As filed with the Securities and Exchange Commission on April 28, 2015

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SM Energy Company

(Exact name of registrant as specified in its charter)

Delaware	**1311**	**41-0518430**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1775 Sherman Street, Suite 1200

Denver, Colorado 80203

(303) 861-8140

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

David W. Copeland

Executive Vice President, General Counsel and Corporate Secretary

SM Energy Company

1775 Sherman Street, Suite 1200

Denver, Colorado 80203

(303) 861-8140

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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with copies to:

Lucy Schlauch Stark

Scott A. Berdan

Holland & Hart LLP

555 Seventeenth St., Suite 3200

Denver, Colorado 80202

(303) 295-8000

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	o
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(1)	Amount of registration fee
$600,000,000 6.125% senior notes due 2022	$ 600,000,000	100%	$ 600,000,000	$ 69,720

(1) Exclusive of accrued interest, if any, and estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus 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.

SUBJECT TO COMPLETION, DATED April 28, 2015

PROSPECTUS

$600,000,000

SM ENERGY COMPANY

Offer to Exchange

All outstanding 6.125% senior notes due 2022

(CUSIP Nos. 78454L AJ9 and U83067 AE5)

for new 6.125% senior notes due 2022

that have been registered under the Securities Act of 1933

This exchange offer will expire at 5:00 p.m., New York City time, on , 2015, unless extended.

The Exchange Notes:

- The terms of the 6.125% senior notes due 2022 to be issued in the exchange offer (the exchange notes) are substantially identical to the terms of the outstanding 6.125% senior notes due 2022 (the outstanding notes), except for the elimination of transfer restrictions, registration rights and certain provisions regarding additional interest relating to the outstanding notes.

- We are offering the exchange notes pursuant to a registration rights agreement that we entered into in connection with the issuance of the outstanding notes.

Material Terms of the Exchange Offer:

- The exchange offer expires at 5:00 p.m., New York City time, on , 2015, unless extended.

- Upon expiration of the exchange offer, all outstanding notes that are validly tendered and not validly withdrawn will be exchanged for an equal principal amount of the applicable series of exchange notes.

- You may withdraw tendered outstanding notes at any time at or prior to the expiration of the exchange offer.

- The exchange notes will be issued in minimum denominations of $2,000 and any integral multiple of $1,000 and the exchange offer is subject to certain other conditions.

- The exchange of the exchange notes for outstanding notes should not be a taxable exchange for U.S. federal income tax purposes.

- There is no existing public market for the outstanding notes or the exchange notes.

- Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it acquired the outstanding notes for its own account as a result of market-making or other trading activities and must agree that it will deliver a prospectus meeting the requirements of the Securities Act of 1933, as amended (the Securities Act), in connection with any resale of the exchange notes. A participating broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired as a result of market-making activities or other trading activities.

See *Risk Factors* beginning on page 14 for a discussion of the factors you should consider in connection with the exchange offer.

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

The date of this prospectus is , 2015.

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You should rely only on the information contained in this prospectus and the documents incorporated by reference in this prospectus. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this prospectus or incorporated by reference in this prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers. We are not, and the initial purchasers are not, making an offer to sell the exchange notes in any jurisdiction where an offer or sale is not permitted.

You should not assume that the information contained in this prospectus or in any document incorporated by reference in this prospectus is accurate as of any date other than the date on the front of those documents.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and we file annual, quarterly and other reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document we file with the SEC at the SEC s public reference room at 100 F Street NE, Washington, D.C. 20549-2521. Please call 1-800-732-0330 for further information concerning the operation of the public reference room. Our SEC filings are also available on the SEC s web site at *http://www.sec.gov*. Unless specifically listed under Incorporation by Reference below, the information contained on the SEC web site is not intended to be incorporated by reference in this prospectus and you should not consider that information a part of this prospectus. Our SEC filings can also be inspected and copied at the offices of the New York Stock Exchange, 20 Broad Street, 17th Floor, New York, New York 10005.

We make available free of charge on or through our Internet website, *http://www.sm-energy.com*, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our Internet website is not part of this prospectus and does not constitute a part of this prospectus.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide this information and any and all of the documents referred to herein, including the registration rights agreement and the indenture for the notes, which are summarized in this prospectus, without charge to each person to whom a copy of this prospectus has been delivered, who makes a written or oral request at the following address or telephone number:

Investor Relations

SM Energy Company

1775 Sherman Street, Suite 1200

Denver, Colorado 80203

(303) 861-8140

information@sm-energy.com

In order to ensure timely delivery, you must request the information no later than five business days before the expiration of the exchange offer.

INCORPORATION BY REFERENCE

We incorporate by reference in this prospectus certain documents that we have previously filed with the SEC. This means that we are disclosing important information to you without actually including that information in this prospectus by referring you to other documents that we have filed separately with the SEC. The information incorporated by reference is an important part of this prospectus. Information that we later provide to the SEC, and which is deemed filed with the SEC, will automatically update information that we previously filed with the SEC, and may replace information in this prospectus and information that we previously filed with the SEC. We incorporate by reference the following documents in this prospectus, which you should review in connection with this prospectus:

- our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 25, 2015 (our 2014 10-K);

- the information included in our definitive proxy statement on Schedule 14A filed with the SEC on April 9, 2015, under the headings Corporate Governance, Certain Relationships and Related Transactions, Information About Executive Officers, Security Ownership of Certain Beneficial Owners and Management, Section 16(a) Beneficial Ownership Reporting Compliance, Executive Compensation, Director Compensation, Proposal 1 Election of Directors, Independent Registered Public Accounting Firm, and Audit Committee Preapproval Policy and Procedures ;

- our Current Reports on Form 8-K filed with the SEC on February 2, 2015 and February 20, 2015 (excluding any information furnished pursuant to Item 2.02 or Item 7.01 on any Current Report on Form 8-K).

We also incorporate by reference each of the documents that we file with the SEC (excluding those filings made under Items 2.02 or 7.01 of Form 8-K and corresponding information furnished under Item 9.01 of Form 8-K or included as an exhibit, or other information furnished to the SEC) under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act on or after the

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date of the initial registration statement and prior to effectiveness of the registration statement and on or after the date of this prospectus and prior to the completion of the exchange offer. Any statements made in such documents will automatically update and supersede the information contained in this prospectus, and any statements made in this prospectus update and supersede the information contained in past SEC filings incorporated by reference into this prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus, including information in documents incorporated by reference, includes forward-looking statements within the meaning of applicable state and federal securities law. All statements, other than statements of historical facts, included in this prospectus 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, expressions are intended to identify forward-looking statements. Forward-looking statements appear in a number of places in this prospectus 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 entry into a 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 crude oil, natural 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; 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 2014 10-K.

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. Some of these risks are described in this prospectus under Risk Factors and in our 2014 10-K or incorporated by reference herein and include such factors as:

- 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;

- 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;

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- our ability to attract and retain key personnel;
- the imprecise estimations of the actual quantities and present value of our 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 outside 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 timeframe 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;
- 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 maturity of our debt;
- operating and environmental risks and hazards that could result in substantial losses;
- 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 refining facilities;
- our ability to sell and receive market prices for our oil, gas and NGLs;
- new technologies may cause our current exploration and drilling methods to become obsolete;

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

- litigation, environmental matters, the potential impact of legislation and 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 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.

GLOSSARY OF OIL AND NATURAL GAS TERMS

The oil and gas terms defined in this section are used in this prospectus. The definitions of the terms developed reserves, exploratory well, field, proved reserves, and undeveloped reserves have been abbreviated from the respective definitions under Rule 4-10(a) of Regulation S-X promulgated by the SEC. The entire definitions of those terms under Rule 4-10(a) of Regulation S-X can be located through the SEC s website at *www.sec.gov*.

Bbl. One stock tank barrel, or 42 U.S. gallons liquid volume, used in reference to oil, NGLs, or other liquid hydrocarbons.

Bcf. Billion cubic feet, used in reference to natural gas.

BOE. Barrels of oil equivalent. Oil equivalents are determined using the ratio of six Mcf of natural gas to one Bbl of oil or NGLs.

BTU. One British thermal unit, the quantity of heat required to raise the temperature of a one-pound mass of water by one degree Fahrenheit.

Developed acreage. The number of acres that are allocated or assignable to productive wells or wells capable of production.

Developed reserves. Reserves that can be expected to be recovered: (i) through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Development well. A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Dry hole. A well found to be incapable of producing either oil, natural gas, and/or NGLs in commercial quantities.

Exploratory well. A well drilled to find and produce oil or natural gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or natural gas in another reservoir, or to extend a known reservoir beyond its known horizon.

Field. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition.

Formation. A succession of sedimentary beds that were deposited under the same general geologic conditions.

Gross acre. An acre in which a working interest is owned.

Gross well. A well in which a working interest is owned.

Horizontal wells. Wells that are drilled at angles greater than 70 degrees from vertical.

MBbl. One thousand barrels of crude oil, NGLs, or other liquid hydrocarbons.

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MBOE. One thousand barrels of oil equivalent.

Mcf. One thousand cubic feet, used in reference to natural gas.

MCFE. One thousand cubic feet of natural gas equivalent. Natural gas equivalents are determined using the ratio of six Mcf of natural gas to one Bbl of oil or NGLs.

MMBbl. One million barrels of oil, NGLs, or other liquid hydrocarbons.

MMBOE. One million barrels of oil equivalent.

MMBtu. One million British thermal units.

Net acres or net wells. Sum of our fractional working interests owned in gross acres or gross wells.

NGLs. The combination of ethane, propane, butane, and natural gasolines that when removed from natural gas become liquid under various levels of higher pressure and lower temperature.

