

**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 15, 2015 (June 15, 2015)

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 Exhibits 99.1 and 99.2, 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 Exhibits 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.

On June 15, 2015, SM Energy Company (the "**Company**") issued a press release announcing its participation in certain upcoming investor events as well as additional detail concerning its NGL realized prices. In conjunction with this press release, the Company also posted an updated investor presentation to its website. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated by reference herein. A copy of the updated investor presentation is furnished as Exhibit 99.2 to this report.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits. The following exhibits are furnished as part of this report:
- | | |
|--------------|--|
| Exhibit 99.1 | Press release of the Company dated June 15, 2015 entitled, "SM Energy Announces Participation in Upcoming Investor Events and Provides Additional Detail on NGL Realized Prices" |
| Exhibit 99.2 | Presentation slides dated June 15, 2015 |

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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: June 15, 2015

By: /s/ PATRICK A. LYTLE
Patrick A. Lytle
Financial Reporting Director and Assistant Secretary

FOR IMMEDIATE RELEASE**SM ENERGY ANNOUNCES PARTICIPATION IN UPCOMING INVESTOR EVENTS AND PROVIDES ADDITIONAL DETAIL ON NGL REALIZED PRICES**

DENVER, CO — June 15, 2015 —DENVER—(BUSINESS WIRE) SM Energy Company (NYSE: SM) today announces that the Company will be participating in the following events:

- June 17, 2015 — TPH 2015 Hotter ‘N Hell Conference in Houston, Texas. Jay Ottoson, President and Chief Executive Officer, will conduct investor meetings.
- June 22-24, 2015 — Macquarie will host the Company at investor meetings in London.

The Company is posting an updated investor presentation to its website at www.sm-energy.com in conjunction with this release. The investor presentation has updated information on slides 5, 8, and 27. The updated presentation includes additional data on the Company’s expected natural gas liquids (“NGL”) realized prices in response to recent declines in propane and butane prices.

As described in the updated investor presentation, the Company expects that recent NGL price declines will reduce the Company’s 2015 total revenue by approximately \$25 million, or 1.5% of its total 2015 budgeted revenue. The Company’s 2015 budgeted revenue is based on production volumes and strip pricing as of 2/3/15, while the NGL price sensitivity uses the same budgeted production volumes with actual realized NGL prices through 5/31/15 and strip NGL pricing as of 6/11/15 for the remainder of the year. The minimal impact expected from lower liquids prices is not expected to affect drilling or production plans.

INFORMATION ABOUT FORWARD LOOKING STATEMENTS

This release contains forward looking statements within the meaning of securities laws, including forecasts and projections. The words “anticipate,” “assume,” “believe,” “budget,” “estimate,” “expect,” “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 and realizations; 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 2014 Annual Report on Form 10-K, as such risk factors may be updated from time to time in the Company’s other periodic reports filed with the Securities and Exchange Commission. 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.

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.

June 2015
Presentation





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,” “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 and realizations; 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 2014 Annual Report on Form 10-K, as such risk factors may be updated from time to time in the Company's other periodic reports filed with the Securities and Exchange Commission. 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.

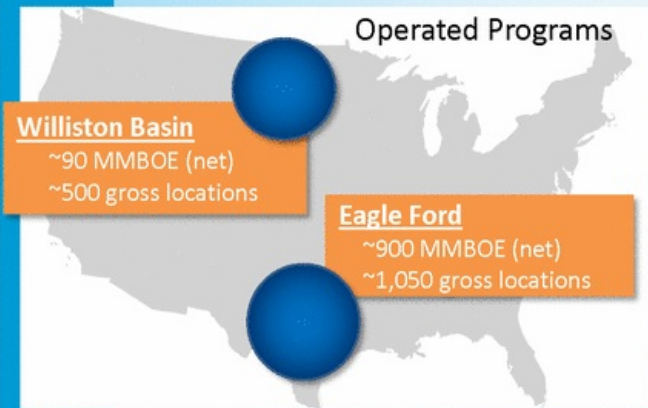


Asset and Strategy Overview

How SM Energy will differentially grow shareholder value

Significant existing development inventory

- Economic inventory⁽¹⁾ of approx. **1.0 BBOE** in operated Eagle Ford and Bakken/Three Forks; **nearly 20 times** 2014 corporate production
- Potential to increase inventory by more than double without acquisitions



Focus on debt adjusted per share metrics

- **Preserve financial strength and flexibility**
- **Portfolio optimization/ high-grading returns**

Continue to increase the value and quantity of inventory

- **Industry leading technology application**
- **Operational excellence/scale**

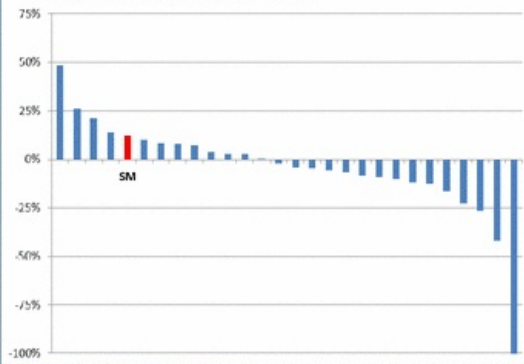


(1) Economic inventory consists of projects expected to achieve at least a 20% rate of return at 5-yr average strip pricing as of 2/23/15 and expected well costs.

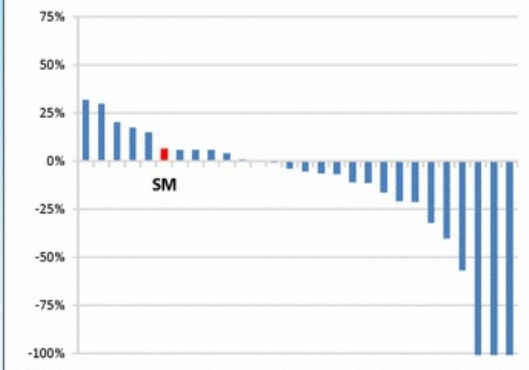


An Industry Leader

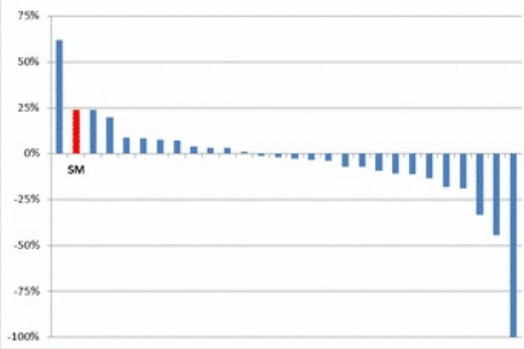
3 Yr CAGR Production/DA Share



3 YR CAGR EBITDA(X)/DA Share



3 Yr CAGR Proved Reserves/DA Share



- SM Energy is consistently a top-quartile performer on key debt-adjusted per share measures:

- ✓ Production
- ✓ Proved reserves
- ✓ EBITDA(X)



