

SM Energy Co  
Form 424B5  
May 07, 2015

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**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-203936

**SUBJECT TO COMPLETION  
PRELIMINARY PROSPECTUS SUPPLEMENT DATED MAY 7, 2015**

**PRELIMINARY PROSPECTUS SUPPLEMENT  
(To Prospectus dated May 7, 2015)**

**SM Energy Company  
\$400,000,000  
% Senior Notes due 2025**

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We are offering \$400 million aggregate principal amount of % Senior Notes due 2025, or the Notes. We will pay interest on the Notes on and of each year, beginning on , 2015. The Notes will mature on , 2025.

We may redeem some or all of the Notes at any time on or after , 2020 at the redemption prices described in this prospectus supplement and prior to such date at a "make-whole" redemption price. We may also redeem up to 35% of the Notes prior to , 2018 with cash proceeds we receive from certain equity offerings. If we sell certain assets and do not reinvest the proceeds or repay senior indebtedness or if we experience specific kinds of changes of control, we must offer to repurchase the Notes.

The Notes will be our unsecured obligations and will rank equally in right of payment with all of our existing and future senior indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The Notes will be effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, including all borrowings under our credit facility. The Notes will be structurally subordinated to all liabilities of any of our subsidiaries that do not issue guarantees of the Notes.

The obligations under the Notes will initially not be guaranteed by any of our subsidiaries. Currently, our subsidiaries do not guarantee our indebtedness under our credit facility.

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**Investing in the Notes involves risks. See "Risk Factors" beginning on page S-16 of this prospectus supplement and on page 3 of the accompanying prospectus.**

**Per Note                      Total**

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Public offering price(1)  
Underwriting discount  
Proceeds to us, before expenses

(1) Plus accrued interest, if any, from May , 2015 if settlement occurs after that date.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We expect to deliver the Notes through the book-entry delivery system of The Depository Trust Company and its participants, including Clearstream and the Euroclear System, against payment on May , 2015.

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*Joint Book-Running Managers*

**Wells Fargo Securities**

**BofA Merrill Lynch**

**J.P. Morgan**

**Barclays**

**BBVA**

**RBC Capital Markets**

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*Senior Co-Manager*

**Comerica Securities**

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*Co-Managers*

**BOSC, Inc.**

**Capital One Securities**

**Deutsche Bank Securities**

**KeyBanc Capital Markets**

**Santander**

**Scotiabank**

**US Bancorp**

**Goldman, Sachs & Co.**

The date of this prospectus supplement is May , 2015.

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We expect that delivery of the Notes will be made to investors on or about \_\_\_\_\_, 2015, which will be the \_\_\_\_\_ business day following the date of this prospectus supplement (such settlement being referred to as "T+ \_\_\_\_\_"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+ \_\_\_\_\_, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

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**ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about securities we may offer from time to time, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both this prospectus supplement and the accompanying prospectus. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, you should rely on this prospectus supplement. Before you invest in our Notes, you should carefully read this prospectus supplement and the accompanying prospectus, in addition to the information contained in the documents we refer to under the heading "Incorporation of Documents by Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, or any free writing prospectus we may authorize to be delivered to you. We and underwriters have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained or incorporated by reference in this prospectus supplement. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the underwriters. We are not, and the underwriters are not, making an offer to sell the Notes in any jurisdiction where an offer or sale is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may authorize to be delivered to you, including any information incorporated by reference, is accurate as of any date other than the date indicated for such information. Our business, financial condition, results of operations and/or prospects may have changed since those dates.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

The information in this prospectus supplement, including information in documents incorporated by reference, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, that address activities, events, or developments with respect to our financial condition, results of operations, or economic performance that we expect, believe, or anticipate will or may occur in the future, or that address plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "assume," "believe," "budget," "estimate," "expect," "forecast," "intend," "plan," "project," "will," and similar expressions are intended to identify forward-looking statements. Forward-looking statements appear in a number of places in this prospectus supplement and documents incorporated by reference and include statements about such matters as:

the amount and nature of future capital expenditures and the availability of liquidity and capital resources to fund capital expenditures;

the drilling of wells and other exploration and development activities and plans, as well as possible future acquisitions;

the possible divestiture or farm-down of, or joint venture relating to, certain properties;

proved reserve estimates and the estimates of both future net revenues and the present value of future net revenues associated with those proved reserve estimates;

future oil, gas and natural gas liquids (also referred to as "oil," "gas," and "NGLs," respectively, throughout this document) production estimates;

our outlook on future oil, gas and NGL prices, well costs and service costs;

cash flows, anticipated liquidity and the future repayment of debt;

business strategies and other plans and objectives for future operations, including plans for expansion and growth of operations or to defer capital investment, and our outlook on our future financial condition or results of operations;

our tender offer or redemption of our outstanding 6.625% Senior Notes due 2019;

our ability to successfully complete the tender offer for, or redemption of, our outstanding 6.625% Senior Notes due 2019; and

other similar matters such as those discussed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "2014 10-K") and our Quarterly Report on Form 10-Q for the three months ended March 31, 2015 (the "First Quarter 2015 Form 10-Q").

Our forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments, and other factors that we believe are appropriate under the circumstances. These statements are subject to a number of known and unknown risks and uncertainties, which may cause our actual results and performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. These risks are described in this prospectus supplement under "Risk Factors" or incorporated by reference herein and include such factors as:

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the volatility of oil, gas, and NGL prices, and the effect it may have on our profitability, financial condition, cash flows, access to capital, and ability to grow production volumes and/or proved reserves;

weakness in economic conditions and uncertainty in financial markets;

our ability to replace reserves in order to sustain production;

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our ability to raise the substantial amount of capital that is required to develop and/or replace our reserves;

our ability to compete against competitors that have greater financial, technical, and human resources;

our ability to attract and retain key personnel;

the imprecise estimations of our actual quantities and present value of proved oil, gas and NGL reserves;

the uncertainty in evaluating recoverable reserves and estimating expected benefits or liabilities;

the possibility that exploration and development drilling may not result in commercially producible reserves;

our limited control over activities on non-operated properties;

our reliance on the skill and expertise of third-party service providers on our operated properties;

the possibility that title to properties in which we have an interest may be defective;

the possibility that our planned drilling in existing or emerging resource plays using some of the latest available horizontal drilling and completion techniques is subject to drilling and completion risks and may not meet our expectations for reserves or production;

the uncertainties associated with divestitures, joint ventures, farm-downs, farm-outs, and similar transactions with respect to certain assets, including whether such transactions will be consummated or completed in the form or timing and for the value that we anticipate;

the uncertainties associated with enhanced recovery methods;

our commodity derivative contracts may result in financial losses or may limit the prices that we receive for oil, gas, and NGL sales;

the inability of one or more of our service providers, customers, or contractual counterparties to meet their obligations;

our ability to deliver necessary quantities of natural gas or crude oil to contractual counterparties;

price declines or unsuccessful exploration efforts resulting in write-downs of our asset carrying values;

the impact that lower oil, gas or NGL prices could have on the amount we are able to borrow under our credit facility;

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the possibility that our amount of debt may limit our ability to obtain financing for acquisitions, make us more vulnerable to adverse economic conditions, and make it more difficult for us to make payments on our debt;

the possibility that covenants in our debt agreements may limit our discretion in the operation of our business, prohibit us from engaging in beneficial transactions, or lead to the accelerated payment of our debt;

the possibility that we may not complete the tender offer for, or redemption of, our outstanding 6.625% Senior Notes due 2019 on the terms described in this prospectus supplement or at all;

operating and environmental risks and hazards that could result in substantial losses;

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the impact of seasonal weather conditions and lease stipulations on our ability to conduct drilling activities;

our ability to acquire adequate supplies of water and dispose of or recycle water we use at a reasonable cost in accordance with environmental and other applicable rules;

complex laws and regulations, including environmental regulations, that result in substantial costs and other risks;

the availability and capacity of gathering, transportation, processing, and/or refining facilities;

our ability to sell and/or receive market prices for our oil, gas, and NGLs;

new technologies may cause our current exploration and drilling methods to become obsolete;

the possibility of security threats, including terrorist attacks and cybersecurity breaches, against, or otherwise impacting, our facilities and systems;

the possibility we may face unforeseen difficulties or expenses related to our implementation of a new enterprise resource planning software system; and

litigation, environmental matters, the potential impact of government regulations, and the use of management estimates regarding such matters.

We caution you that forward-looking statements are not guarantees of future performance and that actual results or performance may be materially different from those expressed or implied in the forward-looking statements. The forward-looking statements in this prospectus supplement speak as of the date hereof. Although we may from time to time voluntarily update our prior forward-looking statements, we disclaim any commitment to do so except as required by securities laws.

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**SUMMARY**

*This summary represents highlights of information contained elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus. Because it is a summary, it is not complete and does not contain all the information that is important to you. You should carefully read this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference for a more complete understanding of our business and the terms of our Notes. You should pay special attention to "Risk Factors" beginning on page S-16 of this prospectus supplement, on page 3 of the accompanying prospectus, and included in our 2014 10-K and First Quarter 2015 Form 10-Q to determine whether an investment in our Notes is appropriate for you.*

*As used in this prospectus supplement, all references to "SM Energy," "we," "our," "us," and "the Company" and all similar references are to SM Energy Company and its consolidated subsidiaries, unless the context otherwise requires. Certain oil and natural gas industry terms used in this prospectus supplement are defined in the "Glossary of Oil and Natural Gas Terms" beginning on page S-109 of this prospectus supplement.*

*Certain information with respect to our estimated proved reserves referred to and incorporated by reference herein is based in part upon the audit of our proved reserve estimates by Ryder Scott Company, L.P., a firm of independent petroleum engineers. Such information is included and incorporated herein in reliance on the authority of such firm as an expert in petroleum engineering.*

**SM Energy Company**

We are an independent energy company engaged in the acquisition, exploration, development, and production of crude oil, natural gas, and natural gas liquids (also referred to as "oil," "gas" and "NGLs," respectively throughout this document) in onshore North America. We have leading positions in the Eagle Ford shale and Bakken/Three Forks resource plays that are the focus of our development programs. We also have smaller delineation and exploration programs in the Powder River Basin, the Permian Basin, and in east Texas. We have built a portfolio of onshore properties primarily through early entry into existing and emerging resource plays. This portfolio is comprised of properties with established production and reserves, prospective drilling opportunities, and unconventional resource prospects. We believe our strategy provides for stable and predictable production and reserves growth.

Our operations, production, and proved reserves are focused in four core operating areas in the United States:

*South Texas & Gulf Coast Region.* Our Eagle Ford shale program is in our South Texas & Gulf Coast region, which consists primarily of properties located in Texas. Within this region as of December 31, 2014, we have both operated and non-operated Eagle Ford shale programs on approximately 180,000 net acres. Our operated program accounts for approximately 75 percent of our total Eagle Ford acreage. Our acreage position covers a significant portion of the western Eagle Ford shale play, including acreage in the oil, NGL-rich gas, and dry gas windows of the play. Our South Texas & Gulf Coast region accounted for approximately 73% of our consolidated production for the first three months of 2015.