NYMEX WTI. New York Mercantile Exchange West Texas Intermediate, a common industry benchmark price for crude oil.

NYMEX Henry Hub. New York Mercantile Exchange Henry Hub, a common industry benchmark price for natural gas.

OPIS. Oil Price Information Service, a common industry benchmark for NGL pricing at Mont Belvieu, Texas.

Productive well. A well that is producing crude oil, natural gas, and/or NGLs or that is capable of commercial production of those products.

Proved reserves. Those quantities of oil gas, and NGLs which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined, and the price to be used is the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

PV-10 (Non-GAAP). The present value of estimated future revenue to be generated from the production of estimated net proved reserves, net of estimated production and future development costs, based on prices used in estimating the proved reserves and costs in effect as of the date indicated (unless such costs are subject to change pursuant to contractual provisions), without giving effect to non-property related expenses such as general and administrative expenses, debt service, future income tax expenses, or depreciation, depletion, and amortization, discounted using an annual discount rate of ten percent. While this measure does not include the effect of income taxes as it would in the use of the standardized measure of discounted future net cash flows calculation, it does provide an indicative representation of the relative value of the Company on a comparative basis to other companies and from period to period. This is a non-GAAP measure.

Recompletion. The completion of an existing wellbore in a formation other than that in which the well has previously been completed.

Reserve life. Expressed in years, represents the estimated net proved reserves at a specified date divided by actual production for the preceding 12-month period.

Reservoir. A porous and permeable underground formation containing a natural accumulation of producible crude oil, natural gas, and/or associated liquid resources that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

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Resource play. A term used to describe an accumulation of crude oil, natural gas, and/or associated liquid resources known to exist over a large areal expanse, which when compared to a conventional play typically has lower expected geological risk.

Royalty. The amount or fee paid to the owner of mineral rights, expressed as a percentage or fraction of gross income from crude oil, natural gas, and NGLs produced and sold unencumbered by expenses relating to the drilling, completing, and operating of the affected well.

Royalty interest. An interest in an oil and natural gas property entitling the owner to shares of crude oil, natural gas, and NGL production free of costs of exploration, development, and production operations.

Seismic. The sending of energy waves or sound waves into the earth and analyzing the wave reflections to infer the type, size, shape, and depth of subsurface rock formations.

Shale. Fine-grained sedimentary rock composed mostly of consolidated clay or mud. Shale is the most frequently occurring sedimentary rock.

Standardized measure of discounted future net cash flows. The discounted future net cash flows relating to proved reserves based on prices used in estimating the reserves, year-end costs, and statutory tax rates, and a ten percent annual discount rate. The information for this calculation is included in the note regarding disclosures about oil and gas producing activities contained in the Notes to Consolidated Financial Statements included in our 2014 10-K and incorporated herein by reference.

Undeveloped acreage. Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil, natural gas, and associated liquids regardless of whether such acreage contains estimated net proved reserves.

Undeveloped reserves. Reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. The applicable SEC definition of undeveloped reserves provides that undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.

Working interest. The operating interest that gives the owner the right to drill, produce, and conduct operating activities on the property and to share in the production, sales, and costs.

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SUMMARY

This summary represents highlights of information contained elsewhere or incorporated by reference in this 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 the entire prospectus, including the Risk Factors section included herein, and our consolidated financial statements and related notes incorporated by reference into this prospectus. As used in this prospectus, 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 otherwise noted or the context otherwise requires. Certain oil and natural gas industry terms used in this prospectus are defined in the Glossary of Oil and Natural Gas Terms beginning on page v of this prospectus.

Certain information with respect to our estimated proved reserves referred to and incorporated by reference herein is based in part upon engineering reports of 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 and condensate, natural gas, and natural gas liquids (also respectively referred to as oil, gas, and NGLs, respectively, throughout the document) in onshore North America. We were founded in 1908 and incorporated in Delaware in 1915. Our initial public offering of common stock was in December 1992. Our common stock trades on the New York Stock Exchange under the ticker symbol SM.

Our principal offices are located at 1775 Sherman Street, Suite 1200, Denver, Colorado 80203, and our telephone number is (303) 861-8140. Our telephone number is (303) 861-8140. Our website address is *www.sm-energy.com*; information included or referred to on our website is not part of this prospectus.

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SUMMARY OF EXCHANGE OFFER

The following is a summary of the principal terms of the exchange offer. A more detailed description is contained in the section The Exchange Offer. The term outstanding notes refers to our outstanding $600 million 6.125% senior notes due 2022, all of which were issued on November 17, 2014. The term exchange notes refers collectively to our $600 million 6.125% senior notes due 2022 offered by this prospectus, which have been registered under the Securities Act. The term notes refers collectively to the outstanding notes and the exchange notes offered in the exchange offer. The term indenture refers to the indenture that governs both the outstanding notes and the exchange notes.

The Exchange Offer	We are offering to exchange $1,000 principal amount of exchange notes, which have been registered under the Securities Act, for each $1,000 principal amount of outstanding notes, subject to a minimum exchange of $2,000. As of the date of this prospectus, $600.0 million aggregate principal amount of the outstanding notes is outstanding. We issued the outstanding notes in a private transaction for resale pursuant to Rule 144A and Regulation S of the Securities Act. The terms of the exchange notes are substantially identical to the terms of the outstanding notes, except that provisions relating to transfer restrictions, registration rights, and rights to increased interest in addition to the stated interest rate on the outstanding notes (Additional Interest) will not apply to the exchange notes. In order to exchange your outstanding notes for exchange notes, you must properly tender your outstanding notes at or before the expiration of the exchange offer.
Expiration Time	The exchange offer will expire at 5:00 p.m., New York City time, on , 2015, unless the exchange offer is extended, in which case the expiration time will be the latest date and time to which the exchange offer is extended. See The Exchange Offer Terms of the Exchange Offer; Expiration Time.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions. See The Exchange Offer Conditions to the Exchange Offer. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered.
Procedures for Tendering Outstanding Notes	Unless you comply with the procedures described under the caption The Exchange Offer Guaranteed Delivery Procedures, you must do one of the following on or prior to the expiration of the exchange offer to participate in the exchange offer: • tender your outstanding notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent s message instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your outstanding notes in the exchange offer, U.S. Bank National Association, as registrar and exchange agent, must receive a confirmation of book-entry transfer of your outstanding notes into the exchange agent s account at The Depository Trust Company prior to the expiration of the exchange offer. For more information regarding the use of book-entry transfer procedures, including a description of the required agent s message, please read the discussion under the caption The Exchange Offer Book-Entry Transfers ; or

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	• tender your outstanding notes by sending the certificates for your outstanding notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to U.S. Bank National Association, as registrar and exchange agent, at the address listed under the caption The Exchange Offer The Exchange Agent.
Guaranteed Delivery Procedures	If you are a registered holder of the outstanding notes and wish to tender your outstanding notes in the exchange offer, but: • the outstanding notes are not immediately available, • time will not permit your outstanding notes or other required documents to reach the exchange agent before the expiration of the exchange offer, or • the procedure for book-entry transfer cannot be completed prior to the expiration of the exchange offer, then you may tender outstanding notes by following the procedures described under the caption The Exchange Offer Guaranteed Delivery.
Special Procedures for Beneficial Owners	If you are a beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your outstanding notes in the exchange offer, you should promptly contact the person in whose name the outstanding notes are registered and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, prior to completing and executing the letter of transmittal and delivering the certificates for your outstanding notes, you must either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the person in whose name the outstanding notes are registered.
Withdrawal of Tenders	You may withdraw any outstanding notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on , 2015. If we decide for any reason not to accept any outstanding notes tendered for exchange, the outstanding notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. In the case of outstanding notes tendered by book-entry transfer into the exchange agent s account at The Depository Trust Company, any withdrawn or unaccepted outstanding notes will be credited to the tendering holder s account at The Depository Trust Company. For further information regarding the withdrawal of tendered outstanding notes, please read The Exchange Offer Withdrawal Rights.
Acceptance of Outstanding notes and Delivery of Exchange Notes	Upon consummation of the exchange offer, we will accept any and all outstanding notes that are properly tendered in the exchange offer and not withdrawn at or prior to the expiration time. The exchange notes issued pursuant to the exchange offer will be delivered promptly after acceptance of the tendered outstanding notes. See The Exchange Offer Terms of the Exchange Offer; Expiration Time.
Registration Rights Agreement	We are making the exchange offer pursuant to the registration rights agreement that we entered into on November 17, 2014, with the initial purchasers of the outstanding notes.
Resales of Exchange Notes	We believe that the exchange notes issued in the exchange offer may be offered for resale, resold, or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

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- you are not an affiliate of ours;
- the exchange notes you receive pursuant to the exchange offer are being acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution of the exchange notes issued to you in the exchange offer;
- if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, a distribution of the exchange notes issued in the exchange offer; and
- if you are a broker-dealer, you will receive the exchange notes for your own account, the outstanding notes were acquired by you as a result of market-making or other trading activities, and you will deliver a prospectus when you resell or transfer any exchange notes issued in the exchange offer. See Plan of Distribution for a description of the prospectus delivery obligations of broker-dealers in the exchange offer.

If you do not meet these requirements, your resale of the exchange notes must comply with the registration and prospectus delivery requirements of the Securities Act.

Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties. The staff of the SEC has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the staff of the SEC would make a similar determination with respect to this exchange offer.

If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the federal securities laws or without an exemption from these laws, you may incur liability under the federal securities laws. We do not and will not assume, or indemnify you against, this liability. See The Exchange Offer Consequences of Exchanging Outstanding Notes.