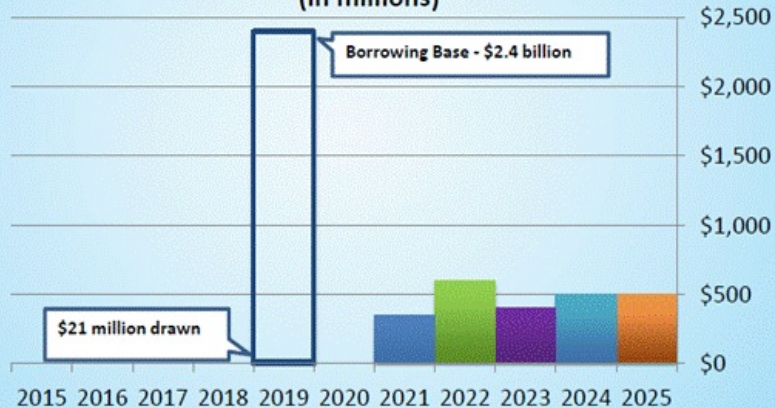
Note: Data sourced from Bloomberg and calculated by Company. Peer group based on Scotia Howard Weil 2014 F&D Cost Study with enterprise values between \$10 billion and \$1 billion and consists of BBG, CNX, CRK, CRZO, CWEI, DNR, EGN, EXXI, GPOR, HK, MDU, MUR, NFG, NFX, NOG, PDCE, PVA, QEP, ROSE, SD, SFY, SGY, SM, SOGC, UNT, UPL, WTI, and XCO.



Strong Balance Sheet

- Total Debt – currently 1.7x TTM EBITDAX; expected to be ~2.3x at YE15
- Liquidity – Borrowing base maintained at \$2.4 billion
- Maturities – None until 2021 (ex-revolver)

PRO-FORMA* DEBT MATURITIES AS OF MARCH 31, 2015
(in millions)



* Pro-Forma assumes \$270 million in proceeds from Arkoma Basin divestiture, \$500 million of senior notes issued in May 2015, and completed tender and redemption of all outstanding senior notes due in 2019.



2015 – Reducing Activity and Building WOC Inventory

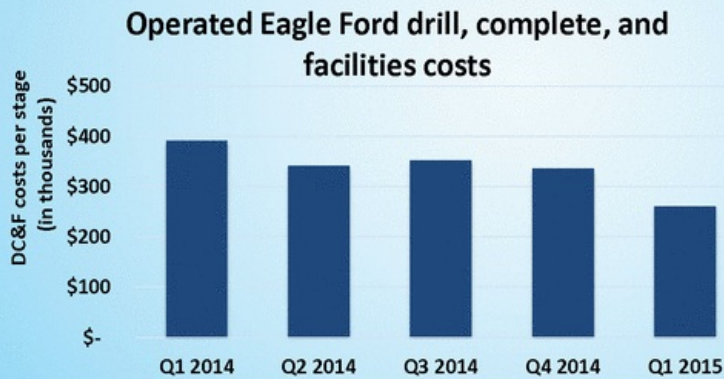
- Capital Expenditure budget for 2015 is \$1.2 billion
 - Investment is primarily focused on Eagle Ford & Bakken/TFS





Driving Costs Down

- 2015 capital budget assumed 15% - 20% service cost deflation by year-end.
- Company-wide costs currently are in-line with budgeted deflation assumptions.
 - Drilling costs currently down 10% - 20%.
 - Completions costs currently down 20% - 25%.

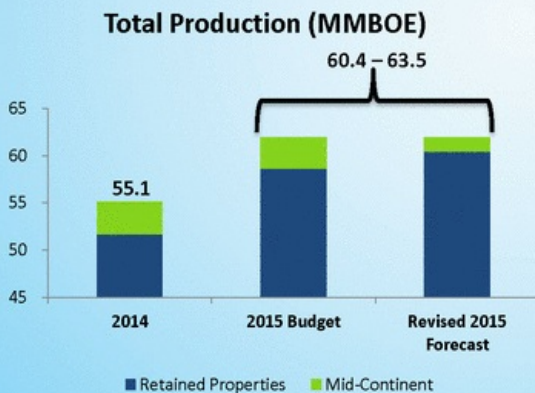


Operated EF costs per stage down ~20% from 4Q14 and 25% from 2014 average



Accretive Divestiture & Production Increase

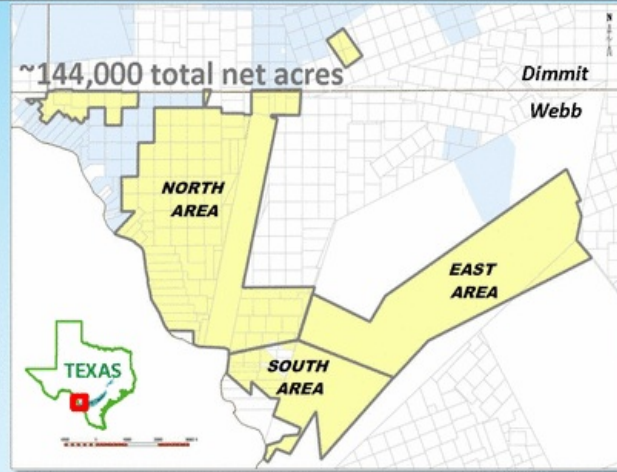
- **SM Energy has entered into agreements to divest its Mid-Continent assets.**
 - Approximately \$320 MM in expected cash proceeds.
 - Arkoma Basin package closed on 5/29/15; ArkLaTex package expected to close by 6/30/15.
 - Mid-Continent assets generated 11.1 MBOE/d in 1Q15.
- **Maintaining 2015 production guidance within current capital budget despite Mid-Continent divestiture.**



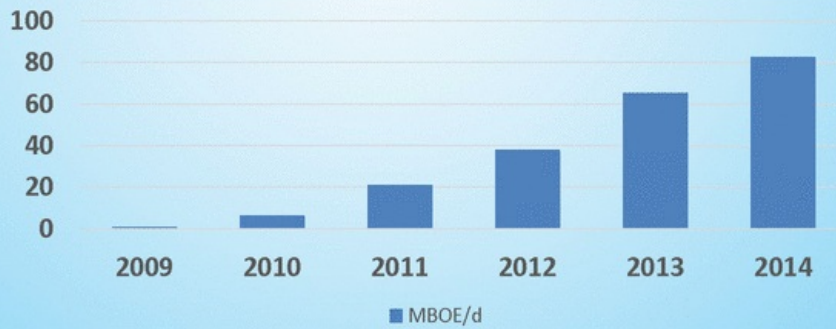
- ✓ Reported annual production growth for 2015 expected to be between 10% and 15%.
- ✓ Growth on retained properties increasing from ~13% to ~17% with no incremental capital.



