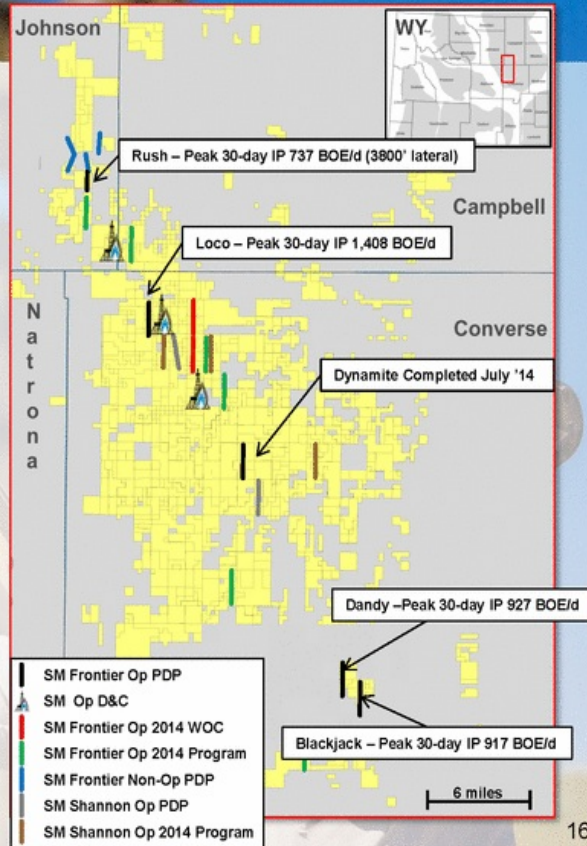


Note: Data sourced from North Dakota Industrial Commission website. Plot includes offset operators that have >5 wells in Divide County, North Dakota. Offset operators include AMZG, MVW, CLR, BTE, Murex, and Samson Resources.

# Powder River Basin Update



- In 2014, the Company has added approximately 33,000 net acres to its Powder River Basin position. The Company now holds approximately 166,000 net acres in the basin.
- Solid results from the Rush State 4277-36-1FH: peak 30-day initial production rate of 737 BOE/d from a ~3,800 foot lateral.
- Increasing activity to accelerate delineation of Frontier interval.
  - The Company has contracted a fourth rig for delivery in 3Q14 and expects to add a fifth rig in 2015.