*Rocky Mountain Region.* Our Bakken/Three Forks program in North Dakota is our most significant program in our Rocky Mountain region. This region is comprised primarily of properties located in the Williston Basin and the Powder River Basin. In the Williston Basin as of December 31, 2014, we have approximately 245,000 net acres, of which approximately 160,000 net acres are being actively developed in the Bakken and Three Forks formations. In the Powder River Basin as of December 31, 2014, we have approximately 175,000 net acres, a large portion of which are prospective for the Frontier and Shannon intervals. Our Rocky Mountain region accounted for approximately 16% of our consolidated production for the first three months of 2015.

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*Permian Region.* Our Permian region includes our assets in western Texas and southeastern New Mexico. Our current focus in this region is the testing of emerging shale potential and development of our assets in the Midland Basin. As of December 31, 2014, we had approximately 113,000 net acres in our Permian region. Our Permian region accounted for approximately 5% of our consolidated production for the first three months of 2015.

*Mid-Continent Region.* Our Mid-Continent region is comprised of our assets in the Haynesville shale and Woodford shale. Our Mid-Continent region accounted for approximately 6% of our consolidated production in the first three months of 2015. On January 6, 2015, we announced our intention to sell our assets in the Arkoma Basin of Oklahoma and in the Arklatex area of east Texas and northern Louisiana, and our intention to close our Tulsa, Oklahoma office later in 2015. On May 5, 2015 we announced that we had entered into purchase and sale agreements covering all of our assets in our Mid-Continent region. We expect these transactions to close in the second quarter of 2015. These assets produced approximately 3.5 MMBOE, net during 2014.

**Significant Developments in 2014**

*Resource Play Delineation and Development Results in Record Production and Record Year-End Proved Reserve Estimates.*

Our estimated proved reserves increased 28 percent to 547.7 MMBOE at December 31, 2014, from 428.7 MMBOE at December 31, 2013. We added 143.9 MMBOE through drilling activities during the year, led by our efforts in our Eagle Ford shale play in south Texas and our Bakken/Three Forks play in North Dakota. Our proved reserve life increased to 9.9 years in 2014 compared to 8.9 years in 2013. We also achieved record levels of production in 2014. Our average daily production was composed of 45.6 MBbl of oil, 419.0 MMcf of gas, and 35.6 MBbl of NGLs for an average equivalent production rate of 151.1 MBOE per day, which was an increase of 14 percent from an average of 132.4 MBOE per day in 2013. Costs incurred for drilling and exploration activities, excluding acquisitions, increased 36 percent to \$2.1 billion in 2014 when compared to 2013.

*Acquisition Activity.* During 2014, we acquired a total of 21.9 MMBOE of proved reserves through multiple transactions for consideration of approximately \$544.6 million in cash plus approximately 7,000 net acres of non-core assets in our Rocky Mountain region. Through these acquisitions, we added approximately 74,000 net acres in our Gooseneck area in Divide County, North Dakota and approximately 38,000 net acres in our Powder River Basin program in Wyoming.

*Volatility and Decline in Commodity Prices.* Our financial condition and results of operations are significantly affected by the prices we receive for oil, gas, and NGLs, which can fluctuate dramatically.

Oil prices drastically declined in late 2014. The daily NYMEX spot price ranged from a high of \$107.62 per Bbl in July to a low of \$53.27 per Bbl in December. Oil prices declined further subsequent to year end 2014, dropping to a low of \$43.46 per Bbl in March 2015. The average NYMEX price decreased to \$93.03 per Bbl in 2014 compared to \$97.99 per Bbl in 2013.

Natural gas prices have been under downward pressure due to high levels of supply in recent years and were volatile during 2014. The daily NYMEX spot price improved early in 2014 with a high of \$7.92 per MMBtu in March and then dropped significantly to a low of \$2.75 per MMBtu in December. Gas prices declined further subsequent to year end 2014, dropping to a low of \$2.48 per MMBtu in April 2015. The average NYMEX price increased in 2014 to \$4.35 per MMBtu compared to \$3.73 per MMBtu in 2013.

NGL prices decreased in 2014 in line with the steep decline in oil prices. The monthly OPIS NGL price reached a high of \$48.43 per Bbl in February and a low of \$22.44 per Bbl in December. NGL prices declined further subsequent to year end 2014, dropping to a low of

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\$20.03 per Bbl in January 2015. The average OPIS price decreased in 2014 to \$38.93 per Bbl compared to \$40.44 per Bbl in 2013.

*Impairments.* We recorded impairment of proved properties expense of \$84.5 million and abandonment and impairment of unproved properties expense of \$75.6 million for the year ended December 31, 2014. Impairments recorded in 2014 were a result of the significant decline in commodity prices in late 2014 and recognition of the outcomes of exploration and delineation wells in certain prospects in our South Texas & Gulf Coast and Permian regions.

### **Outlook for 2015**

During 2015, we expect the broader oil and gas industry to adjust to lower oil prices. We and other exploration and production companies are reducing drilling and completion activity, which we expect to result in service companies lowering the price of their services. Our plan for 2015 is to scale back activity over the course of the year while preserving the value of our assets and protecting the strength of our balance sheet. As part of this plan, we expect to defer completion of certain wells during the year and to build our inventory of wells waiting on completion. Our goal is to be well positioned entering 2016 in what we expect will be a stronger commodity price and lower service cost environment, while having the strength and flexibility to adapt should industry conditions change.

Our 2015 capital budget is approximately \$1.2 billion, of which approximately \$1.0 billion will be invested in drilling and completion activities. We expect to focus 80-85 percent of our drilling and completion capital on our core development programs in the Eagle Ford shale and the Bakken/Three Forks formations. The remaining capital will be allocated to the construction of facilities, leasehold acquisitions, exploration overhead, and geological and geophysical costs. Please refer to Outlook for 2015 under Part II, Item 7 of our 2014 10-K for additional discussion concerning our capital plans for 2015.

### **Business Strategy**

Our strategic objective is to build our ownership and operatorship of North American oil, gas, and NGL producing assets that have high operating margins and significant opportunities for additional economic investment. We pursue opportunities through both acquisitions and exploration, and seek to maximize the value of our assets through industry leading technology application and outstanding operational execution. We are returns focused and maintain a simple, strong balance sheet through a conservative approach to leverage.

### **Business Strengths**

We believe that the following strengths allow us to successfully execute our business strategy:

*Quality positions in attractive unconventional plays.* We have meaningful acreage positions in attractive unconventional resource plays in North America. As of December 31, 2014, we had approximately 180,000 net acres in the Eagle Ford shale play in south Texas, approximately three-quarters of which we operate with a nearly 100% working interest. In the Williston Basin, we are currently focused on the development of approximately 160,000 net acres that are prospective for the Bakken and Three Forks formations in North Dakota, out of our approximately 245,000 net acres in that basin. In our Permian Region, we had approximately 113,000 net acres as of December 31, 2014. As of December 31, 2014, we also had approximately 175,000 net acres in the Powder River Basin and 215,000 net acres in East Texas. We believe these programs provide us with a large, multi-year inventory of drilling projects with lower geological risk from which we can implement development programs with economies of scale and operational efficiencies that optimize our capital investment.

*Long track record of financial discipline and conservatism.* We strive to maintain a strong balance sheet with an appropriate level of liquidity to fund our business. On an ongoing basis, we



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seek to limit our credit facility borrowing to 50% of the borrowing base and limit our long-term debt to twelve-month trailing adjusted EBITDAX (which term we define in " Summary Consolidated Historical Financial and Operating Information") ratio to 2.5 times. We also aim to keep our long-term debt to book capitalization ratio around 50%. At March 31, 2015, on an as-adjusted basis after giving effect to the issuance and sale of the Notes and the application of the estimated net proceeds therefrom as set forth under "Use of Proceeds," we would have had approximately \$1.1 billion of liquidity in the form of additional borrowing capacity under our credit facility. We seek to consistently hedge at least 50% of our expected volumes from estimated proved developed producing reserves to mitigate the effect of volatility of oil, gas, and NGL prices on our cash flows. We maintain a diversified group of hedge counterparties, all of whom are lenders under our credit facility.

*Significant oil and high BTU gas reserves and production.* A large portion of our Eagle Ford shale acreage produces condensate and rich, high BTU gas, which improves the economics of this asset. Additionally, our Bakken/Three Forks assets produce oil with associated high BTU gas. We also have assets in other liquid-rich basins, such as our programs in the Permian Basin and the Powder River Basin.

*Experienced management team with leading local operations teams.* Our executive management team averages 30 years of experience in the industry. At the operational level, our regional operations are run by individuals who have all worked on large-scale projects at larger exploration and production companies. In order to maximize local knowledge and experience and reduce operational risk, we maintain regional offices in Billings, Montana; Houston, Texas; Midland, Texas; and, until later in 2015, Tulsa, Oklahoma. Each office is staffed with a full complement of geologists, geophysicists, engineers, and landmen who have extensive experience in the region or basin where they work.

### Recent Developments

#### **Tender Offer for 6.625% Senior Notes due 2019**

Concurrently with this offering, we announced a fixed price tender offer for any and all of the \$350.0 million outstanding principal amount of our 6.625% Senior Notes due 2019 (the "2019 Notes"). We have offered to purchase the 2019 Notes for cash equal to \$1,006.88 per \$1,000 principal amount of the 2019 Notes tendered, together with accrued and unpaid interest up to but not including the purchase date, plus a consent fee of \$30.00 per \$1,000 principal amount of 2019 Notes tendered before 5:00 p.m., New York City time, on May 20, 2015, unless extended by us. Our offer to purchase the 2019 Notes is being made on the terms and subject to the conditions set forth in an Offer to Purchase and Consent Solicitation Statement dated May 7, 2015. The tender offer and consent solicitation are conditioned upon our having obtained financing with terms and conditions satisfactory to us and in amounts not less than the amount required to purchase the 2019 Notes tendered in the tender offer. In addition, the tender offer and consent solicitation are conditioned upon the receipt of consents from holders of a majority of the outstanding principal amount of the 2019 Notes to eliminate substantially all of the restrictive covenants and certain events of default in the indenture governing the 2019 Notes. If fully subscribed, we expect that the tender offer and consent solicitation will cost approximately \$363 million (including the consent fee but excluding accrued and unpaid interest of approximately \$6 million), which would be funded principally with the net proceeds from this offering, as described in "Use of Proceeds." There is no assurance that the tender offer, which is expected to be completed on June 4, 2015, will be subscribed for in any amount. In the event that all of the 2019 Notes are not tendered in the tender offer or our tender offer is not consummated, we may use the net proceeds from this offering to redeem any 2019 Notes that remain outstanding.

This prospectus supplement is not an offer to purchase any of the 2019 Notes. The tender offer is being made only by and pursuant to the terms of an Offer to Purchase, dated May 7, 2015 and the

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related letter of transmittal. Holders of 2019 Notes are urged to read the Offer to Purchase carefully before making a decision regarding the tender offer.

**Semi-Annual Cash Dividend**

On March 27, 2015 we announced that our board of directors declared a semi-annual cash dividend of \$0.05 per share of common stock outstanding, payable on May 6, 2015, to shareholders of record as of the close of business on April 24, 2015.