Operated Eagle Ford Program



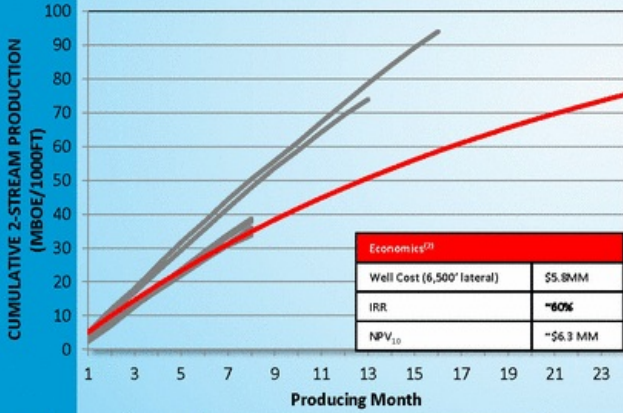
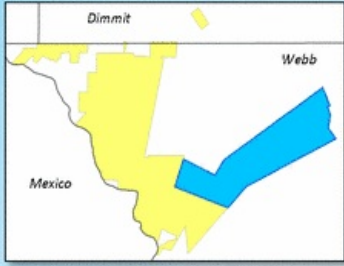
Net Production





Operated Eagle Ford – East

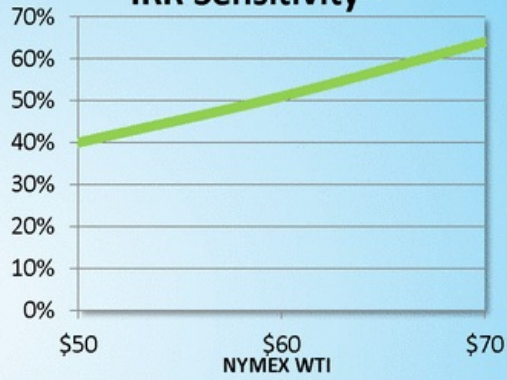
Strong asset continues to provide top-tier returns.



Economics ⁽²⁾	
Well Cost (6,500' lateral)	\$5.8MM
IRR	~60%
NPV ₁₀	~\$6.3 MM

— Current type curve
— Enhanced well design results

IRR Sensitivity⁽¹⁾



Assuming single interval development, SM Energy has identified more than 300 locations on its operated Eagle Ford East area.

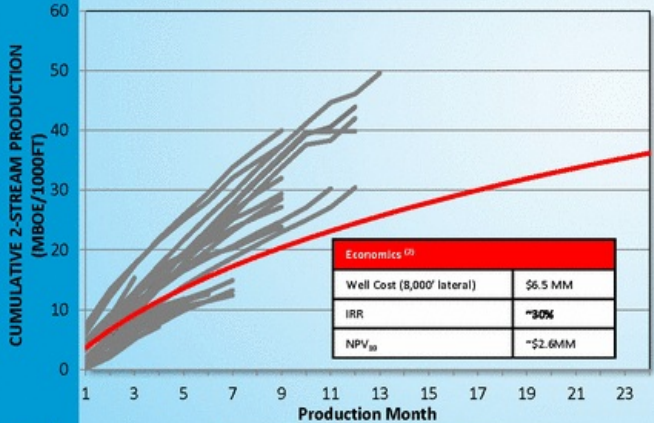
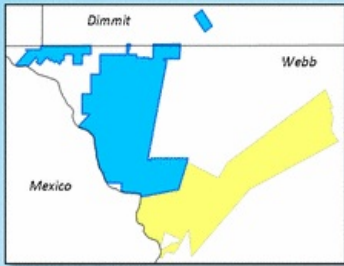
(1) Assumes \$3.50/mmbtu gas, 40% WTI NGL realizations, and 25% reduction from YE14 well costs.
 (2) Utilizes assumptions from IRR sensitivity using \$65/bbl oil.





Operated Eagle Ford – North

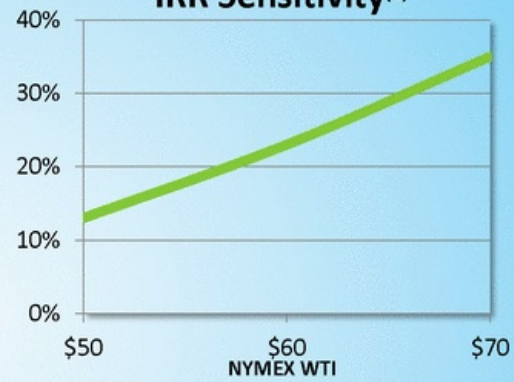
Improved completions have enhanced this asset.



Economics ⁽²⁾	
Well Cost (8,000' lateral)	\$6.5 MM
IRR	~30%
NPV ₁₀	~\$2.6MM

— Current type curve
— Enhanced well design results

IRR Sensitivity⁽¹⁾



Assuming single interval development, SM Energy has identified more than 500 locations on its operated Eagle Ford North area.

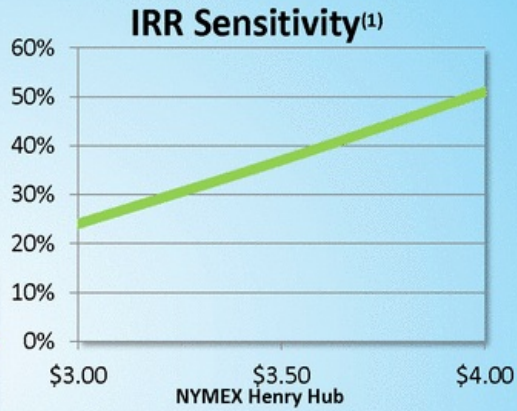
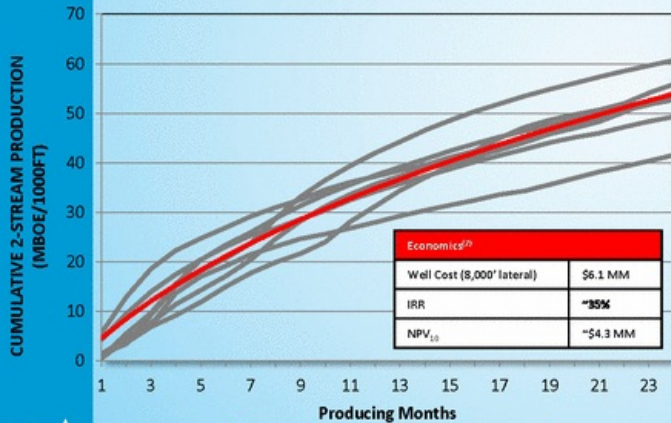
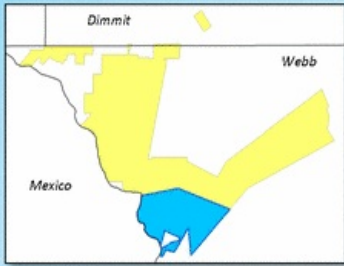
(1) Assumes \$3.50/mmbtu gas, 40% WTI NGL realizations, and 25% reduction from YE14 well costs.
 (2) Utilizes assumptions from IRR sensitivity using \$65/bbl oil.





Operated Eagle Ford – South

Wells in southern acreage provide an economic dry gas option.