Consequences of Failure to Exchange Outstanding Notes

If you do not exchange your outstanding notes in the exchange offer, your outstanding notes will continue to be subject to the restrictions on transfer provided in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold unless registered or sold in a transaction exempt from registration under the Securities Act and applicable state securities laws. If a substantial amount of the outstanding notes is exchanged for a like amount of the exchange notes, the liquidity and the trading market for your untendered outstanding notes could be adversely affected. See The Exchange Offer Consequences of Failure to Exchange Outstanding Notes.

Exchange Agent

The exchange agent for the exchange offer is U.S. Bank National Association. For additional information, see The Exchange Offer The Exchange Agent and the accompanying letter of transmittal.

Material U.S. Federal Income Tax Consequences

The exchange of your outstanding notes for exchange notes should not be a taxable exchange for U.S. federal income tax purposes. **You should consult your own tax advisor as to the tax consequences to you of the exchange offer, as well as tax consequences of the ownership and disposition of the exchange notes**. For additional information, see Material U.S. Federal Income Tax Consequences.

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SUMMARY OF THE TERMS OF EXCHANGE NOTES

The following summary contains basic information about the exchange 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.

Issuer

SM Energy Company.

Exchange Notes

$600,000,000 aggregate principal amount of 6.125% senior notes due 2022.

Maturity Date

November 15, 2022.

Interest Payment Dates

Interest is payable on the exchange notes on May 15 and November 15 of each year, beginning on November 15, 2015.

Interest

Interest on the exchange notes will accrue at a rate of 6.125% per annum on the principal amount, from the most recent date on which interest was paid on the outstanding notes.

Ranking

The exchange notes will be our senior unsecured obligations and will:

- rank equally in right of payment with all of our existing and future senior indebtedness;
- rank senior in right of payment to all of our future subordinated indebtedness;
- be structurally 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
- be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of our subsidiaries, except to the extent they guarantee the exchange notes as provided herein.

At December 31, 2014, we had total consolidated indebtedness of approximately $2.4 billion, including $350.0 million of our outstanding 6.625% Senior Notes due 2019 (the 2019 Senior Notes), $350.0 million of our outstanding 6.50% Senior Notes due 2021 (the 2021 Senior Notes), $400.0 million of our outstanding 6.50% Senior Notes due 2023, (the 2023 Senior Notes,), $500.0 million of our outstanding 5.0% Senior Notes due 2024 (the 2024 Senior Notes and together with the 2019 Senior Notes, the 2021 Senior Notes and the 2023 Senior Notes, the Existing Senior Notes) and $600.0 million outstanding of the notes to be exchanged hereunder. We also had $166.0 million in borrowings under our credit facility (which does not include three outstanding letters of credit in the aggregate amount of $808,000 that reduce the amount available for borrowings under the facility on a dollar-for-dollar basis), and we were able to incur an additional $1,333.2 million of secured indebtedness under our credit facility.

Guarantees

The exchange 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 less than 2% of our consolidated total revenues for the year ended December 31, 2014, 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 exchange 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 exchange notes, in whole or in part, at any time on or after November 15, 2018, in each case at the redemption prices described in this prospectus under the heading Description of Notes Optional Redemption, together with any accrued and unpaid interest to the date of redemption.

Prior to November 15, 2018, we may redeem the exchange 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 November 15, 2017, we may, at any time or from time to time, redeem up to 35% of the exchange notes with the proceeds of certain equity offerings at the price described in this prospectus under the heading Description of Notes Optional Redemption, together with any accrued and unpaid interest to the date of redemption.

Certain Covenants

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

- incur additional debt;

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- 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 exchange notes an investment grade rating and no default exists with respect to the exchange notes.

Change of Control Offer Upon the occurrence of a change of control, holders of the exchange notes will have the right to require us to repurchase all or a portion of the exchange 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 exchange notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.

Governing Law The indenture provides that it and the exchange notes will be governed by, and construed in accordance with, the laws of the State of New York.

Trading The exchange notes will not be listed on any securities exchange or included in any automated quotation system. The exchange notes will be new securities for which there is currently no public market.

Use of Proceeds We are making the exchange offer to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the exchange of the exchange notes for the outstanding notes pursuant to the exchange offer.

Risk Factors **See Risk Factors and other information included or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the exchange notes.**

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SUMMARY 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 herein 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 also incorporated by reference in this prospectus. 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 registration statement. The following financial data as of and for the years ended December 31, 2010 and 2011 has been prepared from our accounting records.

	As of and for the Years Ended December 31,				
	2010	**2011**	**2012**	**2013**	**2014**
Operating revenues					
Oil, gas, and NGL production revenue	$ 836,288	$ 1,332,392	$ 1,473,868	$ 2,199,550	$ 2,481,544
Gain (loss) on divestiture activity	155,277	220,676	(27,018)	27,974	646
Marketed gas system revenue	70,110	69,898	52,808	60,039	24,897
Other operating revenues	31,159	(19,648)	5,444	5,811	15,220
Total operating revenues and other income	1,092,834	1,603,318	1,505,102	2,293,374	2,522,307
Operating expenses:					
Oil, gas, and NGL production expense	195,075	290,111	391,872	597,045	715,878
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	336,141	511,103	727,877	822,872	767,532
Exploration	63,860	53,537	90,248	74,104	129,857
Impairment of proved properties	6,127	219,037	208,923	172,641	84,480
Abandonment and impairment of unproved properties	1,986	7,367	16,342	46,105	75,638
General and administrative	106,663	118,526	119,815	149,551	167,103
Change in Net Profits Plan liability	(34,441)	(25,477)	(28,904)	(21,842)	(29,849)
Marketed gas system expense	66,726	64,249	47,583	57,647	24,460
Derivative (gain) loss	8,899	(37,086)	(55,630)	(3,080)	(583,264)
Other operating expenses	3,027	17,567	6,993	30,076	4,658
Total operating expenses	754,063	1,218,934	1,525,119	1,925,119	1,356,493
Income (loss) from operations	338,771	384,384	(20,017)	368,255	1,165,814
Non-operating income (expense):					
Other, net	321	466	220	67	(2,561)
Interest expense	(24,196)	(45,849)	(63,720)	(89,711)	(98,554)
Income (loss) before income taxes	314,896	339,001	(83,517)	278,611	1,064,699
Income tax benefit (expense)	(118,059)	(123,585)	29,268	(107,676)	(398,648)
Net income (loss)	$ 196,837	$ 215,416	$ (54,249)	$ 170,935	$ 666,051
Balance Sheet Data (end of period):					
Cash and cash equivalents	$ 5,077	$ 119,194	$ 5,926	$ 282,248	$ 120
Total assets	2,744,321	3,798,980	4,199,529	4,705,165	6,516,700
Total noncurrent liabilities	1,023,742	1,830,235	2,243,517	2,459,213	3,445,385
Total stockholders equity	1,218,526	1,462,940	1,414,466	1,606,821	2,286,655

	For the Years Ended December 31, 2012	2013 (in thousands, except ratios)	2014
Other Financial Data:			
Adjusted EBITDAX(1)	$ 1,031,867	$ 1,477,274	1,647,591
Net cash provided by operating activities	921,969	1,338,514	1,456,575
Net cash used in investing activities	(1,457,333)	(1,192,903)	(2,478,749)
Net cash provided by financing activities	422,096	130,711	740,046
Capital expenditures	1,507,828	1,553,536	1,974,798
Ratio of earnings to fixed charges(2)	*	3.7x	10.0x

(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

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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 (used in) 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;
- 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
- 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 (loss) to adjusted EBITDAX and from adjusted EBITDAX to net cash provided by operating activities for the periods presented:

	For the Years Ended December 31,		
	2012	**2013**	**2014**
		(in thousands)	
Net income (loss) (GAAP)	$ (54,249)	$ 170,935	$ 666,051
Interest expense	63,720	89,711	98,554
Other non-operating (income) expense, net	(220)	(67)	2,561
Income tax (benefit) expense	(29,268)	107,676	398,648
Depreciation, depletion, amortization, and asset retirement obligation liability accretion	727,877	822,872	767,532

Exploration	81,809	65,888	122,577
Impairment of proved properties	208,923	172,641	84,480
Abandonment and impairment of unproved properties	16,342	46,105	75,638
Stock-based compensation expense	30,185	32,347	32,694
Derivative gain	(55,630)	(3,080)	(583,264)
Derivative settlement gain	44,264	22,062	12,615
Change in Net Profits Plan liability	(28,904)	(21,842)	(29,849)
(Gain) loss on divestiture activity	27,018	(27,974)	(646)
Adjusted EBITDAX (Non-GAAP)	1,031,867	1,477,274	1,647,591
Interest expense	(63,720)	(89,711)	(98,554)
Other non-operating income (expense), net	220	67	(2,561)
Income tax benefit (expense)	29,268	(107,676)	(398,648)
Exploration	(81,809)	(65,888)	(122,577)
Exploratory dry hole expense	20,861	5,846	44,427
Amortization of debt discount and deferred financing costs	6,769	5,390	6,146
Deferred income taxes	(29,638)	105,555	397,780
Plugging and abandonment	(2,856)	(9,946)	(8,796)
Other, net	527	2,775	1,069
Changes in current assets and liabilities	10,480	14,828	(9,302)
Net cash provided by operating activities (GAAP)	$ 921,969	$ 1,338,514	$ 1,456,575

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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 is reported in the derivative cash settlements line item on the statements of cash flows within net cash provided by operating activities with the change in accrued settlements between years being reported in change in the accounts receivable and change in accounts payable and accrued expenses line items.