**Corporate Information**

We were founded in 1908, incorporated in 1915, and have been a publicly-traded company since our initial public offering in 1992. Our principal executive offices are located at 1775 Sherman Street, Suite 1200, Denver, Colorado 80203. Our telephone number is (303) 861-8140. Our website address is [www.sm-energy.com](http://www.sm-energy.com); information included or referred to on our website is not part of this prospectus supplement. Our common stock trades on the New York Stock Exchange under the ticker symbol "SM."

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**THE OFFERING**

The following summary contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the section entitled "Description of Notes" in this prospectus supplement.

Issuer	SM Energy Company.
The Notes	\$400 million aggregate principal amount of     % Senior Notes due 2025.
Maturity	, 2025.
Interest Payment Dates	Interest is payable on the Notes on     and     of each year, beginning on     , 2015.
Ranking	<p>The Notes will be our senior unsecured obligations and will:</p> <p>rank equally in right of payment with all of our existing and future senior indebtedness;</p> <p>rank senior in right of payment to all of our future subordinated indebtedness;</p> <p>be effectively subordinated in right of payment to all of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness (including all of our borrowings under our credit facility); and</p> <p>be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of our subsidiaries, except to the extent they guarantee the Notes as provided herein.</p> <p>At March 31, 2015, on an as adjusted basis after giving effect to the issuance and sale of the Notes and the application of the estimated net proceeds therefrom as set forth under "Use of Proceeds," assuming the repurchase of \$350.0 million in aggregate principal amount of the 2019 Notes pursuant to the tender offer, we would have had approximately \$392 million in borrowings outstanding under our credit facility and total consolidated indebtedness of \$2.6 billion, consisting of \$350.0 million of our outstanding 6.50% Senior Notes due 2021 (the "2021 Notes"), \$600.0 million of our outstanding 6.125% Senior Notes due 2022 (the "2022 Notes"), \$400.0 million of our outstanding 6.50% Senior Notes due 2023 (the "2023 Notes"), and \$500.0 million of our outstanding 5.0% Senior Notes due 2024 (the "2024 Notes," and together with the 2019 Notes, the 2021 Notes, the 2022 Notes and the 2023 Notes, the "Existing Senior Notes"), and \$400.0 million outstanding of the Notes offered hereby, and we would have been able to incur an additional approximately \$1.1 billion of secured indebtedness under our credit facility. For further discussion, see "Description of Other Indebtedness" and "Capitalization."</p>



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Guarantees

The Notes initially will not be guaranteed by any of our subsidiaries. Currently, our subsidiaries do not guarantee our indebtedness under our credit facility. Our subsidiaries generated approximately 2% of our consolidated total revenues for the three months ended March 31, 2015, and held less than 1% of our consolidated total assets as of such date. Our subsidiaries may in the future guarantee our obligations under the Notes if they guarantee certain of our other indebtedness as set forth under "Description of Notes Certain Covenants Future Subsidiary Guarantors."

Optional Redemption

We will have the option to redeem the Notes, in whole or in part, at any time on or after \_\_\_\_\_, 2020, in each case at the redemption prices described in this prospectus supplement under the heading "Description of Notes Optional Redemption," together with any accrued and unpaid interest to the date of redemption.

Prior to \_\_\_\_\_, 2020, we may redeem the Notes, in whole or in part, at a "make-whole" redemption price described under "Description of Notes Optional Redemption," together with any accrued and unpaid interest to the date of redemption.

In addition, prior to \_\_\_\_\_, 2018, we may, at any time or from time to time, redeem up to 35% of the Notes with the proceeds of certain equity offerings at the price described in this prospectus supplement under the heading "Description of Notes Optional Redemption," together with any accrued and unpaid interest to the date of redemption.

Covenants

We will issue the Notes under an indenture with U.S. Bank National Association, as trustee. The indenture will contain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

incur additional debt;

make certain dividends or pay dividends or distributions on our capital stock or purchase, redeem or retire capital stock;

sell assets, including capital stock of our restricted subsidiaries;

restrict dividends or other payments of our restricted subsidiaries;

create liens that secure debt;

enter into transactions with affiliates; and

merge or consolidate with another company.

These covenants are subject to a number of important limitations and exceptions. See "Description of Notes Certain Covenants." However, most of the covenants will terminate if both Standard & Poor's Ratings Services and Moody's Investors Service, Inc. assign the Notes an investment grade rating and no default exists with respect to the Notes.



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Change of Control Offer	Upon the occurrence of certain change of control events, holders of the Notes will have the right to require us to repurchase all or a portion of the Notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest, if any, to the date of repurchase.
Form and Denominations	The Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000.
Listing and Trading	The Notes will not be listed on any securities exchange or included in any automated quotation system. The Notes will be new securities for which there is currently no public market.
Use of Proceeds	We expect to receive net proceeds from this offering of approximately \$393 million, after deducting the underwriters' discount and estimated offering expenses. We intend to use approximately \$369 million of the net proceeds from this offering to fund the repurchase or redemption, as applicable, of the 2019 Notes, and the balance to repay outstanding borrowings under our credit facility and for general corporate purposes.
Conflicts of Interest	As described under "Use of Proceeds," affiliates of certain of the underwriters are holders of the 2019 Notes, which may be purchased pursuant to the concurrent tender offer or redemption using a portion of the net proceeds from this offering, and affiliates of each of the underwriters are lenders under our credit facility, which may be repaid using a portion of the net proceeds from this offering. Because affiliates of certain of the underwriters will receive more than five percent of the net proceeds in this offering, certain of the underwriters will be deemed to have a "conflict of interest" under Rule 5121(f)(5) of the Financial Industry Regulatory Authority, Inc., or FINRA. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. Rule 5121 provides that a qualified independent underwriter meeting certain standards must participate in the preparation of the prospectus and exercise the usual standards of due diligence with respect thereto. Barclays Capital Inc. is serving as a qualified independent underwriter. See "Use of Proceeds" and "Underwriting (Conflicts of Interest)."
Risk Factors	Investing in the Notes involves risks. See "Risk Factors" beginning on page S-16 of this prospectus supplement and on page 3 of the accompanying prospectus for information regarding risks you should consider before investing in the Notes.

Table of Contents**SUMMARY CONDENSED CONSOLIDATED HISTORICAL FINANCIAL  
AND OPERATING INFORMATION**

We derived the following summary historical financial data as of and for the years ended December 31, 2013 and 2014 and the summary historical financial data for the year ended December 31, 2012, from our audited financial statements, which are incorporated by reference into this prospectus supplement and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" included in our 2014 10-K, which is incorporated by reference herein. The summary historical balance sheet data as of December 31, 2012 has been derived from our audited financial statements not included or incorporated by reference in this prospectus supplement. The financial data for the three months ended March 31, 2014 and 2015, respectively, was derived from our unaudited condensed consolidated financial statements included in our First Quarter 2015 Form 10-Q, which is incorporated by reference into this prospectus supplement. The following summary historical financial data should be read in conjunction with Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part I, Item 1, "Financial Statements" of our First Quarter 2015 Form 10-Q.

	For the Years Ended December 31,			For the Three Months Ended March 31,	
	2012	2013	2014	2014	2015
	(in thousands)				
<b>Operating revenues:</b>					
Oil, gas, and NGL production revenue	\$ 1,473,868	\$ 2,199,550	\$ 2,481,544	\$ 623,109	\$ 393,315
Gain (loss) on divestiture activity	(27,018)	27,974	646	2,958	(35,802)
Marketed gas system revenue	52,808	60,039	24,897	6,603	7,457
Other operating revenues	5,444	5,811	15,220	50	964
<b>Total operating revenues and other income</b>	<b>1,505,102</b>	<b>2,293,374</b>	<b>2,522,307</b>	<b>632,720</b>	<b>365,934</b>
<b>Operating expenses:</b>					
Oil, gas, and NGL production expense	391,872	597,045	715,878	163,709	196,151
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	727,877	822,872	767,532	177,215	217,401
Exploration	90,248	74,104	129,857	21,335	37,407
Impairment of proved properties	208,923	172,641	84,480		55,526
Abandonment and impairment of unproved properties	16,342	46,105	75,638	2,801	11,627
General and administrative	119,815	149,551	167,103	35,051	43,639
Change in Net Profits Plan liability	(28,904)	(21,842)	(29,849)	(1,776)	(4,334)
Derivative (gain) loss	(55,630)	(3,080)	(583,264)	97,662	(154,167)
Marketed gas system expense	47,583	57,647	24,460	6,836	9,570
Other operating expenses	6,993	30,076	4,658	1,253	7,549
<b>Total operating expenses</b>	<b>1,525,119</b>	<b>1,925,119</b>	<b>1,356,493</b>	<b>504,086</b>	<b>420,369</b>
<b>Income (loss) from operations</b>	<b>(20,017)</b>	<b>368,255</b>	<b>1,165,814</b>	<b>128,634</b>	<b>(54,435)</b>
<b>Non-operating income (expense):</b>					
Other, net	220	67	(2,561)	26	571
Interest expense	(63,720)	(89,711)	(98,554)	(24,190)	(32,647)
<b>Income (loss) before income taxes</b>	<b>(83,517)</b>	<b>278,611</b>	<b>1,064,699</b>	<b>104,470</b>	<b>(86,511)</b>
Income tax (expense) benefit	29,268	(107,676)	(398,648)	(38,863)	33,453
<b>Net income (loss)</b>	<b>\$ (54,249)</b>	<b>\$ 170,935</b>	<b>\$ 666,051</b>	<b>\$ 65,607</b>	<b>\$ (53,058)</b>



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	As of the Years Ended December 31,			As of the Three Months Ended March 31,	
	2012	2013	2014	2014	2015
	(in thousands)				
<b>Balance Sheet Data (end of period):</b>					
Cash and cash equivalents	\$ 5,926	\$ 282,248	\$ 120	\$ 236,435	\$ 22
Total assets	4,199,529	4,705,165	6,516,700	4,689,011	6,600,686
Total noncurrent liabilities	2,243,517	2,459,213	3,445,385	2,498,313	3,668,203
Total stockholders' equity	1,414,466	1,606,821	2,286,655	1,675,419	2,236,228

	For the Years Ended December 31,			For the Three Months Ended March 31,	
	2012	2013	2014	2014	2015
	(in thousands)				
<b>Other Financial Data:</b>					
Adjusted EBITDAX(1)	\$ 1,031,867	\$ 1,477,274	\$ 1,647,591	\$ 398,920	\$ 311,855
Net cash provided by operating activities	921,969	1,338,514	1,456,575	299,728	283,922
Net cash used in investing activities	(1,457,333)	(1,192,903)	(2,478,749)	(345,533)	(534,458)
Net cash provided by (used in) financing activities	422,096	130,711	740,046	(8)	250,438
Capital expenditures	1,507,828	1,553,536	1,974,798	(351,934)	(544,965)

(1)

Adjusted EBITDAX represents income (loss) before interest expense, other non-operating income or expense, 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 Profit 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 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, 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 financial covenants 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 has limitations as an analytical tool and should not be considered in isolation or as a substitute for net income (loss), income (loss) 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 (loss) and may vary among companies, the adjusted EBITDAX amounts presented may not be comparable to similar metrics of other companies. Limitations to using adjusted EBITDAX as an analytical tool include:

Adjusted EBITDAX does not reflect current or future requirements for capital expenditures or capital commitments;

Adjusted EBITDAX does not reflect changes in, or cash requirements necessary to service interest or principal payments on debt;

Adjusted EBITDAX does not reflect income taxes;

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although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDAX does not reflect any cash requirements for such replacements; and

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other companies in our industry may calculate adjusted EBITDAX differently than we do, limiting its usefulness as a comparison measure.