Assuming single interval development, SM Energy has identified more than 200 locations on its operated Eagle Ford South area.



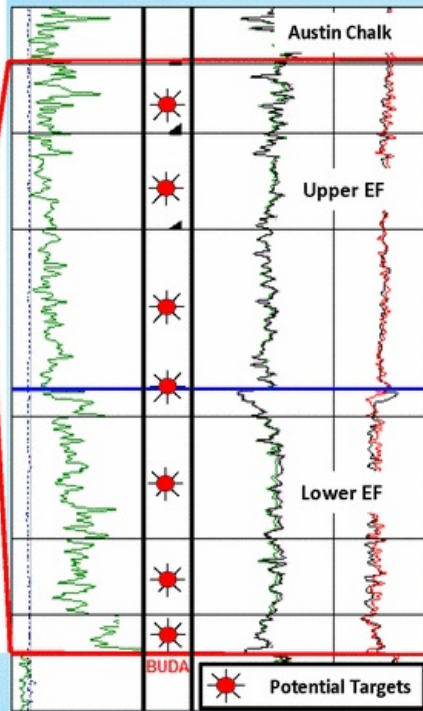
— Current type curve
— Historical well results

(1) Represents 25% reduction from YE14 well costs.
(2) Utilizes assumptions from IRR sensitivity using \$3.50/mmbtu gas.



Thick Total Eagle Ford Shale Interval

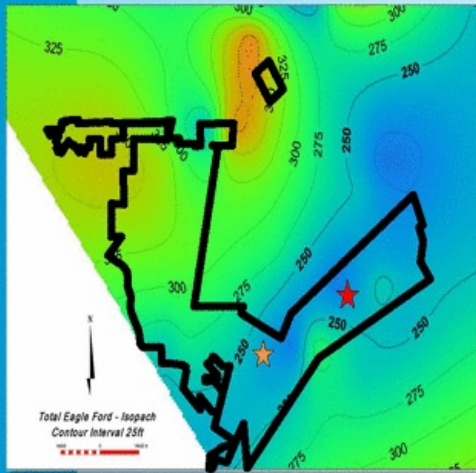
ERA	PERIOD	FORMATION	LITH	MYA
CENOZOIC	PALEOGENE (Cenozoic)	Bokar	SHALE	
		Waco	SAND	
		Milvay	SHALE	66.3
		Extonda	SAND	
		Olson	SAND	
		San Miguel	SAND	
		Amarcho	SHALE	
		Aurifer	CHALK	35.1
		Eagle Ford	SHALE	35.1
		Buda	SHALE	
MESOZOIC	CRETACEOUS	Del Rio	SHALE	
		Comptona	SHALE	
		Edwards	SHALE	
		Glen Rose	SHALE	
		Parrot (Jesse)	SHALE	
		Parrot (James)	SHALE	
		Parrot (Pine Island)	SHALE	
		Sigs	SHALE	146.1
		Houston-Travis Pl.	SAND	
		Cotton Valley Basin	SAND	
		Hwyman Bk	SAND	
		Backus	SHALE	
		Smackover	SHALE	
JURASSIC	JURASSIC	Nurplet	SAND	
		Lozano Sub	SAND	
		Pro-Lomas (L. Jurassic)	?	181
		TRIASSIC	?	181



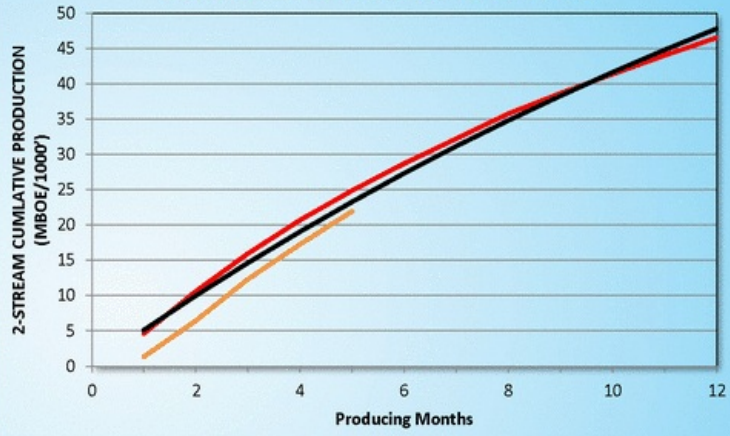
- Identified several targets within the Upper and Lower Eagle Ford.
- Opportunity for increased inventory through stacking laterals.
- Testing Plan
 - Prove economic viability of UEF
 - Optimize spacing
 - Maximize recovery through stack/stagger



Upper Eagle Ford East Testing



EAST UPPER EAGLE FORD WELLS CUMULATIVE BOE PRODUCTION

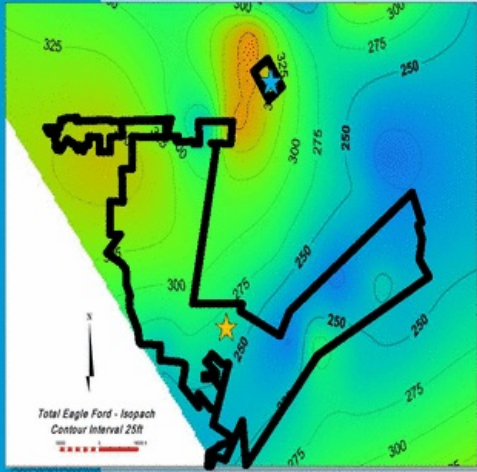


- Galvan Ranch B311H (Upper EF)
- Galvan Ranch C314H (Upper EF)
- East Area Type Curve

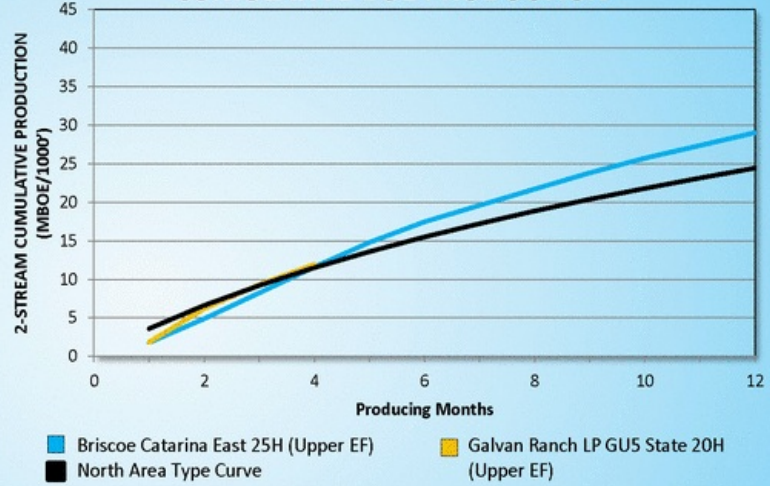
Upper Eagle Ford East results are in-line with Lower Eagle Ford East type curve.