(2) 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).

* 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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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 the PV-10 of our estimated proved reserves 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 at December 31, 2012, $96.94 per Bbl for oil, $3.67 per MMBtu for gas and $40.29 per Bbl for NGLs at December 31, 2013, and $94.99 per Bbl for oil, $4.35 per MMBtu for gas and $39.91 per Bbl for NGLs at December 31, 2014.

	As of and for the Years Ended December 31,		
	2012	2013	2014
Reserve Information:			
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%
Standardized measure of discounted future net cash flows (in millions)	$ 3,021.0	$ 4,009.4	$ 5,698.8
PV-10 (in millions)	$ 3,849.1	$ 5,528.5	$ 7,616.9
Estimated 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 now 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.

	As of December 31, (in millions)		
	2012	2013	2014
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

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.

Production

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.

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	For the Years Ended December 31,					
		2012		2013		2014
Production and operating data:						
Production:						
Oil (MMBbl)		10.4		13.9		16.7
Natural gas (Bcf)		120.0		149.3		152.9
Natural gas liquids (MMBbl)		6.1		9.5		13.0
Equivalents (MMBOE)*		36.5		48.3		55.1
Realized sales prices (before derivative settlements)						
Oil ($/Bbl)	$	85.45	$	91.19	$	80.97
Natural gas ($/Mcf)	$	2.98	$	3.93	$	4.58
Natural gas liquids ($/Bbl)	$	37.61	$	35.95	$	33.34
Equivalent ($/BOE)*	$	40.39	$	45.50	$	45.01
Realized sales prices (after impact of derivative settlements)						
Oil ($/Bbl)	$	83.52	$	89.92	$	82.68
Natural gas ($/Mcf)	$	3.48	$	4.14	$	4.40
Natural gas liquids ($/Bbl)	$	38.90	$	36.66	$	34.18
Equivalent ($/BOE)*	$	41.71	$	45.92	$	45.23
Average costs per BOE*						
Production expense	$	8.74	$	10.16	$	10.85
Production tax	$	2.00	$	2.19	$	2.13
Depletion, depreciation, amortization, and asset retirement obligation accretion	$	19.95	$	17.02	$	13.92
General and administrative	$	3.28	$	3.09	$	3.03

* 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.

Commodity Derivative Contracts Entered into as of December 31, 2014

The following tables include all commodity derivative contracts entered into as of December 31, 2014:

Oil Contracts

Oil Swaps

Contract Period	**NYMEX WTI Volumes (Bbls)**		**Weighted-Average Contract Price (per Bbl)**
First quarter 2015	1,711,000	$	91.96
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	11,311,000		

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Oil Collars

Contract Period	NYMEX WTI Volumes (Bbls)		Weighted-Average Floor Price (per Bbl)		Weighted-Average Ceiling Price (per Bbl)
First quarter 2015	882,000	$	85.00	$	99.53
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	3,366,000				

Gas Contracts

Gas Swaps

Contract Period	Volumes (MMBtu)		Weighted-Average Contract Price (per MMBtu)
First quarter 2015	23,548,000	$	4.22
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*	217,763,000		

* Natural gas swaps are comprised of IF El Paso Permian (3%), IF HSC (82%), IF NGPL TXOK (1%), IF NNG Ventura (3%), and IF Enable East (11%).

Gas Collars

Contract Period	Volumes (MMBtu)		Weighted-Average Floor Price (per MMBtu)		Weighted-Average Ceiling Price (per MMBtu)
First quarter 2015	2,524,000	$	4.00	$	4.30
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*	13,002,000				

* Natural gas collars are comprised of IF El Paso Permian (4%), IF HSC (80%), IF NNG Ventura (8%), and IF Enable East (8%).

NGL Contracts

NGL Swaps

Contract Period	Volumes (Bbls)		Weighted-Average Contract Price (per Bbl)
First quarter 2015	781,000	$	55.42
All NGL swaps*	781,000		

* NGL swaps are comprised of OPIS Natural Gasoline Mt Belv Non TET (28%) and OPIS Propane Mt Belv TET (72%).

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RATIO OF EARNINGS TO FIXED CHARGES

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

	Year Ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Ratio of earnings to fixed charges(1)	10.0x	3.7x	(2)	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 plus our estimate of the interest component of rental expense).

(2) 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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RISK FACTORS

The exchange notes involve substantial risks similar to those associated with the outstanding notes. To understand these risks you should carefully consider the risks and uncertainties described below and in Item 1A Risk Factors in our 2014 10-K, which are incorporated by reference in this prospectus, together with all of the other information in this prospectus and in the documents incorporated by reference herein, including the financial statements and related notes. If any of these 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.

Risks Relating to the Exchange Offer

We cannot assure you that an active trading market for the exchange notes will exist if you desire to sell the exchange notes.

There is no existing public market for the outstanding notes or the exchange notes. The exchange notes will be registered under the Securities Act, but will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

- the liquidity of any trading market that may develop;
- the ability of holders to sell their exchange notes; or
- the price at which the holders would be able to sell their exchange notes.

If a trading market were to develop, the exchange notes might trade at higher or lower prices than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar securities and our financial performance, as well as declines in the prices of securities, or the financial performance or prospects, of similar companies.

Any market-making activity with respect to the exchange notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act, and may be limited during the exchange offer. There can be no assurance that an active trading market will exist for the exchange notes or that any trading market that does develop will be liquid.

You may have difficulty selling any outstanding notes that you do not exchange.

If you do not exchange your outstanding notes for exchange notes in the exchange offer, you will continue to hold outstanding notes subject to restrictions on their transfer. Those transfer restrictions are described in the indenture governing the outstanding notes and in the legend contained on the outstanding notes, and arose because we originally issued the outstanding notes under an exemption from the registration requirements of the Securities Act.

Outstanding notes that are not tendered or are tendered but not accepted for exchange will, following the consummation of the exchange offer, continue to be subject to the provisions in the indenture and the legend contained on the outstanding notes regarding the transfer restrictions of the outstanding notes. In general, outstanding notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will take any action to register under the Securities Act or under any state securities laws the outstanding notes that are not tendered in the exchange offer or that are tendered in the exchange offer but are not accepted for exchange. If a substantial amount of the outstanding notes are exchanged for a like amount of the exchange notes issued in the exchange offer, the liquidity of your outstanding notes could be adversely affected. See The Exchange Offer Consequences of Failure to Exchange Outstanding Notes for a discussion of additional consequences of failing to exchange your outstanding notes.

You must follow the appropriate procedures to tender your outstanding notes or they will not be exchanged.

The exchange notes will be issued in exchange for the outstanding notes only after timely receipt by the exchange agent of the outstanding notes or a book-entry confirmation related thereto, a properly completed and executed letter of transmittal or an agent s message and all other required documentation. If you want to tender your outstanding notes in exchange for exchange notes, you should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent are under any duty to give you notification of defects or irregularities with respect to tenders of outstanding notes for exchange.

Broker-dealers may need to comply with the registration and prospectus delivery requirements of the Securities Act.

Any broker-dealer that (i) exchanges its outstanding notes in the exchange offer for the purpose of participating in a distribution of the exchange notes or (ii) resells exchange notes that were received by it for its own account in the exchange offer may be deemed to have received restricted securities and will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that broker-dealer. Any profit on the resale of the exchange notes and any commission or concessions received by a broker-dealer may be deemed to be underwriting compensation under the Securities Act.

The consummation of the exchange offer may not occur.

We are not obligated to complete the exchange offer under certain circumstances. See The Exchange Offer Conditions to the Exchange Offer. Even if the exchange offer is completed, it may not be completed on the schedule described in this prospectus. Accordingly, holders participating in the exchange offer may have to wait longer than expected to receive their exchange notes.

Risks Related to the Notes

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 an acceleration of our debt.

Our debt agreements 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 quarterly ratio of total debt to 12-month trailing consolidated earnings before interest, taxes, depreciation, amortization, and exploration expense of less than 4.0, and (ii) maintenance of an adjusted current ratio of no less than 1.0, 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 the Senior Notes also contain covenants that, among other things, limit our ability and the ability of our 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 subsidiaries;
- restrict dividends or other payments of our subsidiaries;
- create liens that secure debt;
- enter into transactions with affiliates; and
- merge or consolidate with another company.

See 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.

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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 December 31, 2014, we had $600.0 million of long-term senior unsecured debt outstanding relating to the notes to be exchanged hereunder; $350.0 million of long-term senior unsecured debt outstanding relating to our 2019 Senior Notes; $350.0 million of long-term senior unsecured debt outstanding relating to our 2021 Senior Notes; $400.0 million of long-term senior unsecured debt outstanding relating to our 2023 Senior Notes; $500.0 million of long-term senior unsecured debt outstanding relating to our 2024 Senior Notes; and $166.0 million in outstanding borrowings under our credit facility. We had three outstanding letters of credit in the aggregate amount of $808,000 (which reduce the amount available for borrowing under our credit facility on a dollar-for-dollar basis), resulting in $1,333.2 million of available borrowing capacity under our credit facility, assuming the borrowing conditions under this facility are met. Our long-term debt represented approximately 51 percent of our total book capitalization as of December 31, 2014.

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 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 our Existing Senior Notes and the notes, 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.

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

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.

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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 or from other sources 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 are not secured by any of our assets. However, our credit facility indebtedness is secured by a 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 are not 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 and the notes permit us to incur substantial additional secured debt in the future. Accordingly, the payment of principal and interest on the notes is effectively subordinated in right of payment to all of our secured debt with respect to the assets securing such debt.