The following table provides a reconciliation of our net income to adjusted EBITDAX and from adjusted EBITDAX to net cash provided by operating activities for the periods presented:

	For the Years Ended December 31,			For the Three Months Ended March 31,	
	2012	2013	2014	2014	2015
	(in thousands)				
<b>Net income (loss) (GAAP)</b>	\$ (54,249)	\$ 170,935	\$ 666,051	\$ 65,607	\$ (53,058)
Interest expense	63,720	89,711	98,554	24,190	32,647
Other non-operating (income) expense, net	(220)	(67)	2,561	(26)	(571)
Income tax expense (benefit)	(29,268)	107,676	398,648	38,863	(33,453)
Depreciation, depletion, amortization, and asset retirement obligation liability accretion	727,877	822,872	767,532	177,215	217,401
Exploration	81,809	65,888	122,577	19,938	35,732
Impairment of proved properties	208,923	172,641	84,480		55,526
Abandonment and impairment of unproved properties	16,342	46,105	75,638	2,801	11,627
Stock-based compensation expense	30,185	32,347	32,694	6,344	6,024
Derivative (gain) loss	(55,630)	(3,080)	(583,264)	97,662	(154,167)
Derivative settlement gain (loss)	44,264	22,062	12,615	(28,940)	161,229
Change in Net Profits Plan liability	(28,904)	(21,842)	(29,849)	(1,776)	(4,334)
(Gain) loss on divestiture activity	27,018	(27,974)	(646)	(2,958)	35,802
Other, net					1,450
<b>Adjusted EBITDAX (Non-GAAP)</b>	1,031,867	1,477,274	1,647,591	398,920	311,855
Interest expense	(63,720)	(89,711)	(98,554)	(24,190)	(32,647)
Other non-operating income (expense), net	220	67	(2,561)	26	571
Income tax (expense) benefit	29,268	(107,676)	(398,648)	(38,863)	33,453
Exploration	(81,809)	(65,888)	(122,577)	(19,938)	(35,732)
Exploratory dry hole expense	20,861	5,846	44,427		16,275
Amortization of debt discount and deferred financing costs	6,769	5,390	6,146	1,477	1,957
Deferred income taxes	(29,638)	105,555	397,780	38,374	(33,727)
Plugging and abandonment	(2,856)	(9,946)	(8,796)	(1,325)	(2,425)
Other, net	527	2,775	1,069	(3,103)	46
Changes in current assets and liabilities	10,480	14,828	(9,302)	(51,650)	24,296
<b>Net cash provided by operating activities (GAAP)</b>	\$ 921,969	\$ 1,338,514	\$ 1,456,575	\$ 299,728	\$ 283,922

**Note:**

Stock-based compensation expense is a component of exploration expense and general and administrative expense on our statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on our statements of operations for the component of stock-based compensation expense recorded to exploration.

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





Table of Contents**SUMMARY RESERVE, PRODUCTION AND OPERATING DATA**

The following table presents summary data with respect to our estimated net proved oil, gas, and NGL reserves as of the dates indicated. At least 80 percent of our total calculated proved reserve PV-10 as of December 31, 2012, 2013 and 2014 was audited by Ryder Scott Company, L.P., which is a firm of independent reserve engineers. Our estimated proved reserves and related PV-10 at December 31, 2012, 2013 and 2014 were determined in accordance with the reserve disclosure rules of the SEC using the 12-month unweighted arithmetic average of the first-day-of-the-month price for the periods of January 2012 through December 2012, January 2013 through December 2013, and January 2014 through December 2014, respectively, without giving effect to derivative transactions, and were held constant throughout the life of the properties. These prices were \$94.71 per Bbl for oil, \$2.76 per MMBtu for gas and \$45.65 per Bbl for NGLs for the year ended December 31, 2012, \$96.94 per Bbl for oil, \$3.67 per MMBtu for gas and \$40.29 per Bbl for NGLs for the year ended December 31, 2013, and \$94.99 per Bbl for oil, \$4.35 per MMBtu for natural gas, and \$39.91 per Bbl for NGLs for the year ended December 31, 2014.

	<b>As of and for the Years Ended December 31,</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Reserve Information:</b>			
Estimated proved reserves:			
Oil (MMBbl)	92.2	126.6	169.7
Gas (Bcf)	833.4	1,189.3	1,466.5
NGLs (MMBbl)	62.3	103.9	133.5
Equivalents (MMBOE)*	293.4	428.7	547.7
Percentage proved developed	57%	49%	52%
PV-10 (in millions)	\$ 3,849.1	\$ 5,528.5	\$ 7,616.9
Estimated proved reserve life (in years)	8.0	8.9	9.9
Costs incurred in oil and gas producing activities (in millions)	\$ 1,687.9	\$ 1,721.1	\$ 2,711.7

\*

At year-end 2012, our reserves shifted from being majority gas to majority liquids. As a result, beginning with the first quarter of 2013, we report volumes on a BOE basis rather than on a Mcfe basis. Prior period presentations have been conformed accordingly.

The following table reconciles the standardized measure of discounted future net cash flows (GAAP) to the pre-tax PV-10 (Non-GAAP) of proved reserves. Please see the definitions of standardized measure of discounted future net cash flows and PV-10 in the "Glossary of Oil and Natural Gas Terms."

	<b>As of December 31,</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>(in millions)</b>		
Standardized measure of discounted future net cash flows	\$ 3,021.0	\$ 4,009.4	\$ 5,698.8
Add: 10 percent annual discount, net of income taxes	1,742.1	2,500.6	3,407.2
Add: future undiscounted income taxes	1,609.4	2,722.2	3,511.4
Undiscounted future net cash flows	6,372.5	9,232.2	12,617.4
Less: 10 percent annual discount without tax effect	(2,523.4)	(3,703.7)	(5,000.5)
PV-10	\$ 3,849.1	\$ 5,528.5	\$ 7,616.9

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The following table summarizes the volumes and realized prices of oil, gas, and NGLs produced and sold from properties in which we held an interest during the periods indicated. Also presented is a summary of related production costs per BOE.

	For the Years Ended December 31,			For the Three Months Ended March 31,	
	2012	2013	2014	2014	2015
<b>Production and operating data:</b>					
Production					
Oil (MMBbl)	10.4	13.9	16.7	3.7	5.2
Natural gas (Bcf)	120.0	149.3	152.9	35.5	45.9
Natural gas liquids (MMBbl)	6.1	9.5	13.0	2.9	3.9
Equivalents (MMBOE)*	36.5	48.3	55.1	12.5	16.8
Realized sales prices (before impact of derivative settlements)					
Oil (\$/Bbl)	\$ 85.45	\$ 91.19	\$ 80.97	\$ 88.96	\$ 38.56
Natural gas (\$/Mcf)	\$ 2.98	\$ 3.93	\$ 4.58	\$ 5.22	\$ 2.76
Natural gas liquids (\$/Bbl)	\$ 37.61	\$ 35.95	\$ 33.34	\$ 38.79	\$ 16.67
Equivalent (\$/BOE)*	\$ 40.39	\$ 45.50	\$ 45.01	\$ 49.96	\$ 23.44
Realized sales prices (after impact of derivative settlements)					
Oil (\$/Bbl)	\$ 83.52	\$ 89.92	\$ 82.68	\$ 87.11	\$ 58.89
Natural gas (\$/Mcf)	\$ 3.48	\$ 4.14	\$ 4.40	\$ 4.84	\$ 3.51
Natural gas liquids (\$/Bbl)	\$ 38.90	\$ 36.66	\$ 34.18	\$ 35.76	\$ 22.00
Equivalent (\$/BOE)*	\$ 41.71	\$ 45.92	\$ 45.23	\$ 47.64	\$ 33.05
Average costs per BOE*					
Production expense	\$ 8.74	\$ 10.16	\$ 10.85	\$ 10.93	\$ 10.56
Production tax	\$ 2.00	\$ 2.19	\$ 2.13	\$ 2.20	\$ 1.12
Depletion, depreciation, amortization, and asset retirement obligation accretion	\$ 19.95	\$ 17.02	\$ 13.92	\$ 14.21	\$ 12.96
General and administrative	\$ 3.28	\$ 3.09	\$ 3.03	\$ 2.81	\$ 2.60

\*

At year-end 2012, our reserves shifted from being majority gas to majority liquids. As a result, beginning with the first quarter of 2013, we report volumes on a BOE basis rather than on a Mcfe basis. Prior period presentations have been conformed accordingly.

We sell the majority of our natural gas under contracts that use first-of-the-month index pricing, which means that gas produced in a given month is sold at the first-of-the-month price regardless of the spot price on the day the gas is produced. For assets where high BTU gas is sold at the wellhead, we also receive additional value for the high energy content contained in the gas stream. Our NGL production is generally sold using contracts paying us a monthly average of the posted Oil Price Information Service ("OPIS") daily settlement prices, adjusted for processing, transportation, and location differentials. Our oil and condensate are generally sold using contracts paying us various industry posted prices, most commonly NYMEX West Texas Intermediate. We are paid the average of the daily settlement price for the respective posted prices for the period in which the product is produced, adjusted for quality, transportation, American Petroleum Institute gravity, and location differentials. When we refer to realized oil, gas, and NGL prices above, the disclosed price represents the average price for the respective period unless otherwise indicated.

Table of Contents**Commodity Derivative Contracts Entered into as of April 29, 2015**

The following tables include all commodity derivative contracts for settlement at any time during the second quarter of 2015 and later periods entered into through April 29, 2015:

*Oil Contracts*Oil Swaps

<b>Contract Period</b>	<b>NYMEX WTI Volumes (Bbls)</b>	<b>Weighted-Average Contract Price (per Bbl)</b>
Second quarter 2015	1,639,000	\$ 91.26
Third quarter 2015	1,254,000	\$ 90.78
Fourth quarter 2015	1,137,000	\$ 90.15
2016	5,570,000	\$ 88.01
All oil swaps	9,600,000	

Oil Collars

<b>Contract Period</b>	<b>NYMEX WTI Volumes (Bbls)</b>	<b>Weighted-Average Floor Price (per Bbl)</b>	<b>Weighted-Average Ceiling Price (per Bbl)</b>
Second quarter 2015	709,000	\$ 85.00	\$ 94.06
Third quarter 2015	906,000	\$ 85.00	\$ 91.25
Fourth quarter 2015	869,000	\$ 85.00	\$ 92.19
All oil collars	2,484,000		

*Gas Contracts*Gas Swaps

<b>Contract Period</b>	<b>Volumes (MMBtu)</b>	<b>Weighted-Average Contract Price (per MMBtu)</b>
Second quarter 2015	15,985,000	\$ 3.90
Third quarter 2015	14,950,000	\$ 4.03
Fourth quarter 2015	13,570,000	\$ 4.02
2016	48,896,000	\$ 4.12
2017	37,414,000	\$ 4.16
2018	35,241,000	\$ 4.21
2019	28,159,000	\$ 4.28
All gas swaps*	194,215,000	

\*

Natural gas swaps are comprised of IF El Paso Permian (2%), IF HSC (83%), IF NGPL TXOK (1%), IF NNG Ventura (3%), and IF Enable East (11%).

