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SM | ENERGY

SM Energy Announces Agreements To Sell Additional Non-Core Assets For \$292 Million, Coring Up And Bringing Down Net Debt

DENVER, April 4, 2018 /PRNewswire/ -- SM Energy Company (the "Company") (NYSE: SM) today announced that it has entered into two definitive agreements, one for the sale of the Company's remaining assets in the Williston Basin located in Divide County, North Dakota, and one for the sale of its third-party operated assets known as Halff East located in Upton County, Texas for combined proceeds of \$292.3 million (subject to certain agreed upon closing price adjustments). The buyers are not disclosed.



President and Chief Executive Officer Jay Ottoson comments: "We are committed to our strategy to focus on development of our core top tier Midland Basin and Eagle Ford assets and improving our balance sheet by reducing debt. This is a significant step on both those fronts. In combination with the recent divestiture of our non-core Powder River Basin assets, year-to-date we have announced the expected divestiture of approximately \$792 million of non-core assets, which results in an expected reduction in net debt pro forma for year-end 2017 by 30%."⁽¹⁾

The assets expected to be sold in Divide County include approximately 119,400 predominantly contiguous net acres, 28.8 MMBoe net proved reserves as of year-end 2017 (52% PUD), with December 2017 net production of approximately 6,100 Boe per day (83% oil). The assets expected to be sold in Upton County include a 60% working interest in third-party operated assets, approximately 5,400 net acres, 1.6 MMBoe net proved reserves as of year-end 2017 (0% PUD) with December 2017 net production of approximately 1,025 Boe per day (72% oil). The transactions are each expected to close in the second quarter of

2018, and each have an effective date of January 1, 2018. The purchase price of each transaction will be subject to certain agreed upon closing price adjustments. Each transaction is subject to the satisfaction of required closing conditions, and there can be no assurance that either transaction will close on time or at all. The Company plans to use the expected sale proceeds for general corporate purposes, including debt reduction.

The estimated effect on 2018 production from both transactions is a reduction of 1.2 MMBoe, 81% oil and 19% natural gas. Also as recently announced, the Company will no longer record production associated with its Powder River Basin divestiture as of the second quarter of 2018.

RBC Richardson Barr served as exclusive financial advisor to the Company in the Half East divestiture and Tudor, Pickering, Holt & Co. served as exclusive financial advisor to the Company in the Divide County divestiture.

FORWARD LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of securities laws. The words "anticipate," "budget," "estimate," "expect," "forecast," "guidance," "plan," "project," "will" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, which may cause SM Energy's actual results to differ materially from results expressed or implied by the forward-looking statements. Forward-looking statements in this release include, among other things, expected use of divestiture proceeds, timing and expected use of funds from pending transactions, the effect of pending transactions on production guidance, and consummation of pending divestitures. General risk factors include the availability of and access to capital markets; 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 natural gas reserves; uncertainties inherent in projecting future drilling and completion activities, costs or results; the uncertainty of negotiations to result in an agreement or a completed transaction; the uncertain nature of acquisition, divestiture, joint venture, farm down or similar efforts and the ability to complete any such transactions; the uncertain nature of expected benefits from the actual or expected acquisition, divestiture, joint venture, farm down or similar efforts; the 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 2017 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.

NON-GAAP MEASURES

(1) Net debt as reported at the end of the fourth quarter of 2017 was \$2.7 billion. Pro forma for \$792 million in expected proceeds from divestitures year-to-date, net debt would have been \$1.9 billion.

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.

SM ENERGY CONTACTS

INVESTORS - Jennifer Martin Samuels, jsamuels@sm-energy.com, 303-864-2507

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