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 the instruments governing such debt, including foreclosing on such assets. In that event, because the notes are not 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 December 31, 2014, we had $166.0 million in outstanding borrowings under our credit facility (which does not include three outstanding letters of credit in the aggregate amount of $808,000 that reduce the amount available for borrowings under the facility on a dollar-for-dollar basis), and the ability to incur up to $1,333.2 million 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 exchange 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. In the event of such a default, 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.

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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 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 permits our subsidiaries to acquire assets and incur indebtedness, and holders of the notes do 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 and/or Existing Senior 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 Certain Definitions) 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 our Existing Senior Notes.

The source of funds for any repurchase of the notes or our 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.

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. Unless terminated, these covenants 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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Risks Related to Our Business

Crude oil, natural gas, and NGL prices are volatile, and declines in prices adversely affect our profitability, financial condition, cash flows, access to capital, and ability to grow.

Our revenues, operating results, profitability, future rate of growth, and the carrying value of our oil and natural gas properties depend heavily on the prices we receive for crude oil, natural gas and NGL sales. Crude oil, natural gas, and NGL prices also affect our cash flows available for capital expenditures and other items, our borrowing capacity, and the volume and amount of our crude oil, natural gas, and NGL reserves. For example, the amount of our borrowing base under our credit facility is subject to periodic redeterminations based on crude oil, natural gas, and NGL prices specified by our bank group at the time of redetermination. In addition, we may have crude oil and natural gas property impairments or downward revisions of estimates of proved reserves if prices fall significantly.

Historically, the markets for crude oil, natural gas, and NGLs have been volatile, and they are likely to continue to be volatile. Wide fluctuations in crude oil, natural gas, and NGL prices may result from relatively minor changes in the supply of and demand for crude oil, natural gas, and NGLs, market uncertainty, and other factors that are beyond our control, including:

- global and domestic supplies of crude oil, natural gas, and NGLs, and the productive capacity of the industry as a whole;
- the level of consumer demand for crude oil, natural gas, and NGLs;
- overall global and domestic economic conditions;
- weather conditions;
- the availability and capacity of gathering, transportation, processing, and/or refining facilities in regional or localized areas that may affect the realized price for crude oil, natural gas, or NGLs;
- liquefied natural gas deliveries to and from the United States;
- the price and level of imports and exports of crude oil, refined petroleum products, and liquefied natural gas;
- the price and availability of alternative fuels;
- technological advances and regulations affecting energy consumption and conservation;
- the ability of the members of the Organization of Petroleum Exporting Countries and other exporting countries to agree to and maintain crude oil price and production controls;
- political instability or armed conflict in crude oil or natural gas producing regions;
- strengthening and weakening of the United States dollar relative to other currencies; and

- governmental regulations and taxes.

These factors and the volatility of crude oil, natural gas, and NGL markets make it extremely difficult to predict future crude oil, natural gas, and NGL price movements with any certainty. Declines in crude oil, natural gas, and NGL prices would reduce our revenues and could also reduce the amount of crude oil, natural gas, and NGLs that we can produce economically, which could have a materially adverse effect on us.

Weakness in economic conditions or uncertainty in financial markets may have material adverse impacts on our business that we cannot predict.

In recent years, the United States and global economies and financial systems have experienced turmoil and upheaval characterized by extreme volatility in prices of equity and debt securities, periods of diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse, or sale of financial institutions, increased levels of unemployment, and an unprecedented level of intervention by the United States federal government and other governments. Although the United States economy appears to have stabilized, the extent and timing of a recovery, and whether it can be sustained, are uncertain. Renewed weakness in the United States or other large economies could materially adversely affect our business and financial condition. For example:

- crude oil, NGL and natural gas prices have recently been lower than at various times in the last decade because of increased supply resulting from, among other things, increased drilling in unconventional reservoirs, leading to lower revenues, which could affect our financial condition and results of operations;

- the tightening of credit or lack of credit availability to our customers could adversely affect our ability to collect our trade receivables;

- the liquidity available under our credit facility could be reduced if any lender is unable to fund its commitment;

- our ability to access the capital markets may be restricted at a time when we would like, or need, to raise capital for our business, including for the exploration and/or development of reserves;

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- our commodity derivative contracts could become economically ineffective if our counterparties are unable to perform their obligations or seek bankruptcy protection; and

- variable interest rate spread levels, including for LIBOR and the prime rate, could increase significantly, resulting in higher interest costs for unhedged variable interest rate based borrowings under our credit facility.

If we are unable to replace reserves, we will not be able to sustain production.

Our future operations depend on our ability to find, develop, or acquire crude oil, natural gas, and NGL reserves that are economically producible. Our properties produce crude oil, natural gas, and NGLs at a declining rate over time. In order to maintain current production rates, we must locate and develop or acquire new crude oil, natural gas, and NGL reserves to replace those being depleted by production. Without successful drilling or acquisition activities, our reserves and production will decline over time. In addition, competition for crude oil and natural gas properties is intense, and many of our competitors have financial, technical, human, and other resources necessary to evaluate and integrate acquisitions that are substantially greater than those available to us.

In the event we do complete an acquisition, its successful impact on our business will depend on a number of factors, many of which are beyond our control. These factors include the purchase price for the acquisition, future crude oil, natural gas, and NGL prices, the ability to reasonably estimate or assess the recoverable volumes of reserves, rates of future production and future net revenues attainable from reserves, future operating and capital costs, results of future exploration, exploitation and development activities on the acquired properties, and future abandonment and possible future environmental or other liabilities. There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves, actual future production rates, and associated costs and potential liabilities with respect to prospective acquisition targets. Actual results may vary substantially from those assumed in the estimates. A customary review of subject properties will not necessarily reveal all existing or potential problems.

Additionally, significant acquisitions can change the nature of our operations and business depending upon the character of the acquired properties if they have substantially different operating and geological characteristics or are in different geographic locations than our existing properties. To the extent that acquired properties are substantially different than our existing properties, our ability to efficiently realize the expected economic benefits of such transactions may be limited.

Integrating acquired businesses and properties involves a number of special risks. These risks include the possibility that management may be distracted from regular business concerns by the need to integrate operations and systems and that unforeseen difficulties can arise in integrating operations and systems and in retaining and assimilating employees. Any of these or other similar risks could lead to potential adverse short-term or long-term effects on our operating results and may cause us to not be able to realize any or all of the anticipated benefits of the acquisitions.

Substantial capital is required to develop and replace our reserves.

We must make substantial capital expenditures to find, acquire, develop, and produce crude oil, natural gas, and NGL reserves. Future cash flows and the availability of financing are subject to a number of factors, such as the level of production from existing wells, prices received for crude oil, natural gas, and NGL sales, our success in locating and developing and acquiring new reserves, and the orderly functioning of credit and capital markets. If crude oil, natural gas, and NGL prices decrease or if we encounter operating difficulties that result in our cash flows from operations being less than expected, we may reduce our planned capital expenditures unless we can raise additional funds through debt or equity financing or the divestment of assets. Debt or equity financing may not always be available to us in sufficient amounts or on acceptable terms, and the proceeds offered to us for potential divestitures may not always be of acceptable value to us.

If our revenues decrease due to lower crude oil, natural gas, or NGL prices, decreased production, or other reasons, and if we cannot obtain funding through our credit facility, other acceptable debt or equity financing arrangements, or through the sale of assets, our ability to execute development plans, replace our reserves, maintain our acreage, or maintain production levels could be greatly limited.

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Competition in our industry is intense, and many of our competitors have greater financial, technical and human resources than we do.

We face intense competition from major oil and gas companies, independent oil and gas exploration and production companies, and institutional and individual investors who seek oil and gas investments throughout the world, as well as the equipment, expertise, labor, and materials required to operate crude oil and natural gas properties. Many of our competitors have financial, technical, and other resources exceeding those available to us, and many crude oil and natural gas properties are sold in a competitive bidding process in which our competitors may be able and willing to pay more for exploratory and development prospects and productive properties, or in which our competitors have technological information or expertise that is not available to us to evaluate and successfully bid for properties. We may not be successful in acquiring and developing profitable properties in the face of this competition. In addition, other companies may have a greater ability to continue drilling activities during periods of low natural gas or oil prices and to absorb the burden of current and future governmental regulations and taxation. In addition, shortages of equipment, labor, or materials as a result of intense competition may result in increased costs or the inability to obtain those resources as needed. Also, we compete for human resources. Over the last few years, the need for talented people across all disciplines in the industry has grown, while the number of talented people available has not grown at the same pace, and in many cases, is declining due to the demographics of the industry. Our inability to compete effectively with companies in any area of our business could have a material adverse impact on our business activities, financial condition and results of operations.

The loss of key personnel could adversely affect our business.

We depend to a large extent on the efforts and continued employment of our executive management team and other key personnel. The loss of the services of these or other key personnel could adversely affect our business. Our drilling success and the success of other activities integral to our operations will depend, in part, on our ability to attract and retain experienced geologists, engineers, landmen and other professionals. Competition for many of these professionals is intense. If we cannot retain our technical personnel or attract additional experienced technical personnel and professionals, our ability to compete could be harmed.

The actual quantities and present value of our proved crude oil, natural gas, and NGL reserves may be less than we have estimated.