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<b>Contract Period</b>	<b>Volumes (MMBtu)</b>	<b>Weighted-Average Floor Price (per MMBtu)</b>	<b>Weighted-Average Ceiling Price (per MMBtu)</b>
Second quarter 2015	2,297,000	\$ 4.00	\$ 4.30
Third quarter 2015	2,005,000	\$ 4.00	\$ 4.30
Fourth quarter 2015	6,176,000	\$ 3.97	\$ 4.30
All gas collars*	10,478,000		

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\*

Natural gas collars are comprised of IF El Paso Permian (4%), IF HSC (79%), IF NNG Ventura (7%), and IF Enable East (10%).

NGL ContractsNGL Swaps

<b>Contract Period</b>	<b>OPIS Purity Ethane Mt Belv. Volumes (Bbls)</b>	<b>Weighted-Average Contract Price (per Bbl)</b>
2016	710,000	\$ 9.12
2017	792,000	\$ 9.98
2018	347,000	\$ 10.52
All NGL swaps	1,849,000	

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**RISK FACTORS**

*Before you invest in the Notes, you should carefully consider the risks and uncertainties described below and in Item 1A. "Risk Factors" in our 2014 10-K and First Quarter 2015 Form 10-Q, together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the financial statements and related notes. If any of the following risks actually occur, our business, financial condition or results of operations may suffer. As a result, we might be unable to repay the principal of and interest on the Notes, and you could lose all or part of your investment.*

***The agreements governing our debt contain various covenants that limit our discretion in the operation of our business, could prohibit us from engaging in transactions we believe to be beneficial and could lead to the acceleration of our debt.***

Our existing debt agreements contain, and the indenture governing the Notes will contain, restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our ability to borrow under our credit facility is subject to compliance with certain financial covenants, including (i) maintenance of a ratio of total debt to consolidated earnings before interest, taxes, depreciation, amortization, and exploration expense for the last four fiscal quarters of less than 4.0x, and (ii) maintenance of a current ratio of no less than 1.0x, each as defined in our credit facility. Our credit facility also requires us to comply with certain financial covenants, including requirements that we maintain certain levels of stockholders' equity and limit our annual cash dividends to no more than \$50.0 million. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financings, mergers and acquisitions, and other corporate opportunities.

The respective indentures governing our Existing Senior Notes each contain, and the indenture governing the Notes offered hereby will also contain, covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

incur additional debt;

make certain dividends or pay dividends or distributions on our capital stock or purchase, redeem or retire capital stock;

sell assets, including capital stock of our restricted subsidiaries;

restrict dividends or other payments of our restricted subsidiaries;

create liens that secure debt;

enter into transactions with affiliates; and

merge or consolidate with another company.

See "Description of Other Indebtedness" and "Description of Notes." Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our indebtedness. We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness.

***Our amount of debt may limit our ability to obtain financing for acquisitions, make us more vulnerable to adverse economic conditions, and make it more difficult for us to make payments on our debt.***

As of April 29, 2015, we had \$350.0 million of long-term senior unsecured debt outstanding relating to the 2019 Notes that we issued on February 7, 2011; \$350.0 million of long-term senior unsecured debt outstanding relating to the 2021 Notes that we issued on November 8, 2011; \$600.0 million of





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long-term senior unsecured debt outstanding relating to the 2022 Notes that we issued on November 17, 2014; \$400.0 million of long-term senior unsecured debt outstanding relating to the 2023 Notes that we issued on June 29, 2012; \$500.0 million of long-term senior unsecured debt outstanding relating to the 2024 Notes that we issued on May 20, 2013; and approximately \$503 million of outstanding borrowings under our secured credit facility. As of April 29, 2015, we had three outstanding letters of credit in the aggregate amount of \$808,000 (which reduce the amount available for borrowings under the facility on a dollar-for-dollar basis), resulting in approximately \$997 million of available debt capacity under our credit facility, assuming the borrowing conditions under this facility will be met. Our long-term debt represented 54 percent of our total book capitalization as of March 31, 2015.

The amount of our current indebtedness could have important consequences for our operations, including:

making it more difficult for us to obtain additional financing in the future for our operations and potential acquisitions, working capital requirements, capital expenditures, debt service, or other general corporate requirements;

requiring us to dedicate a substantial portion of our cash flows from operations to the repayment of our debt and the service of interest costs associated with our debt, rather than to productive investments;

limiting our operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt, making acquisitions, and paying dividends;

placing us at a competitive disadvantage compared to our competitors that have less debt; and

making us more vulnerable in the event of adverse economic or industry conditions or a downturn in our business.

Our ability to make payments on our debt, refinance our debt, and fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our business does not generate sufficient cash flow from operations or future sufficient borrowings are not available to us under our credit facility or from other sources, we might not be able to service our debt or fund our other liquidity needs. If we are unable to service our debt, due to inadequate liquidity or otherwise, we may have to delay or cancel acquisitions, defer capital expenditures, sell equity securities, divest assets, and/or restructure or refinance our debt. We might not be able to sell our equity, sell our assets, or restructure or refinance our debt on a timely basis or on satisfactory terms or at all. In addition, the terms of our existing or future debt agreements, including our existing and future credit agreements, may prohibit us from pursuing any of these alternatives. Further, changes in the credit ratings of our debt may negatively affect the cost, terms, conditions, and availability of future financing.

Our debt agreements, including the agreement governing our credit facility and the indentures governing the Existing Senior Notes, permit, and the indenture governing the Notes will permit, us to incur additional debt in the future, subject to compliance with restrictive covenants under those agreements. In addition, entities we may acquire in the future could have significant amounts of debt outstanding that we could be required to assume, and in some cases accelerate repayment thereof, in connection with the acquisition, or we may incur our own significant indebtedness to consummate an acquisition.

As discussed below under "Description of Other Indebtedness," our credit facility is subject to periodic borrowing base redeterminations. We could be forced to repay a portion of our bank borrowings in the event of a downward redetermination of our borrowing base, and we may not have sufficient funds to make such repayment at that time. If we do not have sufficient funds and are otherwise unable

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to negotiate renewals of our borrowing base or arrange new financing, we may be forced to sell significant assets.

***We may not complete the tender offer for, or redemption of, the 2019 Notes on the terms described in this prospectus supplement or at all.***

Concurrently with the commencement of this offering, we have commenced a tender offer for up to \$350.0 million aggregate principal amount of the 2019 Notes. To the extent that any 2019 Notes remain outstanding after the tender offer, we may redeem any such remaining 2019 Notes in accordance with the terms of the indenture governing the 2019 Notes. We may not complete the tender offer for the 2019 Notes on the terms described in this prospectus supplement or at all. The tender offer is currently subject to a number of conditions. Upon the failure of any condition to be satisfied, we may choose to terminate, withdraw or amend the tender offer and we may waive any of the conditions to the tender offer at any time, including the deadline by which noteholders must tender their 2019 Notes.

If we do not purchase or redeem any 2019 Notes, as of April 29, 2015, after giving effect to this offering and the application of the net proceeds therefrom, we would have had outstanding approximately \$2.7 billion aggregate principal amount of indebtedness. The risks associated with this increased level of debt, which are described in the risk factors above, may have a material adverse effect on our financial condition or results of operations. In addition, whether or not the tender offer is completed, we may purchase some or all of the outstanding 2019 Notes in transactions other than through the tender offer or the redemption discussed above. We may use available cash (including net proceeds of this offering) or borrowings under our credit facility to fund the redemption and/or repurchase of the 2019 Notes in transactions other than through the tender offer or the redemption described in this prospectus supplement. Use of these funds for these purchases may impair our ability to obtain additional financing in the future or reduce the amount of cash we would have otherwise used for capital expenditures.

***To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.***

Our ability to make payments on our indebtedness, including the Notes offered hereby, and to refinance our indebtedness and fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, industry, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness, including the Notes offered hereby, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the Notes, on or before maturity, sell assets, reduce or delay capital expenditures or seek additional equity financing. We cannot assure you that we will be able to service or refinance any of our indebtedness, on commercially reasonable terms or at all.

***The Notes will not be secured by any of our assets. However, our credit facility indebtedness is secured by a significant majority of our oil and gas properties. As a result, if we become insolvent, secured lenders will have a prior claim on our assets.***

The Notes will not be secured by any of our assets. Our credit facility is, however, secured by a significant majority of our oil and gas properties. Additionally, the terms of our credit facility and the indentures governing our Existing Senior Notes permit, and the indenture governing the Notes will permit, us to incur substantial additional secured debt in the future. Accordingly, the payment of principal and interest on the Notes will be effectively subordinated in right of payment to all of our secured debt with respect to the assets securing such debt.

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If we become insolvent or are liquidated, or if payment under any of the instruments governing our existing or future secured debt is accelerated, the lenders under these instruments will be entitled to exercise the remedies available to secured lenders under applicable law and pursuant to instruments governing such debt, including foreclosing on such assets. In that event, because the Notes will not be secured by any of our assets, it is possible that after the exercise by the secured parties of their remedies, no assets would remain from which claims of holders of the Notes could be satisfied or, if any assets remained, the remaining assets might be insufficient to satisfy those claims in full. As of March 31, 2015, on an as adjusted basis after giving effect to the issuance and sale of the Notes and the application of the proceeds therefrom, we would have had \$392 million in borrowings outstanding under our credit facility (though as of March 31, 2015, we had three outstanding letters of credit in the aggregate amount of \$808,000, which reduce the amount available for borrowings under the facility on a dollar-for-dollar basis), and the ability to incur up to \$1.1 billion of additional secured debt under our credit facility.

***Failure to comply with covenants in our existing or future financing agreements could result in cross-defaults under some of our financing agreements, which could jeopardize our ability to pay the Notes.***

Various risks, uncertainties and events beyond our control could affect our ability to comply with the covenants and maintain the financial tests and ratios required by the agreements governing our financing arrangements. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to cease to make further extensions of credit, accelerate the maturity of the debt under these agreements and foreclose upon any collateral securing that debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the Notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. We also may amend the provisions and limitations of our credit facilities from time to time and will not be required to obtain the consent of the holders of the Notes to do so.

Our debt agreements contain prepayment and acceleration rights at the election of the holders or lenders, as applicable, upon a covenant default or change in control, which rights, if exercised, could constitute an event of default under the Notes. In addition, certain lenders under our credit facility are also counterparties under our hedge agreements, which contain provisions whereby the lender group may declare a default under certain circumstances that could constitute an event of default under the credit facility. It is possible that we would be unable to fulfill all of these obligations and make payments on the Notes simultaneously.

***We may incur substantial additional indebtedness, including indebtedness ranking equal to the Notes.***

Subject to the restrictions in the indenture governing the Notes and in other agreements governing our other outstanding indebtedness (including our credit facility and our Existing Senior Notes), we and our subsidiaries may incur substantial additional indebtedness (including secured indebtedness) in the future. Although the indenture governing the Notes and the agreements governing our other outstanding indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial.