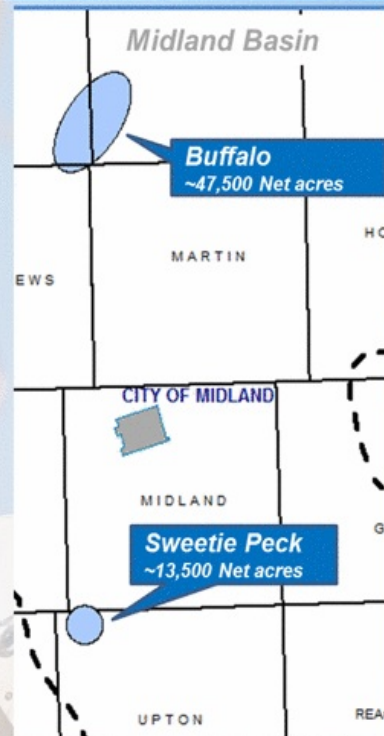


## Sweetie Peck

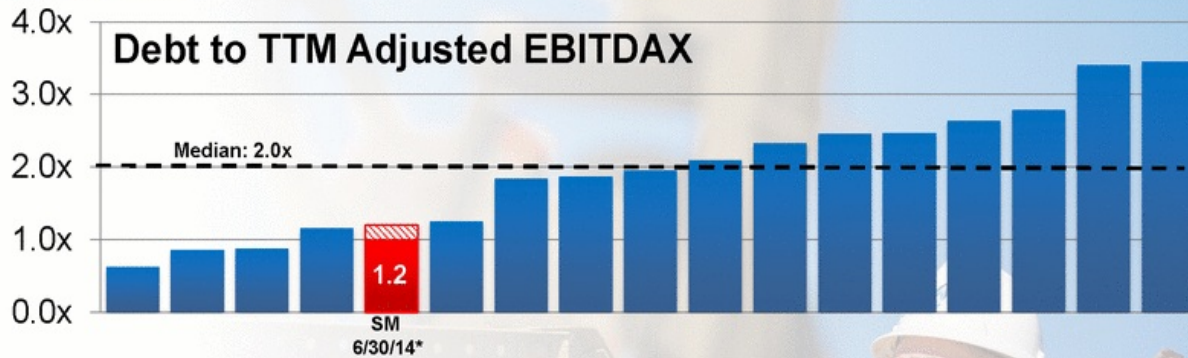
- **Wolfcamp B 30-day rates**
  - ✓ Avg. 5,000' lateral well 30-day IP rate: 1,011 BOE/d
  - ✓ Avg. 7,600' lateral well 30-day IP rate: 1,456 BOE/d
- **Total D&C well costs down 13% since 1/14**
- **Additional bench evaluation looks very encouraging**
  - ✓ Lower Spraberry Test spud 3Q14

## Buffalo

- **Wolfcamp D test is waiting on completion.**



# Strong, Simple Balance Sheet



- SM Energy's pro forma debt to trailing twelve-month adjusted EBITDAX is below its peer median average of 2.0x.

As of June 30, 2014	
Current Revolver Commitments	\$1.3 billion
Revolver drawn	\$0
First maturity of debt	February 2019

\* 6/30/14 debt to TTM adjusted EBITDAX was 1.0. Pro forma debt to TTM adjusted EBITDAX includes Gooseneck acquisition.

Note: 6/30/14 balance sheet and TTM adjusted EBITDAX data sourced from Bloomberg. Peer group is comprised of, CLR, COG, CXO, DNR, EGN, NFX, OAS, PXD, QEP, ROSE, RRC, UPL, WLL, WPX, XCO, and XEC.

# Key Takeaways



- **Peer-leading corporate returns.**
- **Drilling inventory is growing in size and quality.**
- **Production growth is continuing and getting oilier.**



# Appendix

# 2Q14 Regional Realizations



NYMEX WTI OIL (Bbl)	\$	103.06
Hart Composite NGL (Bbl)	\$	41.21
NYMEX Henry Hub Gas (MMBTU)	\$	4.60

Production Volumes	STGC	Rockies	Mid-Con	Permian	SM Total
Oil (MBbls)	1,673	1,703	15	499	3,893
Gas (MMcf)	30,337	1,495	5,038	1,091	37,961
NGL (MBbls)	3,124	9	27	0	3,160
MBOE	9,854	1,961	881	681	13,380

Revenue (in thousands)						
Oil	\$	150,527	\$	156,868	\$	357,274
Gas		143,925		9,562		184,852
NGL		111,187		362		112,535
Total	\$	405,639	\$	166,792	\$	654,661

Expenses						
LOE	\$	25,313	\$	20,249	\$	62,785
Transportation	\$	77,559	\$	2,468	\$	82,993
Production Taxes	\$	9,978	\$	17,751	\$	31,820

Per Unit Metrics:						
Realized Oil/Bbl	\$	89.96	\$	92.13	\$	91.78
% of Benchmark – WTI		87%		89%		89%
Realized Gas/Mcf	\$	4.74	\$	6.39	\$	4.87
% of Benchmark – NYMEX HH		103%		139%		106%
Realized NGL/Bbl	\$	35.59	\$	38.45	\$	35.61
% of Benchmark – HART		86%		93%		86%
Realized BOE	\$	41.17	\$	85.04	\$	48.93
LOE/BOE	\$	2.57	\$	10.32	\$	4.69
Transportation/BOE	\$	7.87	\$	1.26	\$	6.20
Production Tax - % of Total Revenue		2.5%		10.6%		4.9%

\* Totals may not sum due to rounding.