Upper Eagle Ford North Testing



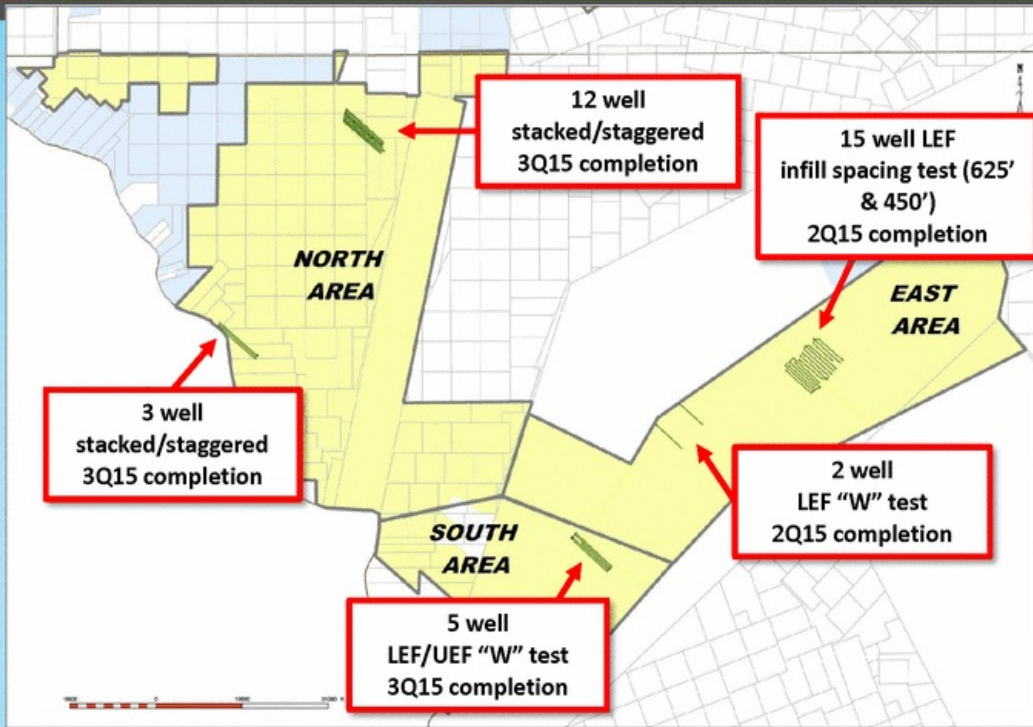
NORTH UPPER EAGLE FORD WELLS CUMULATIVE BOE PRODUCTION



Upper Eagle Ford North results are in-line with Lower Eagle Ford North type curve.



Stack/Stagger Testing Road Map

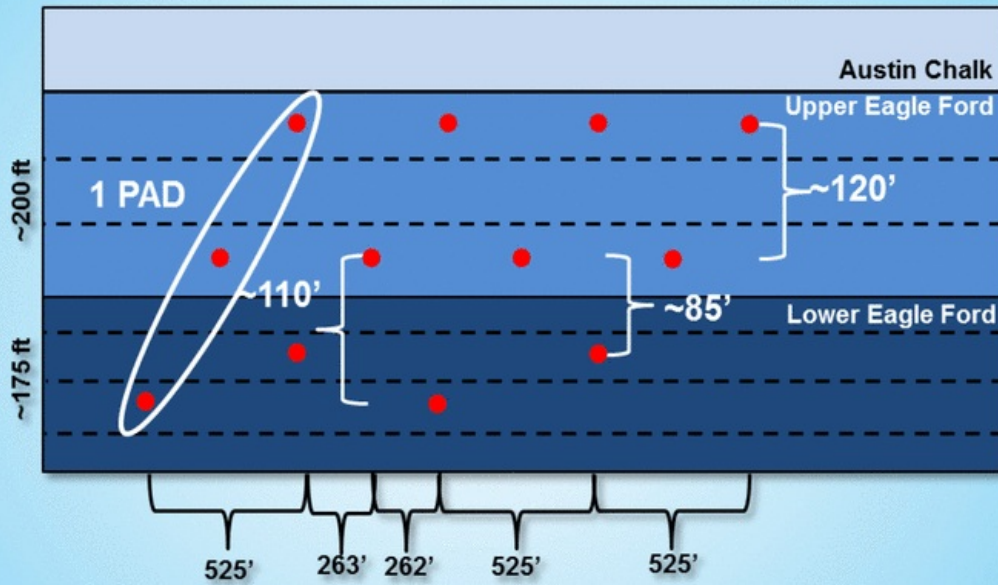


Successful stack/stagger development of the Eagle Ford could more than double the current inventory of ~1,050 locations.