If we incur any additional indebtedness that ranks equally with the Notes, including trade payables, the holders of that indebtedness will be entitled to share ratably with holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other

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winding-up of us. This may have the effect of reducing the amount of proceeds paid to holders of the Notes in connection with such a distribution.

Any increase in our level of indebtedness will have several important effects on our future operations, including, without limitation:

we will have additional cash requirements in order to support the payment of interest on our outstanding indebtedness;

increases in our outstanding indebtedness and leverage will increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and

depending on the levels of our outstanding indebtedness, our ability to obtain additional financing for working capital, capital investment, general corporate and other purposes may be limited.

***Claims of holders of the Notes will be structurally subordinated to claims of creditors of any of our subsidiaries.***

Subject to certain limitations, the indenture governing the Notes will permit our subsidiaries to acquire assets and incur indebtedness, and holders of the Notes will not have any claim as a creditor against any of our subsidiaries to the assets and earnings of those subsidiaries, except to the extent such subsidiaries subsequently become guarantors of the Notes. The claims of the creditors of those subsidiaries, including their trade creditors, banks and other lenders, would have priority over any of our claims or those of our other subsidiaries as equity holders of such subsidiaries. Consequently, in any insolvency, liquidation, reorganization, dissolution or other winding-up of any subsidiaries, creditors of those subsidiaries would be paid before any amounts would be distributed to us as equity, and thus be available to satisfy our obligations under the Notes and other claims against us.

***We may not be able to repurchase the Notes upon a change of control.***

Upon the occurrence of certain change of control events, holders of the Notes and our Existing Senior Notes may require us to offer to repurchase all or any part of their respective notes. We may not have sufficient funds at the time of the change of control to make the required repurchases of the Notes and the Existing Senior Notes. Additionally, certain events that would constitute a "change of control" (as defined in the respective indentures governing the Notes and the Existing Senior Notes) would constitute an event of default under our credit facility that would, if any such event should occur, permit the lenders to accelerate the debt outstanding under our credit facility which would, in turn, cause an event of default under the respective indentures governing the Notes and the Existing Senior Notes.

The source of funds for any repurchase of the Notes or the Existing Senior Notes required as a result of any change of control will be our available cash or cash generated from oil and gas operations or other sources, including borrowings, sales of assets, sales of equity, or funds provided by a new controlling entity. We cannot assure you, however, that sufficient funds would be available at the time of any change of control to make any required repurchases of the Notes and the Existing Senior Notes tendered and to repay debt under our credit facility. Furthermore, using available cash to fund the potential consequences of a change of control may impair our ability to obtain additional financing in the future. Any future credit agreements or other agreements relating to debt to which we may become a party will most likely contain similar restrictions and provisions.

***Your ability to transfer the Notes may be limited by the absence of a trading market for the Notes.***

The Notes will be new securities for which there is no established trading market. We have no plans to apply for listing of the Notes on any securities exchange. We have been advised by certain of the underwriters that they presently intend to make a market in the Notes; however, no underwriter is obligated to do so. Any market making activity, if initiated, may be discontinued at any time, for any reason, without notice. If such underwriters cease to act as market makers for the Notes for any reason,

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we cannot assure you that another firm or person will make a market for the Notes. The liquidity of any market for the Notes will depend upon the number of holders of the Notes, our results of operations and financial condition, the market for similar securities, the interest of securities dealers in making a market in the Notes and other factors. An active or liquid trading market may not develop for the Notes. The Notes being offered hereby are not additional debt securities under the respective indentures governing the Existing Senior Notes. The Notes being offered hereby will be issued under a new indenture, will not vote together with any of the Existing Senior Notes, will not be required to be redeemed on a pro rata basis with any of the Existing Senior Notes, and will not trade, if traded, with any of the Existing Senior Notes.

***Many of the covenants contained in the indenture will terminate if the Notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc.***

Many of the covenants in the indenture governing the Notes will terminate if the Notes are rated investment grade by both Standard & Poor's Ratings Service and Moody's Investors Service, Inc., provided at such time no default under the indenture has occurred and is continuing. These covenants will restrict, among other things, our ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade, or that if they are rated investment grade, that the Notes will maintain such ratings. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. Please see "Description of Notes Covenant Termination."

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**USE OF PROCEEDS**

We expect the net proceeds from this offering to be approximately \$393 million, after deducting estimated fees and expenses (including underwriters' discounts and commissions). We intend to use approximately \$369 million of the net proceeds from this offering to fund the repurchase or redemption, as applicable, of our 2019 Notes, and the balance to repay outstanding borrowings under our credit facility and for general corporate purposes. To the extent that any 2019 Notes remain outstanding after the tender offer, we may redeem any such remaining 2019 Notes in accordance with the terms of the indenture governing the 2019 Notes.

As of April 29, 2015, the outstanding balance under our credit facility was approximately \$503 million. Amounts to be repaid were incurred for general corporate purposes, and may be reborrowed from time to time. Our credit facility matures December 10, 2019, and the interest rate paid on amounts outstanding under our credit facility is determined based on the borrowing base utilization grid set forth in "Description of Other Indebtedness - Credit Facility." As of April 29, 2015, we had \$350.0 million of long-term senior unsecured debt outstanding relating to our 2019 Notes. The 2019 Notes were issued on February 7, 2011, and the proceeds therefrom were used to repay borrowings under our credit facility, to fund our ongoing capital expenditure program, and for general corporate purposes. Pursuant to the terms of the 2019 Notes, we may redeem all or a part of the 2019 Notes at (expressed as a percentage of principal amount) an amount equal to 103.313% for the twelve-month period beginning on February 15, 2015.

Affiliates of certain of the underwriters are holders of the 2019 Notes which may be purchased pursuant to the concurrent tender offer or redemption and, as a result, will receive a portion of the net proceeds from this offering. In addition, affiliates of each of the underwriters are lenders under our credit facility and, as a result, will receive a portion of the net proceeds from this offering. As a result, more than five percent of the net proceeds of this offering may be paid to affiliates of certain of the underwriters. Therefore, this offering is being made in compliance with FINRA Rule 5121, and Barclays Capital Inc. has agreed to act as the qualified independent underwriter for this offering. See "Underwriting (Conflicts of Interest)."

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The following table sets forth our cash and cash equivalents and capitalization at March 31, 2015, on:

an historical basis; and

an as adjusted basis to give effect to (i) the completion of the offering of the Notes and (ii) the application of the net proceeds from this offering as indicated in "Use of Proceeds."

You should read this table in conjunction with our consolidated unaudited financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<b>As of March 31, 2015</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(in thousands, except share amounts)</b>	
<b>Cash and cash equivalents</b>	\$ 22	\$ 22
<b>Long-term debt:</b>		
Credit facility(1)	\$ 416,500	\$ 392,127
6.625% Senior Notes Due 2019(2)	350,000	
6.50% Senior Notes Due 2021	350,000	350,000
6.125% Senior Notes Due 2022	600,000	600,000
6.50% Senior Notes Due 2023	400,000	400,000
5.0% Senior Notes Due 2024	500,000	500,000
% Senior Notes Due 2025 offered hereby		400,000
Total long-term debt	2,616,500	2,642,127
<b>Stockholders' equity:</b>		
Common stock, \$0.01 par value authorized: 200,000,000 shares	675	675
Additional paid-in capital	289,294	289,294
Retained earnings	1,957,747	1,957,747
Accumulated other comprehensive loss	(11,488)	(11,488)
Total stockholders' equity	2,236,228	2,236,228
<b>Total capitalization</b>	<b>\$ 4,852,728</b>	<b>\$ 4,878,355</b>

(1) As of April 29, 2015, we had approximately \$503 million of indebtedness outstanding under our credit facility.

(2) Assumes that all of the 2019 Notes are repurchased in the tender offer at an aggregate purchase price of approximately \$363 million plus accrued and unpaid interest.





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Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>			
	<b>March 31,</b>		<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>2015</b>	<b>2014</b>				
Ratio of earnings to fixed charges(1)	(2)	10.0x	3.7x	(3)	6.7x	11.6x

- (1) The ratio of earnings to fixed charges has been computed by dividing earnings available for fixed charges (earnings from continuing operations before income taxes plus fixed charges and amortization of capitalized interest, less capitalized interest) by fixed charges (interest expense plus capitalized interest).
- (2) Earnings were inadequate to cover fixed charges for the three months ended March 31, 2015, by a deficiency of \$88.3 million.
- (3) Earnings were inadequate to cover fixed charges for the year ended December 31, 2012, by a deficiency of \$86.6 million.

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The Company's executive officers and directors are provided in the table below. The ages of the executive officers and directors are as of May 1, 2015.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Javan D. Ottoson	56	President, Chief Executive Officer and Director
A. Wade Pursell	50	Executive Vice President and Chief Financial Officer
David W. Copeland	58	Executive Vice President, General Counsel and Corporate Secretary
Herbert S. Vogel	54	Executive Vice President Operations
Kenneth J. Knott	50	Senior Vice President Business Development and Land and Assistant Secretary
Gregory T. Leyendecker	57	Senior Vice President and Regional Manager
Mark D. Mueller	50	Senior Vice President and Regional Manager
Lehman E. Newton, III	59	Senior Vice President and Regional Manager
Mary Ellen Lutey	43	Vice President and Regional Manager
Mark T. Solomon	46	Vice President Controller and Assistant Secretary
David J. Whitcomb	52	Vice President Marketing
Anthony J. Best	65	Director
Larry W. Bickle	69	Director
Stephen R. Brand	65	Director
William J. Gardiner	61	Director
Loren M. Leiker	61	Director
Ramiro G. Peru	59	Director
Julio M. Quintana	55	Director
Rose M. Robeson	54	Director
John M. Seidl	76	Director
William D. Sullivan	58	Director

*Javan D. Ottoson.* Mr. Ottoson joined the Company in December 2006 as Executive Vice President and Chief Operating Officer. Mr. Ottoson was appointed as Chief Executive Officer of the Company in February 2015, President of the Company in October 2012 and appointed to the Board in September 2014. Mr. Ottoson has been in the energy industry for over 33 years. From April 2006 until he joined the Company in December 2006, Mr. Ottoson was Senior Vice President-Drilling and Engineering at Energy Partners, Ltd., an independent oil and natural gas exploration and production company, where his responsibilities included overseeing all aspects of its drilling and engineering functions. Mr. Ottoson managed Permian Basin assets for Pure Resources, Inc., a Unocal subsidiary, and its successor owner, Chevron, from July 2003 to April 2006. From April 2000 to July 2003, Mr. Ottoson owned and operated a homebuilding company in Colorado and ran his family farm. Prior to 2000, Mr. Ottoson worked for ARCO in management and operational roles, including serving as President of ARCO China, Commercial Director of ARCO United Kingdom, and Vice President of Operations and Development, ARCO Permian.

*A. Wade Pursell.* Mr. Pursell joined the Company in September 2008 as Executive Vice President and Chief Financial Officer. Mr. Pursell was Executive Vice President and Chief Financial Officer for Helix Energy Solutions Group, Inc., a global provider of life-of-field services and development solutions to offshore energy producers and an oil and gas producer, from February 2007 to September 2008. From October 2000 to February 2007, he was Senior Vice President and Chief Financial Officer of Helix. He joined Helix in May 1997, as Vice President-Finance and Chief Accounting Officer. From 1988 through May 1997, Mr. Pursell was with Arthur Andersen LLP, serving lastly as an Experienced Manager specializing in the offshore services industry. Mr. Pursell has over 27 years of experience in the energy industry.