This prospectus and other of our SEC filings contain estimates of our proved crude oil, natural gas, and NGL reserves and the estimated future net revenues from those reserves. These estimates are based on various assumptions, including assumptions required by the SEC relating to crude oil, natural gas, and NGL prices, drilling and completion costs, gathering and transportation costs, operating expenses, capital expenditures, effects of governmental regulation, taxes, timing of operations, and availability of funds. The process of estimating crude oil, natural gas, and NGL reserves is complex. The process involves significant decisions and assumptions in the evaluation of available geological, geophysical, engineering, and economic data for each reservoir. These estimates are dependent on many variables, and changes often occur as our knowledge of these variables evolve. Therefore, these estimates are inherently imprecise. In addition, the reserve estimates we make for properties that do not have a significant production history may be less reliable than estimates for properties with lengthy production histories. A lack of production history may contribute to inaccuracy in our estimates of proved reserves, future production rates, and the timing and/or amount of development expenditures.

Actual future production, prices for crude oil, natural gas, and NGLs, revenues, production taxes, development expenditures, operating expenses, and quantities of producible crude oil, natural gas, and NGL reserves will most likely vary from those estimated. Any significant variance of any nature could materially affect the estimated quantities of and present value related to proved reserves disclosed by us, and the actual quantities and present value may be significantly less than we have previously estimated. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration, operations and development activity, prevailing crude oil, natural gas, and NGL prices, costs to develop and operate properties, and other factors, many of which are beyond our control. Our properties may also be susceptible to hydrocarbon drainage from production on adjacent properties, which we may not control.

As of December 31, 2014, 48 percent, or 260.9 MMBOE, of our estimated proved reserves were proved undeveloped, and three percent, or 17.2 MMBOE, were proved developed non-producing. In order to develop our proved undeveloped reserves, as of December 31, 2014, we estimate approximately $3.1 billion of capital expenditures would be required. Production revenues from proved developed non-producing reserves will not be realized until sometime in the future and after some investment of capital. In order to develop our proved developed non-producing reserves, as of December 31, 2014, we estimate capital expenditures of approximately $29 million would be required. Although we have estimated our proved reserves and the costs associated with these proved reserves in accordance with industry standards, estimated costs may not be accurate, development may not occur as scheduled, and actual results may not occur as estimated.

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You should not assume that the PV-10 and standardized measure of discounted future net cash flows included in this prospectus represent the current market value of our estimated proved crude oil, natural gas, and NGL reserves. Management has based the estimated discounted future net cash flows from proved reserves on price and cost assumptions required by the SEC, whereas actual future prices and costs may be materially higher or lower. For example, the present value of our proved reserves as of December 31, 2014, was estimated using a calculated 12-month average sales price of $4.35 per MMBtu of natural gas (NYMEX Henry Hub spot price), $94.99 per Bbl of oil (NYMEX WTI spot price), and $39.91 per Bbl of NGL (OPIS spot price). We then adjust these prices to reflect appropriate basis, quality, and location differentials over the period in estimating our proved reserves. During 2014, our monthly average realized natural gas prices, excluding the effect of derivative settlements, were as high as $5.78 per Mcf and as low as $3.69 per Mcf. For the same period, our monthly average realized crude oil prices before the effect of derivative settlements were as high as $94.36 per Bbl and as low as $50.22 per Bbl, and were as high as $42.83 per Bbl and as low as $19.94 per Bbl for NGLs. Many other factors will affect actual future net cash flows, including:

- amount and timing of actual production;
- supply and demand for crude oil, natural gas, and NGLs;
- curtailments or increases in consumption by oil purchasers and natural gas pipelines; and
- changes in government regulations or taxes, including severance and excise taxes.

The timing of production from oil and natural gas properties and of related expenses affects the timing of actual future net cash flows from proved reserves, and thus their actual present value. Our actual future net cash flows could be less than the estimated future net cash flows for purposes of computing PV-10. In addition, the 10 percent discount factor required by the SEC to be used to calculate PV-10 for reporting purposes is not necessarily the most appropriate discount factor given actual interest rates, costs of capital, and other risks to which our business and the oil and natural gas industry in general are subject.

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Our property acquisitions may not be worth what we paid due to uncertainties in evaluating recoverable reserves and other expected benefits, as well as potential liabilities.

Successful property acquisitions require an assessment of a number of factors, some of which are beyond our control. These factors include exploration potential, future crude oil, natural gas, and NGL prices, operating costs, and potential environmental and other liabilities. These assessments are not precise and their accuracy is inherently uncertain.

In connection with our acquisitions, we typically perform a customary review of the acquired properties that will not necessarily reveal all existing or potential problems. In addition, our review may not allow us to fully assess the potential deficiencies of the properties. We do not inspect every well, and even when we inspect a well, we may not discover structural, subsurface, or environmental problems that may exist or arise. We may not be entitled to contractual indemnification for pre-closing liabilities, including environmental liabilities. Normally, we acquire interests in properties on an as is basis with limited remedies for breaches of representations and warranties.

In addition, significant acquisitions can change the nature of our operations and business if the acquired properties have substantially different operating and geological characteristics or are in different geographic locations than our existing properties. To the extent acquired properties are substantially different than our existing properties, our ability to efficiently realize the expected economic benefits of such acquisitions may be limited.

Integrating acquired properties and businesses involves a number of other special risks, including the risk that management may be distracted from normal business concerns by the need to integrate operations and systems as well as retain and assimilate additional employees. Therefore, we may not be able to realize all of the anticipated benefits of our acquisitions.

We have limited control over the activities on properties we do not operate.

Some of our properties, including a portion of our interests in the Eagle Ford shale in south Texas, are operated by other companies and involve third-party working interest owners. As a result, we have limited ability to influence or control the operation or future development of such properties, including the nature and timing of drilling and operational activities, the operator s skill and expertise, compliance with environmental, safety and other regulations, the approval of other participants in such properties, the selection and application of suitable technology, or the amount of expenditures that we will be required to fund with respect to such properties. Moreover, we are dependent on the other working interest owners of such projects to fund their contractual share of the expenditures of such properties. These limitations and our dependence on the operator and other working interest owners in these projects could cause us to incur unexpected future costs and materially and adversely affect our financial condition and results of operations.

We rely on third-party service providers to conduct drilling and completion and other related operations on properties we operate.

Where we are the operator of a property, we rely on third-party service providers to perform necessary drilling and completion and other related operations. The ability of third-party service providers to perform such operations will depend on those service providers ability to compete for and retain qualified personnel, financial condition, economic performance, and access to capital, which in turn will depend upon the supply and demand for oil, natural gas, and NGLs prevailing economic conditions and financial, business and other factors. The failure of a third-party service provider to adequately perform operations could delay drilling or completion or reduce production from the property and adversely affect our financial condition and results of operations.

Title to the properties in which we have an interest may be impaired by title defects.

We generally rely on title reports in acquiring oil and gas leasehold interests and obtain title opinions only on significant properties that we drill. There is no assurance that we will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. Title insurance is not available for oil and gas properties. As is customary in our industry, we rely upon the judgment of staff and independent landmen who perform the field work of examining records in the appropriate governmental offices and title abstract facilities before attempting to acquire or place under lease a specific mineral interest and/or undertake drilling activities. We, in some cases, perform curative work to correct deficiencies in the marketability of the title to us. Generally, under the terms of the operating agreements affecting our properties, any monetary loss attributable to a loss of title is to be borne by all parties to any such agreement in proportion to their interests in such property. A material title defect can reduce the value of a property or render it worthless, thus adversely affecting our financial condition, results of operations and operating cash flow if such property is of sufficient value.

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Exploration and development drilling may not result in commercially producible reserves.

Crude oil and natural gas drilling, completion and production activities are subject to numerous risks, including the risk that no commercially producible crude oil, natural gas, or associated liquids will be found. The cost of drilling and completing wells is often uncertain, and crude oil, natural gas or associated liquids drilling and production activities may be shortened, delayed, or canceled as a result of a variety of factors, many of which are beyond our control. These factors include:

- unexpected adverse drilling or completion conditions;
- title problems;
- disputes with owners or holders of surface interests on or near areas where we operate;
- pressure or geologic irregularities in formations;
- engineering and construction delays;
- equipment failures or accidents;
- hurricanes, tornadoes, flooding, or other adverse weather conditions;
- governmental permitting delays;
- compliance with environmental and other governmental requirements; and
- shortages or delays in the availability of or increases in the cost of drilling rigs and crews, fracture stimulation crews and equipment, pipe, chemicals, water, sand, and other supplies.

The prevailing prices for crude oil, natural gas, and NGLs affect the cost of and the demand for drilling rigs, completion and production equipment, and other related services. However, changes in costs may not occur simultaneously with corresponding changes in commodity prices. The availability of drilling rigs can vary significantly from region to region at any particular time. Although land drilling rigs can be moved from one region to another in response to changes in levels of demand, an undersupply of rigs in any region may result in drilling delays and higher drilling costs for the available rigs in that region.

Another significant risk inherent in our drilling plans is the need to obtain drilling permits from state, local, and other governmental authorities. Delays in obtaining regulatory approvals and drilling permits, including delays that jeopardize our ability to realize the potential benefits from leased properties within the applicable lease periods, the failure to obtain a drilling permit for a well, or the receipt of a permit with unreasonable conditions or costs could have a materially adverse effect on our ability to explore or develop our properties.

The wells we drill may not be productive, and we may not recover all or any portion of our investment in such wells. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well if crude oil, natural gas, or NGLs are present, or whether they can be produced economically. The cost of drilling, completing, and operating a well is often uncertain, and cost factors can adversely affect the economics of a project. Drilling activities can result in dry holes or wells that are productive but do not produce sufficient net revenues after operating and other costs to cover drilling and completion costs. Even if sufficient amounts of crude oil, natural gas, or NGLs exist, we may damage a potentially productive hydrocarbon-bearing formation or experience mechanical difficulties while drilling or completing a well, which could result in reduced or no production from the well, significant expenditure to repair the well, and/or the loss and abandonment of the well.