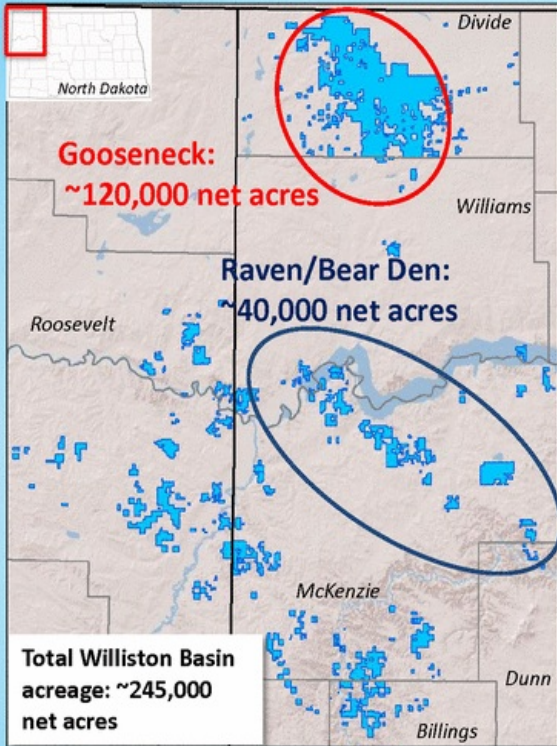
Eagle Ford North Stack/Stagger Pilot

Upper and Lower EF development well spacing in targeted facies

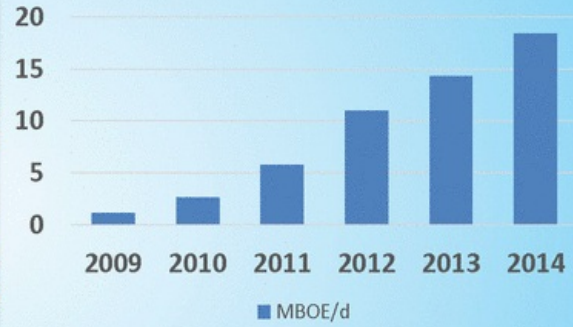




Williston Basin Program

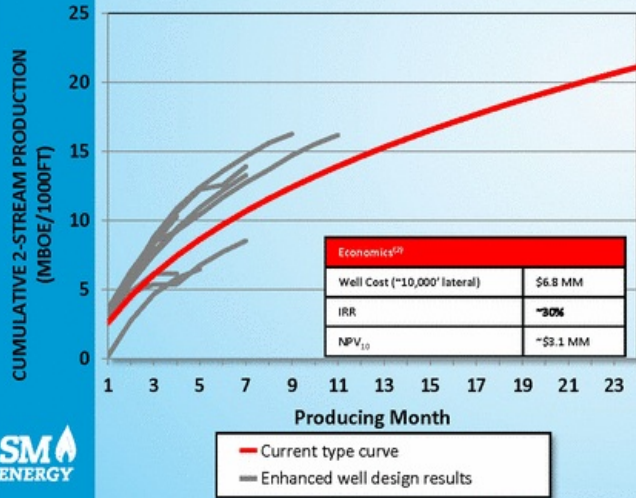
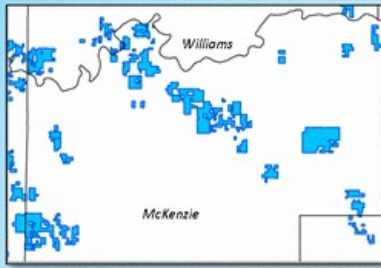


Net Production

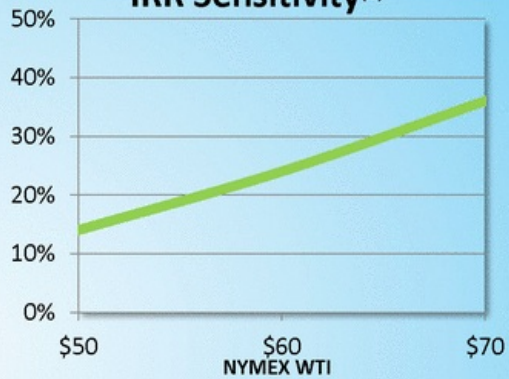




Raven/Bear Den – Bakken



IRR Sensitivity⁽¹⁾



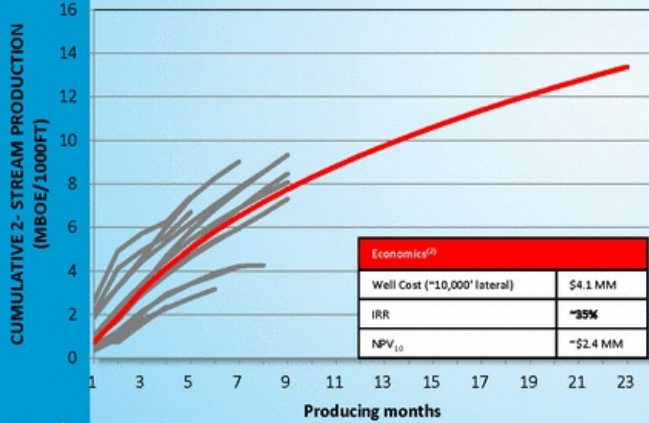
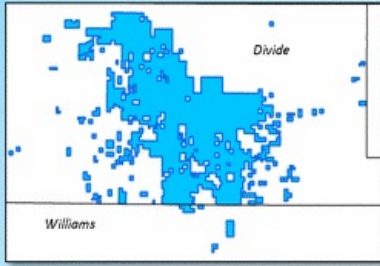
Under current assumptions, SM Energy has identified more than 75 Bakken locations on its operated Raven/Bear Den acreage.

(1) Assumes \$3.50/mmbtu gas, 40% WTI NGL realizations, and 25% reduction from YE14 well costs.
 (2) Utilizes assumptions from IRR sensitivity using \$65/bbl oil.



Gooseneck – Three Forks

Substantial remaining inventory in our most economic Williston program.



IRR Sensitivity⁽¹⁾



Under current assumptions, SM Energy has identified more than 400 Three Forks locations on its operated Gooseneck acreage.



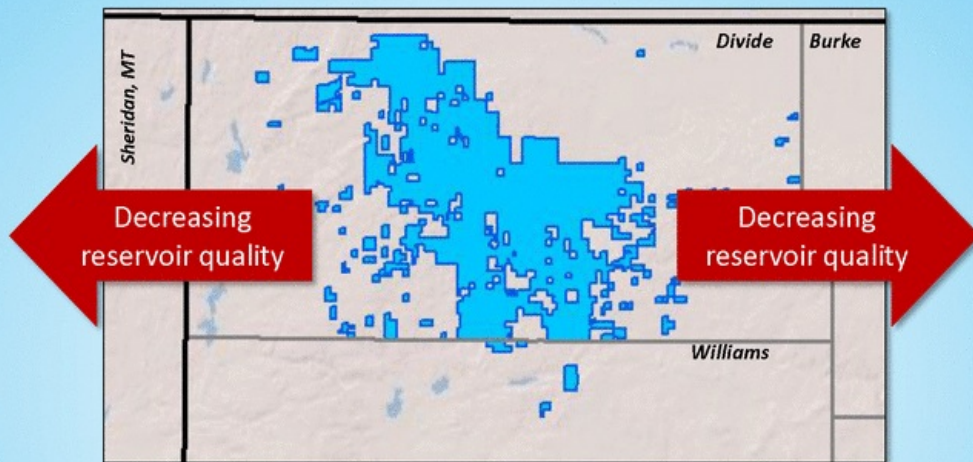
— Current type curve
— Enhanced well design results

(1) Assumes \$3.50/mmbtu gas, 40% WTI NGL realizations, and 25% reduction from YE14 well costs.
(2) Utilizes assumptions from IRR sensitivity using \$65/bbl oil.



Gooseneck Sweet Spot

Sizeable acreage position in the sweet spot of Divide County, ND

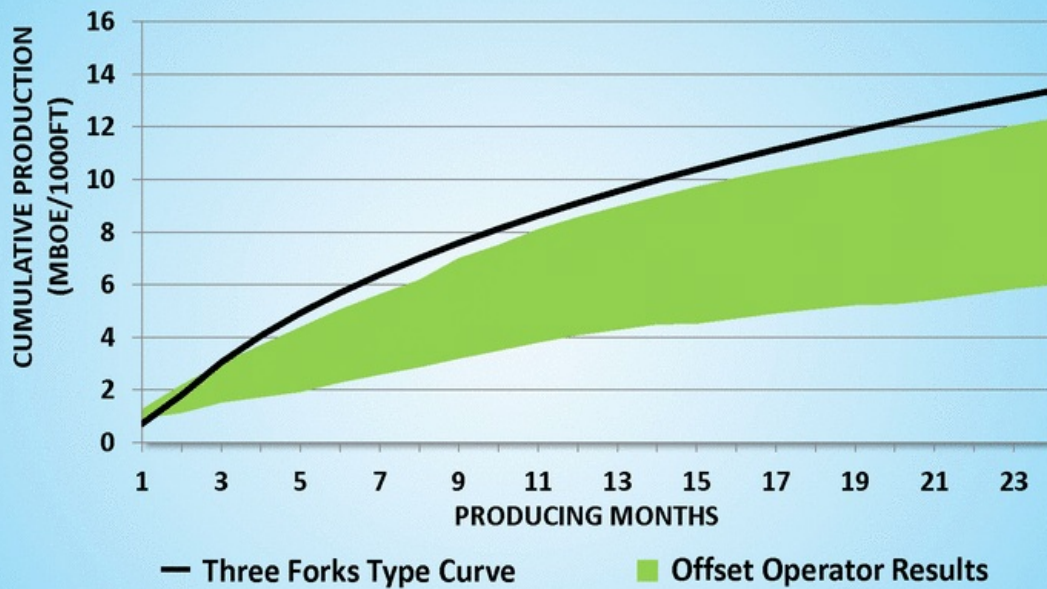


- The geology deteriorates as activity moves east and west from the center section of Divide County.
 - Decreasing thermal maturity
 - Increasing water cut