*David W. Copeland.* Mr. Copeland joined the Company in January 2011 as Senior Vice President and General Counsel. He was appointed as the Company's Corporate Secretary in July 2011 and Executive Vice President in May 2013. Mr. Copeland has over 32 years of experience in the legal profession,

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including over 23 years as internal counsel for various energy companies. Prior to joining the Company, he co-founded Concho Resources Inc., in Midland, Texas, where he served as its Vice President, General Counsel and Secretary from April 2004 through November 2009, and then as its Senior Counsel through December 2010. From August 1997 through March 2004, Mr. Copeland served as an executive officer and general counsel of two energy companies he co-founded in Midland, Texas. Mr. Copeland started his career in 1982 with the Stubbeman, McRae, Sealy, Laughlin & Browder law firm in Midland, Texas.

*Herbert S. Vogel.* Mr. Vogel was appointed as Executive Vice President – Operations of the Company in August 2014. Mr. Vogel joined the Company in March 2012 as Senior Vice President – Portfolio Development and Technical Services, and has over 30 years of experience in the oil and gas business. He joined the Company after his retirement from BP, where he most recently served as the President of BP Energy Co. and Regional Business Unit Leader of North American Gas & Power. His previous roles included COO-NGL, Power & Financial Products in Houston, Managing Director Gas Europe & Africa in London, and Sr. VP of the Tangguh LNG Project in Indonesia. Mr. Vogel started his career as a reservoir engineer with ARCO Alaska, Inc., and progressed through a series of positions of increasing responsibility in engineering, operations management, new ventures development, and business unit management at ARCO and BP.

*Kenneth J. Knott.* Mr. Knott was appointed Senior Vice President – Business Development and Land and Assistant Secretary in August 2014. Mr. Knott was appointed Vice President – Land and Assistant Secretary in October 2012 and was appointed Vice President of Business Development & Land and Assistant Secretary in August 2008. Mr. Knott joined SM Energy in November 2000 as Senior Landman for the Gulf Coast region in Lafayette, Louisiana, and later assumed the position of Gulf Coast Regional Land Manager when the office was moved to Houston in March 2004.

*Gregory T. Leyendecker.* Mr. Leyendecker was appointed Senior Vice President and Regional Manager in May 2010. From July 2007 to May 2010, he served as Vice President and Regional Manager. Mr. Leyendecker joined the Company in December 2006 as Operations Manager for the South Texas & Gulf Coast region in Houston, Texas. Mr. Leyendecker has over 34 years of experience in the energy industry, and held various positions with Unocal Corporation, an independent oil and natural gas exploration and production company, from 1980 until its acquisition in 2005. During his career with Unocal, he was the Asset Manager for Unocal Gulf Region USA from 2003 to June 2004 and Production and Reservoir Engineering Technology Manager for Unocal from June 2004 to August 2005. He was appointed Drilling and Workover Manager for the San Joaquin Valley business unit of Chevron, as successor-by-merger of Unocal Corporation, in Bakersfield, California in August 2005, and held this position until January 2006. Immediately prior to joining the Company, Mr. Leyendecker was Vice President of Drilling Management Services from February 2006 to November 2006 for Enventure Global Technology, a provider of solid expandable tubular technology.

*Mark D. Mueller.* Mr. Mueller joined the Company in September 2007 as Senior Vice President. Mr. Mueller was appointed as the Regional Manager of the Rocky Mountain region effective January 1, 2008. Mr. Mueller has been in the energy industry for over 28 years. From September 2006 to September 2007, he was Vice President and General Manager at Samson Exploration Ltd., an oil and gas exploration and production company that was a subsidiary of Samson Investment Company, in Calgary, Canada, where his responsibilities included fiscal performance, reserves, and all operational functions of the company. From April 2005 until its sale in August 2006, Mr. Mueller was Vice President and General Manager for Samson Canada Ltd., an oil and gas exploration and production company that was a subsidiary of Samson Investment Company, where he was responsible for all business units and the eventual sale of the company. Mr. Mueller joined Samson Canada Ltd. as Project Manager in May 2003 to build a new basin-centered gas business unit and was Vice President from December 2003 to August 2006. Prior to joining Samson, Mr. Mueller was West Central Alberta Engineering Manager for Northrock Resources Ltd., a Canadian oil and gas company that was a wholly-owned subsidiary of Unocal

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Corporation, in Calgary, Canada. From 1986 to 2003, Mr. Mueller held positions of increasing responsibility in engineering and management for Unocal throughout North America and Southeast Asia.

*Lehman E. Newton, III.* Mr. Newton joined the Company in December 2006 as General Manager for the Midland, Texas office, was appointed Vice President and Regional Manager of the Permian region in June 2007, and was appointed Senior Vice President and Regional Manager in May 2010. Mr. Newton has over 36 years of experience in the energy industry. From November 2005 to November 2006, Mr. Newton served as Project Manager for one of Chevron's largest Lower 48 projects. Mr. Newton joined Pure Resources in February 2003 as the Business Development Manager and worked in that capacity until October 2005. Mr. Newton was a founding partner in Westwin Energy, an independent Permian Basin exploration and production company, from June 2000 to January 2003. Prior to that, Mr. Newton spent 21 years with ARCO in various engineering, operations and management roles, including as Asset Manager, ARCO's East Texas operations, Vice President, Business Development, ARCO Permian, and Vice President of Operations and Development, ARCO Permian.

*Mary Ellen Lutey.* Ms. Lutey was appointed Vice President and Regional Manager of the Mid-Continent region in December 2012. She joined SM Energy in June 2008 as North Rockies Asset Manager, where she managed the Company's activities in the Williston Basin. Prior to joining SM Energy, Ms. Lutey held various technical and managerial positions in several regions of the United States and Canada. She was a Senior Reservoir Engineer with Chesapeake Energy Corporation from September 2007 until June 2008, where she was responsible for the resource development of the Fayetteville Shale in Arkansas. Ms. Lutey was a Team Lead for Engineering and Geoscience, with ConocoPhillips Canada from April 2006 until September 2007, where she was responsible for the technical and business performance of two multi-discipline groups in Western Canada. From July 2005 until April 2006, she was a Team Lead for Engineering and Geoscience with Burlington Resources Canada, where she managed the growth and development of resource plays in Western Canada. From 1994 until 2005, Ms. Lutey held various engineering and leadership positions of increasing responsibility for Burlington Resources. Ms. Lutey has over 23 years of experience in the energy industry.

*Mark T. Solomon.* Mr. Solomon was appointed Vice President – Controller and Assistant Secretary of the Company in May 2011. He was appointed Controller of the Company in January 2007. Mr. Solomon served as the Company's Acting Principal Financial Officer from April 2008 to September 2008, which was during the period of time that the Company's Chief Financial Officer position was vacant. Mr. Solomon joined the Company in 1996. He served as Financial Reporting Manager from February 1999 to September 2002, Assistant Vice President – Financial Reporting from September 2002 to May 2006 and Assistant Vice President – Assistant Controller from May 2006 to January 2007. Prior to joining the Company, Mr. Solomon was an auditor with Ernst & Young. Mr. Solomon has over 19 years of experience in the energy industry.

*David J. Whitcomb.* Mr. Whitcomb was appointed Vice President – Marketing in August 2008. Mr. Whitcomb joined SM Energy in November 1994 as Gas Contract Analyst and was named Assistant Vice President of Gas Marketing in October 1995. In March 2007, his responsibilities were expanded to include oil marketing, at which time his title was changed to Assistant Vice President and Director of Marketing.

*Anthony J. Best.* Mr. Best joined the Company in June 2006 as President and Chief Operating Officer. Mr. Best was elected Chief Executive Officer and a director of the Company in February 2007. Mr. Best relinquished his position as President when the Board appointed Mr. Ottoson to that office in October 2012, and retired from the Company as Chief Executive Officer in January 2015. Mr. Best is also a director of Newpark Resources, Inc. (NYSE: NR), a company that is a worldwide provider of drilling fluids, temporary worksites and access roads for oilfield and other commercial markets, and environmental waste treatment solutions. From November 2005 to June 2006, Mr. Best was developing a business plan and securing capital commitments for a new exploration and production entity. From 2003 to

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October 2005, Mr. Best was President and Chief Executive Officer of Pure Resources, Inc., an independent oil and natural gas exploration and production company that was a subsidiary of Unocal, where he managed all of Unocal's onshore United States assets. From 2000 to 2002, Mr. Best had an oil and gas consulting practice, working with various energy firms. From 1979 to 2000, Mr. Best was with ARCO in a variety of positions, including serving as President ARCO Latin America, President ARCO Permian, Field Manager for Prudhoe Bay and VP External Affairs for ARCO Alaska. Mr. Best has over 35 years of experience in the energy industry.

*Larry W. Bickle.* Mr. Bickle joined our Board in 1995. Mr. Bickle is a retired public company CEO and private equity investor with extensive experience in various energy related businesses. From June 2005 through April 2007, he was Executive in Residence for Haddington Ventures, L.L.C., a private equity fund that invests in midstream energy companies and assets. Prior to that, Mr. Bickle was Managing Director of Haddington from June 1997 to 2005. From 1984 to 1997, Mr. Bickle was Chairman of the Board and Chief Executive Officer of TPC Corporation (NYSE: TPC) a gas storage, transportation, and marketing company that he co-founded. He also serves as a member of the Board of Managers of Quantum Natural Gas Storage, LLC.

*Stephen R. Brand.* Dr. Brand joined our Board in 2011. Dr. Brand is currently Senior Executive Advisor of Welltec A/S, a privately held Danish corporation that develops and provides well technology and related services for the oil and gas industry. He is also a director of BPZ Resources, Inc. (NYSE: BPZ), a company that focuses on exploration, development and production of oil and natural gas in Peru and Ecuador. Dr. Brand is a director of GeoScale, a privately held firm that provides advanced technology solutions and services to the E&P sector for solving subsurface problems in complex geologic formations. He is also on the Advisory Board of OmniEarth which provides advanced analytics of earth imaging and offers a unique solution-as-a-service platform to assess and manage data that can be used in a predictive role. At the end of 2010, Dr. Brand retired as Senior Vice President, Technology (R&D) of ConocoPhillips (NYSE: COP), a multinational/integrated energy company. Prior to his appointment as Senior Vice President, Technology (R&D) of ConocoPhillips in October 2007, Dr. Brand served as Vice President, Exploration and Business Development at ConocoPhillips, beginning in 2005. Dr. Brand started his career in 1976 as a geologist with Phillips Petroleum Company and thereafter served in various roles of increasing responsibility with Phillips Petroleum and its successor, ConocoPhillips, including serving as President, Canada and President, Australasia.