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Results in our newer resource plays may be more uncertain than results in resource plays that are more developed and have longer established production histories. For example, industry experience and knowledge in the Eagle Ford shale play, is more limited compared to more established resource plays, such as the Barnett or Woodford shales, and we and the industry generally have less information with respect to the ultimate recoverability of reserves and the production decline rates in newer resource plays than other areas with longer histories of development and production. Drilling and completion techniques that have proven to be successful in other resource plays are being used in the early development of these new plays; however, we can provide no assurance of the ultimate success of these drilling and completion techniques.

In addition, a significant part of our strategy involves increasing our inventory of drilling locations. Such multi-year drilling inventories can be more susceptible to long-term uncertainties that could materially alter the occurrence or timing of actual drilling. Because of these uncertainties, we do not know if the potential drilling locations we have identified will ever be drilled, although we have the present intent to do so for locations booked as proved undeveloped locations, or if we will be able to produce crude oil, natural gas, or NGLs from these potential drilling locations.

Our future drilling activities may not be successful. Our overall drilling success rate or our drilling success rate within a particular area may decline. In addition, we may not be able to obtain any options or lease rights in potential drilling locations that we identify. Unless production is established within the spacing units covering undeveloped acres on which our drilling locations are identified, the leases for such acreage will expire and we would lose our right to develop the related properties. Our total net acreage expiring in the next three years represents approximately 41 percent of our total net undeveloped acreage at December 31, 2014. Although we have identified numerous potential drilling locations, we may not be able to economically produce crude oil, natural gas, or NGLs from all of them and our actual drilling activities may materially differ from those presently identified, which could adversely affect our financial condition, results of operations and operating cash flow.

Part of our strategy involves drilling in existing or emerging resource plays using some of the latest available horizontal drilling and completion techniques. The results of our planned exploratory and delineation drilling in these plays are subject to drilling and completion technique risks, and results may not meet our expectations for reserves or production. As a result, we may incur material write-downs, and the value of our undeveloped acreage could decline if drilling results are unsuccessful.

Many of our operations involve utilizing the latest drilling and completion techniques as developed by us and our service providers in order to maximize production and ultimate recoveries and therefore generate the highest possible returns. Risks we face while drilling include, but are not limited to, landing our well bore outside the desired drilling zone, deviating from the desired drilling zone while drilling horizontally through the formation, the inability to run our casing the entire length of the well bore, and the inability to run tools and recover equipment consistently through the horizontal well bore. Risks we face while completing our wells include, but are not limited to, the inability to fracture stimulate the planned number of stages, the inability to run tools and other equipment the entire length of the well bore during completion operations, the inability to recover such tools and other equipment, and the inability to successfully clean out the well bore after completion of the final fracture stimulation.

Ultimately, the success of these drilling and completion techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, lease expirations, limited access to gathering systems and takeaway capacity, and/or prices for crude oil, natural gas, and NGLs decline, then the return on our investment for a particular project may not be as attractive as we anticipated and we could incur material write-downs of oil and gas properties and the value of our undeveloped acreage could decline in the future.

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Uncertainties associated with enhanced recovery methods may result in us not realizing an acceptable return on our investments in such projects.

We inject water into formations on some of our properties to increase the production of crude oil, natural gas, and associated liquids. We may in the future expand these efforts to more of our properties or employ other enhanced recovery methods in our operations. The additional production and reserves, if any, attributable to the use of enhanced recovery methods are inherently difficult to predict. If our enhanced recovery methods do not allow for the extraction of crude oil, natural gas, and associated liquids in a manner or to the extent that we anticipate, we may not realize an acceptable return on our investments in such projects. In addition, if proposed legislation and regulatory initiatives relating to hydraulic fracturing become law, the cost of some of these enhanced recovery methods could increase substantially.

Many of our properties are in areas that may have been partially depleted or drained by offset wells and certain of our wells may be adversely affected by actions other operators may take when drilling, completing or operating wells that they own.

Many of our properties are in areas that may have already been partially depleted or drained by earlier offset drilling. The owners of leasehold interests adjoining any of our properties could take actions, such as drilling and completing additional wells, that could adversely affect our operations. When a new well is completed and produced, the pressure differential in the vicinity of the well causes the migration of reservoir fluids towards the new wellbore (and potentially away from existing wellbores). As a result, the drilling and production of these potential locations could cause a depletion of our proved reserves and may inhibit our ability to further develop our proved reserves. In addition, completion operations and other activities conducted on adjacent or nearby wells could cause production from our wells to be shut in for indefinite periods of time, could result in increased lease operating expenses and could adversely affect the production and reserves from our wells after they re-commence production. We have no control over the operations or activities of offsetting operators.

Our commodity derivative contract activities may result in financial losses or may limit the prices we receive for crude oil, natural gas, and NGL sales.

To mitigate a portion of the exposure to potentially adverse market changes in crude oil, natural gas, and NGL prices and the associated impact on cash flows, we have entered into various derivative contracts. Our derivative contracts in place include swap and collar arrangements for crude oil, natural gas, and NGLs. As of December 31, 2014, we were in a net accrued asset position of $592.1 million with respect to our crude oil, natural gas, and NGL derivative activities. These activities may expose us to the risk of financial loss in certain circumstances, including instances in which:

- our production is less than expected;
- one or more counterparties to our commodity derivative contracts default on their contractual obligations; or

- there is a widening of price differentials between delivery points for our production and the delivery point assumed in the commodity derivative contract arrangement.

The risk of one or more counterparties defaulting on their obligations is heightened by the recent decline in crude oil, natural gas, and NGL prices. These circumstances may adversely affect the ability of our counterparties to meet their obligations to us pursuant to derivative transactions, which could reduce our revenues and cash flows from derivative settlements. As a result, our financial condition, results of operations, and cash flows could be materially affected in an adverse way if our counterparties default on their contractual obligations under our commodity derivative contracts.

In addition, commodity derivative contracts may limit the prices we receive for our crude oil, natural gas and NGL sales if crude oil, natural gas, or NGL prices rise substantially over the price established by the commodity derivative contract.

The inability of customers or co-owners of assets to meet their obligations may adversely affect our financial results.

Substantially all of our accounts receivable result from crude oil, natural gas, and NGL sales or joint interest billings to

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co-owners of oil and gas properties we operate. This concentration of customers and joint interest owners may impact our overall credit risk because these entities may be similarly affected by various economic and other conditions, including the recent decrease in crude oil prices. The loss of one or more of these customers could reduce competition for our products and negatively impact the prices of commodities we sell. The Company does not believe the loss of any single purchaser would materially impact its operating results, as the Company has numerous options for purchasers in each of its operating regions for its crude oil, natural gas, and NGLs production.

We have entered into firm transportation contracts that require us to pay fixed amounts of money to our counterparties regardless of quantities actually shipped, processed or gathered. If we are unable to deliver the necessary quantities of natural gas to our counterparties, our results of operations and liquidity could be adversely affected.

As of December 31, 2014, we were contractually committed to deliver 1,411 Bcf of natural gas and 48 MMBbl of crude oil pursuant to contracts expiring at various dates through 2028. We may enter into additional firm transportation agreements as our development of our resource plays expands. At the current time, we do not have enough proved developed reserves to offset these contractual liabilities, but we intend to develop reserves that will exceed the commitments and therefore do not expect any material shortfalls. In the event we encounter delays in drilling and completing our wells or otherwise due to construction, interruptions of operations, or delays in connecting new volumes to gathering systems or pipelines for an extended period of time, the requirements to pay for quantities not delivered could have a material impact on our results of operations and liquidity.

Future crude oil, natural gas, and NGL price declines or unsuccessful exploration efforts may result in write-downs of our asset carrying values.

We follow the successful efforts method of accounting for our crude oil and natural gas properties. All property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending the determination of whether proved reserves have been discovered. If commercial quantities of hydrocarbons are not discovered with an exploratory well, the costs of drilling the well are expensed.

The capitalized costs of our oil and gas properties, on a depletion pool basis, cannot exceed the estimated undiscounted future net cash flows of that depletion pool. If net capitalized costs exceed undiscounted future net revenues, we generally must write down the costs of each depletion pool to the estimated discounted future net cash flows of that depletion pool. Unproved properties are evaluated at the lower of cost or fair market value. We incurred impairment of proved properties and impairment of unproved properties totaling $84.5 million and $75.6 million, respectively, during 2014, $172.6 million and $46.1 million, respectively, during 2013, and $208.9 million and $16.3 million, respectively, during 2012. Commodity prices significantly declined in 2014. Continued declines in the prices of crude oil, natural gas or NGLs or unsuccessful exploration efforts could cause additional proved and/or unproved property impairments in the future.

We review the carrying value of our properties for indicators of impairment on a quarterly basis using the prices in effect as of the end of each quarter. Once incurred, a write-down of oil and natural gas properties cannot be reversed at a later date, even if crude oil, natural gas, or NGL prices increase.

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Lower crude oil, natural gas, or NGL prices could limit our ability to borrow under our credit facility.

Our credit facility has a current commitment amount of $1.5 billion, subject to a borrowing base that the lenders redetermine semi-annually based on the bank group s assessment of the value of our crude oil and natural gas properties, which in turn is impacted by crude oil, natural gas, and NGL prices. The current borrowing base under our credit facility is $2.4 billion. Significant declines in crude oil, NGL or natural gas prices in the future could limit our borrowing base and reduce the amount we can borrow under our credit facility. Additionally, divestitures of properties or other bond offerings could result in a reduction of our borrowing base.