# Adjusted EBITDAX Reconciliation



Adjusted EBITDAX (1)  
(in thousands)

Reconciliation of net income(GAAP) to Adjusted EBITDAX (non-GAAP) to net cash provided by operating activities (GAAP):

For the Three Months Ended  
June 30,

	2014	2013
Net income (GAAP)	\$59,780	\$176,522
Interest expense	24,040	21,581
Other non-operating (income) loss, net	1,847	(24)
Income tax expense	36,049	46,205
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	187,781	225,731
Exploration (2)	22,603	18,383
Impairment of proved properties	0	34,552
Abandonment and impairment of unproved properties	164	4,339
Stock-based compensation expense	7,997	9,955
Derivative loss (gain)	126,469	(85,190)
Cash settlement gain (loss)	(33,680)	2,211
Change in Net Profits Plan liability	(7,105)	(5,438)
Gain on divestiture activity (3)	(2,526)	(6,280)
<b>Adjusted EBITDAX (Non-GAAP)</b>	<b>\$423,419</b>	<b>\$342,547</b>
Interest expense	(\$24,040)	(\$121,581)
Other non-operating (income) loss, net	(1,847)	24
Income tax expense	(36,049)	(46,205)
Exploration (2)	(22,603)	(18,383)
Exploratory dry hole expense	6,459	5,727
Amortization of debt discount and deferred financing costs	1,477	1,363
Deferred income taxes	35,537	45,959
Plugging and abandonment	(1,894)	(2,368)
Other	(1,724)	3,933
Changes in current assets and liabilities	36,690	3,047
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$415,425</b>	<b>\$314,063</b>

(1) Adjusted EBITDAX represents income before interest expense, interest income, income taxes, depreciation, depletion, amortization and accretion, exploration expense, property impairments, non-cash stock compensation expense, derivative loss net of cash settlements, change in the Net Profit Plan liability, and loss on divestitures. Adjusted 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. Adjusted 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 the Company's 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 adjusted EBITDAX ratio. In addition, adjusted EBITDAX 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 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. Because adjusted EBITDAX excludes some, but not all items that affect net income and may vary among companies, the adjusted EBITDAX amounts presented may not be comparable to similar metrics of other companies.

(2) Stock-based compensation expense is a component of exploration expense and general and administrative expense on the accompanying condensed consolidated statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the accompanying condensed consolidated statements of operations because of the component of stock-based compensation expense recorded to exploration.

(3) Gain on divestiture activity is included within the other operating revenues line item of the accompanying condensed consolidated statements of operations.



# Cash Returns on Average Capital Employed Calculation



## Cash Returns on Average Capital Employed (non-GAAP) (in thousands)

	For the Years Ending December 31,			
	2013	2012	2011	2010
Cash flow from operating activities (GAAP)	\$1,338.5	\$922.0	\$760.5	\$497.1
Changes in working capital (GAAP)	(14.8)	(10.5)	40.8	5.8
Adjusted cash flow from operating activities (non-GAAP)	\$1,323.7	\$911.5	\$801.3	\$502.9
Long-term debt (GAAP)	\$1,600.0	\$1,440.0	\$985.1	\$323.7
Cash (GAAP)	(282.2)	(5.9)	(119.2)	(5.1)
Net debt (non-GAAP)	1,317.8	1,434.1	865.9	318.6
Stockholder equity (GAAP)	1,606.8	1,414.5	1462.9	1,218.5
Total capital employed (non-GAAP)	\$2,924.6	\$2,848.5	\$2,328.8	\$1,537.1
Total average capital employed (non-GAAP)	\$2,886.6	\$2,588.7	\$1,933.0	
Cash return on capital employed (non-GAAP) (Adjusted cash flow from operating /Total average capital employed)	46%	35%	41%	
Average 3-year cash return on capital employed (non-GAAP)	41%			