January 3, 2017

SM Energy Announces Sale Of Non-Operated Eagle Ford Assets For $800 Million

DENVER, Jan. 3, 2017 /PRNewswire/ -- SM Energy Company (NYSE: SM) today announced that it has entered into a definitive agreement with a subsidiary of Venado Oil and Gas, LLC, an affiliate of KKR, for the sale of the Company's third party operated assets in the Eagle Ford, including its ownership interest in related midstream assets, for a purchase price of $800 million (subject to customary adjustments).

President and Chief Executive Officer Jay Ottoson comments: "We are pleased to announce the signing of this agreement as we kick off 2017. This sale supports SM's strategy to be a premier operator of top tier assets. Our 2017 capital program will focus on our top tier oil position in the Midland Basin, consisting of approximately 87,600 net acres, and our top tier operated natural gas and NGL position in the Eagle Ford, consisting of approximately 161,500 net acres. The proceeds from this sale will provide us with additional flexibility to pursue aggressive growth from our Midland Basin assets, with related capital expenditures in excess of cash flow over the next few years, while at the same time improving our debt metrics and maintaining strong liquidity."

The assets expected to be sold include approximately 37,500 net acres in the Maverick Basin/Eagle Ford area of south Texas and a 12.5% interest in the Springfield Gathering System. As of year-end 2015, net proved reserves associated with these assets were 65 MMBoe (38% oil, 31% natural gas and 31% NGLs). In the third quarter of 2016, these assets produced approximately 27,260 net Boe per day (33% oil, 33% natural gas and 34% NGLs.) The transaction is expected to close in the first quarter of 2017, with an effective

date of November 1, 2016, and the purchase price will be subject to certain closing price adjustments. The transaction is subject to the satisfaction of customary closing conditions, and there can be no assurance that the transaction will close on time or at all.

Scotia Waterous served as the Company's financial advisor in this transaction.

FORWARD LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of securities laws. These statements involve known and unknown risks, which may cause SM Energy's actual results to differ materially from results expressed or implied by the forward-looking statements. Forward-looking statements in this release include, among other things, expectations regarding the proceeds, timing and expected use of funds from pending asset sales. General risk factors include the availability, proximity and capacity of gathering, processing and transportation facilities; the volatility and level of oil, natural gas, and natural gas liquids prices, including any impact on the Company's asset carrying values or reserves arising from price declines; uncertainties inherent in projecting future rates of production or other results from drilling and completion activities; the imprecise nature of estimating oil and gas reserves; uncertainties inherent in projecting future drilling and completion activities, costs or results, including from pilot tests; the uncertainty of negotiations to result in an agreement or a completed transaction; the uncertain nature of divestiture, joint venture, farm down or similar efforts and the ability to complete any such transactions; the uncertain nature of expected benefits from the actual or expected divestiture, joint venture, farm down or similar efforts; the availability of additional economically attractive exploration, development, and acquisition opportunities for future growth and any necessary financings; unexpected drilling conditions and results; unsuccessful exploration and development drilling results; the availability of drilling, completion, and operating equipment and services; the risks associated with the Company's commodity price risk management strategy; uncertainty regarding the ultimate impact of potentially dilutive securities; and other such matters discussed in the "Risk Factors" section of SM Energy's 2015 Annual Report on Form 10-K, as such risk factors may be updated from time to time in the Company's other periodic reports filed with the Securities and Exchange Commission. The forward-looking statements contained herein speak as of the date of this announcement. Although SM Energy may from time to time voluntarily update its prior forward-looking statements, it disclaims any commitment to do so except as required by securities laws.

ABOUT THE COMPANY

SM Energy Company is an independent energy company engaged in the acquisition, exploration, development, and production of crude oil, natural gas, and natural gas liquids in onshore North America. SM Energy routinely posts important information about the Company on its website. For more information about SM Energy, please visit its website at www.sm-energy.com.

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