*William J. Gardiner.* Mr. Gardiner joined our Board in 1999. Mr. Gardiner is Senior Vice President and Chief Financial Officer of King Ranch, Inc., a privately held ranching and agricultural company that owns the historic 825,000 acre "King Ranch" in south Texas. Mr. Gardiner has been an executive officer and Chief Financial Officer of King Ranch, Inc. since 1996. Before joining King Ranch in 1996, Mr. Gardiner served as Executive Vice President and Chief Financial Officer of CRSS, Inc., a NYSE-listed architectural engineering and independent power producing firm. Mr. Gardiner was employed by CRSS for approximately 20 years. Mr. Gardiner was initially appointed as a director at the time of our acquisition of King Ranch Energy, Inc. in 1999.

*Loren M. Leiker.* Mr. Leiker joined our Board in 2012. Mr. Leiker was an executive with EOG Resources, Inc., until his retirement in September 2011. EOG is one of the largest independent oil and natural gas companies in the United States. Mr. Leiker served EOG as Senior Executive Vice President of Exploration from February 2007 to September 2011. Prior to that appointment, he held a variety of executive officer positions with EOG and its predecessor, Enron Oil and Gas Company. Mr. Leiker started his career in 1977 at Tenneco, Inc., where he held a variety of domestic and international technical and managerial roles until the sale of the company in 1989. Mr. Leiker has been a director of Vermilion Energy Inc. (VET:Toronto) since December 2012, a director of Navitas Midstream Partners since May 2014, and served as a director of Midstates Petroleum Company, Inc. (NYSE: MPO) from December 2011 until his resignation in March 2015.

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*Ramiro G. Peru.* Mr. Peru joined our Board in 2014. Mr. Peru served as Executive Vice President and Chief Financial Officer of Phelps Dodge Corporation from 1999 to 2007. He joined Phelps Dodge in 1979 and held various finance and accounting positions prior to his appointment as Chief Financial Officer. Mr. Peru currently serves on the Boards of Directors of Anthem, Inc. (NYSE: ANTM) and UNS Energy Corporation.

*Julio M. Quintana.* Mr. Quintana joined our Board in 2006. Mr. Quintana served as the President and Chief Executive Officer of Tesco Corporation (NASDAQ: TESO), from 2005 until his retirement in January 2015, and currently serves as a director of Tesco Corporation. Prior to the appointment as President and Chief Executive Officer, Mr. Quintana served as Executive Vice President and Chief Operating Officer at Tesco beginning in September 2004. Prior to his tenure at Tesco, Mr. Quintana worked for five years in various executive roles for Schlumberger Corporation. Prior to Schlumberger, Mr. Quintana worked for nearly 20 years for Unocal Corporation, an integrated E&P company, in various operational and managerial roles.

*Rose M. Robeson.* Ms. Robeson joined our Board in 2014. Ms. Robeson served as Senior Vice President and Chief Financial Officer of DCP Midstream GP, LLC, the General Partner of DCP Midstream Partners LP, from 2012 until her retirement in 2014. Ms. Robeson also served as Group Vice President and Chief Financial Officer of DCP Midstream LLC from 2002 to 2012. Prior to her appointment as CFO of DCP Midstream LLC, Ms. Robeson was the Vice President and Treasurer. Prior to joining DCP Midstream, LLC, Rose was with Kinder Morgan, Inc. (formerly KN Energy, Inc.) from 1996 to 2000 and held the position of Vice President & Treasurer. Ms. Robeson has served as a director of American Midstream GP, LLC, the general partner of American Midstream Partners, LP (NYSE: AMID) since June 1, 2014.

*John M. Seidl.* Mr. Seidl joined our Board in 1994. Mr. Seidl has been involved in energy and natural resource businesses since 1977, and is currently Chairman of the Board of EnviroFuels, LLC, a privately held corporation that develops, manufactures, and markets technology that improves the performance and efficiency of internal combustion engines, boilers, and other engine designs. Mr. Seidl has held the Chairman position since January 2006 and held the Chief Executive Officer position from October 2008 until May 2010. From July 2004 to January 2006, he served as Vice Chairman of EnviroFuels' advisory board. Mr. Seidl brings to the Board over 36 years of experience in various energy and natural resources businesses. Mr. Seidl has informed us that he will not stand for re-election to our board of directors in 2015.

*William D. Sullivan.* Mr. Sullivan joined our Board in 2004. Mr. Sullivan is a retired oil and gas executive who was with Anadarko Petroleum Corporation, a large independent oil and natural gas exploration and production company, for over 20 years. Mr. Sullivan retired from Anadarko in August 2003. Since March 2006, Mr. Sullivan has been a director of Legacy Reserves GP, LLC, which is the general partner of Legacy Reserves LP (NASDAQ: LGCY), a limited partnership focused on the acquisition and development of producing oil and natural gas properties. Since February 2007, Mr. Sullivan has been a director of Targa Resources GP LLC, which is the general partner of Targa Resources Partners LP (NYSE: NGLS), a midstream natural gas limited partnership engaged in the business of gathering, compressing, treating, processing, and selling natural gas, and fractionating and selling natural gas liquids and NGL products. Since August 2007, Mr. Sullivan has been a director of Tetra Technologies, Inc. (NYSE: TTI), an oil and gas services company. Since June 2011, Mr. Sullivan has been a director and member of the audit committee of CSI Compressco Partners GP, Inc., which is the general partner of CSI Compressco, L.P. (NASDAQ: CCLP), a publicly traded limited partnership providing wellhead compression-based production enhancement services. CSI Compressco GP, Inc. is a minority-owned subsidiary of Tetra Technologies, Inc. Mr. Sullivan was with Anadarko Petroleum Corporation from 1981 to August 2003. From August 2001 to August 2003, Mr. Sullivan was Executive Vice President, Exploration and Production at Anadarko. Mr. Sullivan also served Anadarko as Vice President, Operations International, Gulf of Mexico, and Alaska in 2001, Vice President International Operations from 1998 to 2000, Vice President Algeria from 1995 to 1998, and Vice President U.S. Onshore Operations from 1993 to 1995.

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**DESCRIPTION OF OTHER INDEBTEDNESS**

As of the date of this prospectus supplement, our indebtedness consisted of our 2019 Notes, our 2021 Notes, our 2022 Notes, our 2023 Notes, our 2024 Notes, and borrowings under our credit facility.

**6.625% Senior Notes Due 2019**

On February 7, 2011, we issued \$350.0 million in aggregate principal amount of 6.625% Senior Notes, which we refer to as our 2019 Notes. The 2019 Notes were issued at par and mature on February 15, 2019. We received net proceeds of approximately \$341.1 million after deducting fees of approximately \$8.9 million, which are being amortized as deferred financing costs over the life of the 2019 Notes.

We may redeem all or, from time to time, a portion of the 2019 Notes on or after February 15, 2015, at the prices set forth below, expressed as a percentage of the principal amount redeemed, plus accrued and unpaid interest, if redeemed during the twelve month period beginning on February 15, of the years indicated below:

2015	103.313%
2016	101.656%
2017 and thereafter	100.000%

The 2019 Notes are unsecured senior obligations and rank equal in right of payment with all of our existing and any future unsecured senior debt and are senior in right of payment to any future subordinated debt. There are no subsidiary guarantors of the 2019 Notes. We are subject to certain covenants under our 2019 Notes that limit incurring additional indebtedness, issuing preferred stock, and making restricted payments in excess of specified amounts. The restricted payment covenant limits the payment of dividends on our common stock; provided, however, the first \$6.5 million of dividends paid each year are not restricted. We are in compliance with all covenants under our 2019 Notes as of the date of this prospectus supplement.

Additionally, on February 7, 2011, we entered into a registration rights agreement that provided holders of the 2019 Notes certain registration rights for the 2019 Notes under the Securities Act. We satisfied our obligations under the registration rights agreement on January 11, 2012 by exchanging the outstanding 2019 Notes for notes registered under the Securities Act.

We may use a portion of the net proceeds from this offering to repurchase or redeem all of the 2019 Notes.

**6.50% Senior Notes Due 2021**

On November 8, 2011, we issued \$350.0 million in aggregate principal amount of 6.50% Senior Notes, which we refer to as our 2021 Notes. The 2021 Notes were issued at par and mature on November 15, 2021. We received net proceeds of approximately \$343.1 million after deducting fees of approximately \$6.9 million, which are being amortized as deferred financing costs over the life of the 2021 Notes.

We may redeem the 2021 Notes, in whole or part, at any time prior to November 15, 2016, at a redemption price equal to 100% of the principal amount, plus a specified make whole premium and accrued and unpaid interest.

We may also redeem all or, from time to time, a portion of the 2021 Notes on or after November 15, 2016, at the prices set forth below, expressed as a percentage of the principal amount redeemed,

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plus accrued and unpaid interest, if redeemed during the twelve month period beginning on November 15, of the years indicated below:

2016	103.250%
2017	102.167%
2018	101.083%
2019 and thereafter	100.000%

The 2021 Notes are unsecured senior obligations and rank equal in right of payment with all of our existing and any future unsecured senior debt and are senior in right of payment to any future subordinated debt. There are no subsidiary guarantors of the 2021 Notes. We are subject to certain covenants under our 2021 Notes that limit incurring additional indebtedness, issuing preferred stock, and making restricted payments in excess of specified amounts. The restricted payment covenant limits the payment of dividends on our common stock; provided, however, the first \$6.5 million of dividends paid each year are not restricted. We are in compliance with all covenants under our 2021 Notes as of the date of this prospectus supplement.

Additionally, on November 8, 2011, we entered into a registration rights agreement that provided holders of the 2021 Notes certain registration rights for the 2021 Notes under the Securities Act. We satisfied our obligations under the registration rights agreement on March 7, 2012, by exchanging the outstanding 2021 Notes for notes registered under the Securities Act.

### **6.125% Senior Notes Due 2022**

On November 17, 2014, we issued \$600.0 million in aggregate principal amount of 6.125% Senior Notes due 2022. The 2022 Notes were issued at par and mature on November 15, 2022. We received net proceeds of \$590.0 million after deducting fees of \$10.0 million, which are being amortized as deferred financing costs over the life of the 2022 Notes. The net proceeds were used to repay outstanding borrowings under our credit facility and for general corporate purposes.

Prior to November 15, 2017, we may redeem, on one or more occasions, up to 35 percent of the aggregate principal amount of the 2022 Notes with the net cash proceeds of certain equity offerings at a redemption price of 106.125% of the principal amount thereof, plus accrued and unpaid interest. We may also redeem the 2022 Notes, in whole or in part, at any time prior to November 15, 2018, at a redemption price equal to 100 percent of the principal amount of the 2022 Notes to be redeemed, plus a specified make-whole premium and accrued and unpaid interest to the applicable redemption date.

On or after November 15, 2018, we may also redeem all or, from time to time, a portion of the 2022 Notes at the redemption prices set forth below, during the twelve-month period beginning on November 15 of each applicable year, expressed as a percentage of the principal amount redeemed, plus accrued and unpaid interest:

2018	103.063%
2019	101.531%
2020 and thereafter	100.000%

The 2022 Notes are unsecured senior obligations and rank equal in right of payment with all of our existing and any future unsecured senior debt, and are senior in right of payment to any future subordinated debt. There are no subsidiary guarantors of the 2022 Notes. We are subject to certain covenants under the indenture governing the 2022 Notes that limit our ability to incur additional indebtedness, issue preferred stock, and make restricted payments, including dividends. However, the first \$20.0 million of dividends paid each year are not restricted by this covenant. We are in compliance with all covenants under o