Outperforming Offset Operators

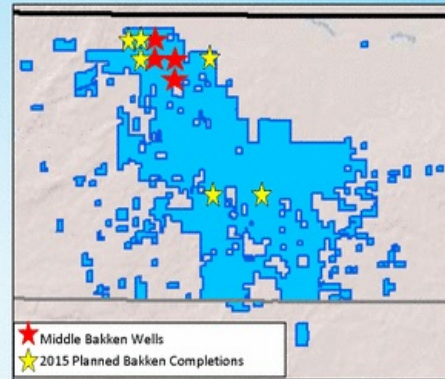
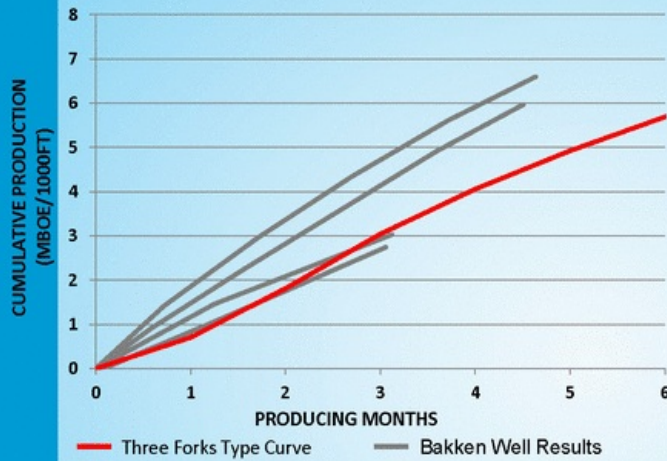
Gooseneck Three Forks program vs. offset operators





Proving up the Bakken in Gooseneck

Bakken wells in Gooseneck are outperforming the Three Forks type curve.



Successful development of the Gooseneck Bakken has the potential to double the current inventory of 400 identified Gooseneck Three Forks locations.



Takeaways

- **Top quartile performer**
- **Strong balance sheet**
- **Decades of economic inventory in two basins with potential to more than double**
- **Focus on creating shareholder value and outperforming the peer group**



Appendix

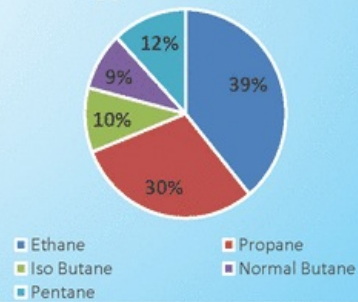


NGL Realizations

- Nominal revenue impact expected from recent NGL price declines
 - ~\$25 million or 1.5% of total 2015 budgeted revenue.⁽¹⁾
 - 2Q15 NGL realized price is expected to be similar to 1Q15.
- SM Energy's NGL price realizations are predominantly tied to Mont Belvieu
 - Fee-based contracts.
 - Differential reflects NGL barrel product mix and transportation and fractionation fees.
- Macro picture indicates pricing pressure is expected to moderate
 - Recent weather related issues have affected storage and exports.
 - Petrochemical demand is expected to increase in 2H15.
 - Fleet additions expected to increase export shipping capacity in 2H15.

	2Q14	3Q14	4Q14	1Q15
Mt. Belvieu (\$/bbl)	\$41.20	\$39.35	\$29.48	\$21.55
SM Realization (\$/Bbl)	\$35.61	\$34.86	\$25.97	\$16.67
% Differential to Mt. Belvieu	86%	89%	88%	77%

SM Typical NGL Bbl ⁽²⁾



(1) 2015 budgeted revenue based on 2015 budgeted production volumes and strip pricing each as of 2/3/15. NGL price sensitivity based on 2015 budgeted production volumes (as of 2/3/15) and actual realized NGL prices through 5/31/15 and strip NGL pricing as of 6/11/15 for the remainder of the year.
 (2) Includes the effects of ethane rejection.





1st Quarter 2015 Performance

Operations

- Production better than forecast due to strong Eagle Ford program performance; sequential production growth of 6%.
- Outperformance to guided costs offset by weaker price realizations.
- Pace of activity consistent with budget and service costs falling as anticipated.

Financial

- GAAP net loss of \$(53.1) MM or \$(0.79) per diluted share; adjusted net income of \$14.4 MM or \$0.21 per diluted share.
- Adjusted EBITDAX of \$311.9 MM; GAAP cash provided by operating activities of \$283.9 MM.

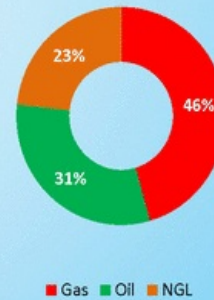
Equivalent Production Growth



Liquids Production Growth (MBOE/d)



1Q15 Product Mix



Please see adjusted net income and adjusted EBITDAX reconciliations in the Appendix.



1st Quarter 2015 Performance

Production	1Q15 Reported
Average daily production (MBOE/d)	186.4
Total production (MMBOE)	16.8

Costs	
LOE (\$/BOE)	\$3.96
Ad Valorem (\$/BOE)	\$0.52
Transportation (\$/BOE)	\$6.08
Production taxes (% of pre-derivative oil, gas, & NGL revenue)	4.8%
G&A -- Cash (\$/BOE)	\$2.34
G&A -- Non-cash (\$/BOE)	\$0.26
TOTAL G&A (\$/BOE)	\$2.60
DD&A (\$/BOE)	\$12.96



2015 Guidance

	FY 2015
Production (MMBOE)	60.4 – 63.5
Average daily production (MBOE/d)	165 – 174
LOE (\$/BOE)	\$4.40 – \$4.65
Ad Valorem (\$/BOE)	\$0.50 – \$0.55
Transportation (\$/BOE)	\$6.25 – \$6.55
Production taxes (% of pre-derivative oil and gas revenue)	4.5% – 5.0%
G&A – Cash (\$/BOE)	\$2.50 – \$2.80
G&A – Non-cash (\$/BOE)	\$0.30 – \$0.40
G&A Total (\$/BOE)	\$2.80 – \$3.20
DD&A (\$/BOE)	\$12.75 – \$13.50
Effective income tax rate range	36.3% – 37.5%
% of income tax that is current	n/m



1Q15 Regional Realizations

NYMEX WTI OIL (Bbl)	\$	48.55
Hart Composite NGL (Bbl)	\$	21.53
NYMEX Henry Hub Gas (MMBTU)	\$	2.87

Production Volumes	STGC	Rockies	Mid-Con	Permian	SM Total
Oil (MBbls)	2,332	2,304	17	571	5,224
Gas (MMcf)	36,786	2,044	5,815	1,283	45,928
NGL (MBbls)	3,817	67	15	0	3,900
MBOE	12,280	2,712	1,002	785	16,779

Revenue (in thousands)										
Oil	\$	87,639	\$	88,222	\$	713	\$	24,780	\$	201,465
Gas		104,302		4,087		14,317		4,137		126,844
NGL		63,783		1,172		53		0		65,006
Total	\$	255,724	\$	93,481	\$	15,084	\$	28,917	\$	393,315

Expenses										
LOE	\$	23,517	\$	26,480	\$	4,408	\$	12,102	\$	66,514
Ad Valorem	\$	7,556	\$	33	\$	275	\$	914	\$	8,779
Transportation	\$	96,357	\$	4,032	\$	1,707	\$	0	\$	102,078
Production Taxes	\$	6,213	\$	10,128	\$	628	\$	1,808	\$	18,779

Per Unit Metrics:										
Realized Oil/Bbl	\$	37.59	\$	38.30	\$	40.85	\$	43.42	\$	38.56
% of Benchmark – WTI		77 %		79 %		84 %		89 %		79 %
Realized Gas/Mcf	\$	2.84	\$	2.00	\$	2.46	\$	3.22	\$	2.76
% of Benchmark – NYMEX HH		99 %		70 %		86 %		112 %		96 %
Realized NGL/Bbl	\$	16.71	\$	17.43	\$	3.46	\$	27.78	\$	16.67
% of Benchmark – HART		78 %		81 %		7 %		129 %		77 %
Realized BOE	\$	20.82	\$	34.48	\$	15.05	\$	36.86	\$	23.44
LOE/BOE	\$	1.92	\$	9.77	\$	4.40	\$	15.43	\$	3.96
Ad Val/BOE	\$	0.62	\$	0.01	\$	0.27	\$	1.17	\$	0.52
Transportation/BOE	\$	7.85	\$	1.49	\$	1.70	\$	0.00	\$	6.08
Production Tax - % of Total Revenue		2.4 %		10.8 %		4.2 %		6.3 %		4.8 %

* Totals may not sum due to rounding.





Adjusted Net Income Reconciliation

(in thousands, except per share data)	For the Three Months Ended March 31,	
	2015	2014
Reconciliation of net income (loss) (GAAP) to adjusted net income (Non-GAAP):		
Reported Net Income (loss) (GAAP)	\$ (53,058)	\$ 65,607
Adjustments net of tax: ⁽¹⁾		
Change in Net Profits Plan liability	(2,730)	(1,115)
Derivative (gain) loss	(97,125)	61,332
Derivative settlement gain (loss) ⁽²⁾	101,574	(18,174)
(Gain) loss on divestiture activity	22,555	(1,858)
Impairment of proved properties	34,981	-
Abandonment and impairment of unproved properties	7,325	1,759
Other, net ⁽³⁾	914	-
Adjusted net income (Non-GAAP): ⁽⁴⁾	\$ 14,436	\$ 107,551
Adjusted net income per diluted common share: ⁽⁵⁾	\$ 0.21	\$ 1.58
Diluted weighted-average common shares outstanding:	67,915	68,126

(1) For the three-month periods ended March 31, 2015 and 2014, adjustments are shown net of tax and are calculated using tax rates of **37.0%** and **37.2%**, respectively, which approximates the Company's statutory tax rate for the respective period, as adjusted for ordinary permanent differences.

(2) Derivative settlement gain (loss) is reported net of the change in accrued settlements between periods in the derivative cash settlements line item on the condensed consolidated statements of cash flows within net cash provided by operating activities.

(3) For the three-month period ended March 31, 2015, the adjustment is related to the impairment of materials inventory, which is included in other operating expenses on the Company's condensed consolidated statements of operations.

(4) Adjusted net income excludes certain items that the Company believes affect the comparability of operating results and generally 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, derivative (gain) loss net of derivative settlements, impairment of properties, and (gain) loss 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 (loss), income (loss) 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.

(5) 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 and contingent Performance Share 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.



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	
	March 31,	
	2015	2014
Net income (GAAP)	\$(53,058)	\$65,607
Interest expense	32,647	24,190
Other non-operating income, net	(571)	(26)
Income tax benefit (expense)	(33,453)	38,863
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	217,401	177,215
Exploration (2)	35,732	19,938
Impairment of proved properties	55,526	-
Abandonment and impairment of unproved properties	11,627	2,801
Stock-based compensation expense	6,024	6,344
Derivative (gain) loss	(154,167)	97,662
Derivative settlement gain (loss) (3)	161,229	(28,940)
Change in Net Profits Plan liability	(4,334)	(1,776)
(Gain) loss on divestiture activity	35,802	(2,958)
Other, net	1,450	-
Adjusted EBITDAX (Non-GAAP)	\$311,855	\$398,920
Interest expense	(\$32,647)	(\$24,190)
Other non-operating income, net	571	26
Income tax benefit (expense)	33,453	(38,863)
Exploration (2)	(35,732)	(19,938)
Exploratory dry hole expense	16,275	-
Amortization of deferred financing costs	1,957	1,477
Deferred income taxes	(33,727)	38,374
Plugging and abandonment	(2,425)	(1,325)
Other, net	46	(3,103)
Changes in current assets and liabilities	24,296	(51,650)
Net cash provided by operating activities (GAAP)	\$283,922	\$299,728

(1) Adjusted EBITDAX represents income (loss) before interest expense, interest income, income taxes, depreciation, depletion, amortization, and accretion, exploration expense, property impairments, non-cash stock compensation expense, derivative gains and losses net of settlements, change in the Net Profits Plan liability, and gains and losses on divestitures. Adjusted EBITDAX excludes certain items that we believe affect the comparability of operating results and can exclude items that are generally one-time in nature or whose timing and/or amount cannot be reasonably estimated. Adjusted EBITDAX is a non-GAAP measure that is presented because we believe that it provides useful additional information to investors and analysts, as a performance measure, for analysis of our ability to internally generate funds for exploration, development, acquisitions, and to service debt. We are also subject to a financial covenant under our credit facility based on our 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 (loss), income (loss) from operations, net cash provided by operating activities, or profitability or liquidity measures prepared under GAAP. Because adjusted EBITDAX excludes some, but not all items that affect net income (loss) 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 statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the accompanying statements of operations for the component of stock-based compensation expense recorded to exploration.

(3) Derivative settlement gain (loss) is reported net of the change in accrued settlements between periods in the derivative cash settlements line item on the condensed consolidated statements of cash flows within net cash provided by operating activities.