We are subject to operating and environmental risks and hazards that could result in substantial losses or liabilities that may not be fully insured.

Oil and gas operations are subject to many risks, including human error and accidents that could cause personal injury, death, property damage, well blowouts, craterings, explosions, uncontrollable flows of crude oil, natural gas and associated liquids or well fluids, releases or spills of completion fluids, spills or releases from facilities and equipment used to deliver or store these materials, spills or releases of brine or other produced or flowback water, subsurface conditions that prevent us from stimulating the planned number of completion stages, accessing the entirety of the wellbore with our tools during completion, or removing completion materials from the wellbore to allow production to begin, fires, adverse weather such as hurricanes or tornadoes, freezing conditions, floods, droughts, formations with abnormal pressures, pipeline ruptures or spills, pollution, releases of toxic gas such as hydrogen sulfide, and other environmental risks and hazards. If any of these types of events occurs, we could sustain substantial losses.

Furthermore, if we experience any of the problems with well stimulation and completion activities referenced above, our ability to explore for and produce crude oil, natural gas, or NGLs may be adversely affected. We could incur substantial losses or otherwise fail to realize reserves in particular formations as a result of the need to shutdown, abandon or relocate drilling operations, the need to modify drill sites to lessen the risk of spills or releases, the need to investigate and/or remediate any spills, releases or ground water contamination that might have occurred, and the need to suspend our operations.

There is inherent risk of incurring significant environmental costs and liabilities in our operations due to our current and past generation, handling and disposal of materials, including solid and hazardous wastes and petroleum hydrocarbons. We may incur joint and several, strict liability under applicable United States federal and state environmental laws in connection with releases of petroleum hydrocarbons and other hazardous substances at, on, under or from our leased or owned properties, some of which have been used for natural gas and oil exploration and production activities for a number of years, often by third parties not under our control. For our outside operated properties, we are dependent on the operator for operational and regulatory compliance, and could be subject to liabilities in the event of non-compliance. These properties and the wastes disposed thereon or away from could be subject to stringent and costly investigatory or remedial requirements under applicable laws, some of which are strict liability laws without regard to fault or the legality of the original conduct, including the CERCLA or the Superfund law, the RCRA, the Clean Water Act, the CAA, the OPA, and analogous state laws. Under any implementing regulations, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators) or property contamination (including groundwater contamination), to perform natural resource mitigation or restoration practices, or to perform remedial plugging or closure operations to prevent future contamination. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury or property damage allegedly caused by the release of petroleum hydrocarbons or other hazardous substances into the environment. As a result, we may incur substantial liabilities to third parties or governmental entities, which could reduce or eliminate funds available for exploration, development, or acquisitions, or cause us to incur losses.

We maintain insurance against some, but not all, of these potential risks and losses. We have significant but limited coverage for sudden environmental damage. We do not believe that insurance coverage for the full potential liability that could be caused by environmental damage that occurs gradually over time is appropriate for us at this time given the nature of our operations and the nature and cost of such coverage. Further, we may elect not to obtain insurance coverage under circumstances where we believe that the cost of available insurance is excessive relative to the risks to which we are subject.

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Accordingly, we may be subject to liability or may lose substantial assets in the event of environmental or other damages. If a significant accident or other event occurs and is not fully covered by insurance, we could suffer a material loss.

Our operations are subject to complex laws and regulations, including environmental regulations that result in substantial costs and other risks.

Federal, state, tribal, and local authorities extensively regulate the oil and natural gas industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may become more stringent and, as a result, may affect, among other things, the pricing or marketing of crude oil, natural gas and NGL production. Noncompliance with statutes and regulations and more vigorous enforcement of such statutes and regulations by regulatory agencies may lead to substantial administrative, civil, and criminal penalties, including the assessment of natural resource damages, the imposition of significant investigatory and remedial obligations and may also result in the suspension or termination of our operations. The overall regulatory burden on the industry increases the cost to place, design, drill, complete, install, operate, and abandon wells and related facilities and, in turn, decreases profitability.

Governmental authorities regulate various aspects of drilling for and the production of crude oil, natural gas, and NGLs, including the permit and bonding requirements of drilling wells, the spacing of wells, the unitization or pooling of interests in crude oil and natural gas properties, rights-of-way and easements, environmental matters, occupational health and safety, the sharing of markets, production limitations, plugging, abandonment, and restoration standards, oil and gas operations, and restoration. Public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain projects. Under certain circumstances, regulatory authorities may deny a proposed permit or right-of-way grant or impose conditions of approval to mitigate potential environmental impacts, which could, in either case, negatively affect our ability to explore or develop certain properties. Federal authorities also may require any of our ongoing or planned operations on federal leases to be delayed, suspended, or terminated. Any such delay, suspension, or termination could have a materially adverse effect on our operations.

Our operations are also subject to complex and constantly changing environmental laws and regulations adopted by federal, state, tribal and local governmental authorities in jurisdictions where we are engaged in exploration or production operations. New laws or regulations, or changes to current requirements, including the designation of previously unprotected wildlife or plant species as threatened or endangered in areas we operate, could result in material costs or claims with respect to properties we own or have owned. We will continue to be subject to uncertainty associated with new regulatory interpretations and inconsistent interpretations between state and federal agencies. Under existing or future environmental laws and regulations, we could incur significant liability, including joint and several, strict liability under federal, state, and tribal environmental laws for noise emissions and for discharges of crude oil, natural gas, and associated liquids or other pollutants into the air, soil, surface water, or groundwater. We could be required to spend substantial amounts on investigations, litigation, and remediation for these emissions and discharges and other compliance issues. Any unpermitted release of petroleum or other pollutants from our operations could result not only in cleanup costs, but also natural resources, real or personal property and other damages and civil and criminal liabilities. The listing of additional wildlife or plant species as federally endangered or threatened could result in limitations on exploration and production activities in certain locations. Existing environmental laws or regulations, as currently interpreted or enforced, or as they may be interpreted, enforced, or altered in the future, may have a materially adverse effect on us.

Seasonal weather conditions and lease stipulations adversely affect our ability to conduct drilling activities in some of the areas where we operate.

Operations in certain of our regions, such as our Rocky Mountain and Permian regions, are adversely affected by seasonal weather conditions and lease stipulations designed to protect various wildlife or plant species. In certain areas on federal lands, drilling and other oil and natural gas activities can only be conducted during limited times of the year. This limits our ability to operate in those areas and can intensify competition during those times for drilling rigs, oil field equipment, services, supplies and qualified personnel, which may lead to periodic shortages. Wildlife seasonal restrictions may limit access to federal leases or across federal lands. Possible restrictions may include seasonal restrictions in greater sage-grouse

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habitat during breeding and nesting seasons, within a certain distance of active raptor nests during fledging, and in big game winter or parturition ranges during winter or calving seasons. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs.

Proposed federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Hydraulic fracturing is an essential and common practice in the oil and gas industry used to stimulate production of oil, natural gas, and NGLs from dense subsurface rock formations. We routinely apply hydraulic fracturing techniques to many of our oil and natural gas properties, including our unconventional resource plays in the Eagle Ford shale of south Texas and the Bakken/Three Forks formations in North Dakota. Hydraulic fracturing involves using water, sand and certain chemicals to fracture the hydrocarbon-bearing rock formation to allow the flow of hydrocarbons into the wellbore. The process is typically regulated by state oil and natural gas commissions. However, the EPA and other federal agencies have asserted federal regulatory authority over certain aspects of hydraulic fracturing activities as outlined below.

The EPA has authority to regulate underground injections that contain diesel in the fluid system under the SDWA. The EPA has published an interpretive memorandum and permitting guidance related to regulation of fracturing fluids using this regulatory authority. The EPA also plans to update its chloride water quality criteria for the protection of aquatic life under the Clean Water Act. Flowback and produced water from the hydraulic fracturing process contain total dissolved solids, including chlorides, and regulation of these fluids could be affected by the new criteria. The EPA has delayed issuing a draft criteria document until 2015. On April 7, 2015, the EPA The EPA proposed pre-treatment standards for disposal of wastewater produced from shale gas operations into publicly owned treatment works. The regulations were developed under the EPA s Effluent Limitations Guidelines Program under the authority of the Clean Water Act. If the EPA implements further regulations of hydraulic fracturing, we may incur additional costs to comply with such requirements that may be significant in nature, experience delays or curtailment in the pursuit of exploration, development, or production activities, and could even be prohibited from drilling and/or completing certain wells.

Certain states in which we operate, including Texas and Wyoming, have adopted, and other states are considering adopting, regulations that could impose more stringent permitting, public disclosure, waste disposal, and well construction requirements on hydraulic fracturing operations or otherwise seek to ban fracturing activities altogether. For example, Texas adopted a law in June 2011 requiring disclosure to the Railroad Commission of Texas and the public of certain information regarding the components and volume of water used in the hydraulic fracturing process. In addition to state laws, local land use restrictions, such as city ordinances, may restrict or prohibit the performance of drilling in general and/or hydraulic fracturing in particular. Recently, several municipalities have passed or proposed zoning ordinances that ban or strictly regulate hydraulic fracturing within city boundaries, setting the stage for challenges by state regulators and third-parties. Similar events and processes are playing out in several cities, counties, and townships across the United States. In the event state, local, or municipal legal restrictions are adopted in areas where we are currently conducting, or in the future plan to conduct, operations, we may incur additional costs to comply with such requirements that may be significant in nature, experience delays or curtailment in the pursuit of exploration, development, or production activities, and could even be prohibited from drilling and/or completing certain wells.

Several agencies of the federal governmental are actively involved in studies or reviews that focus on environmental aspects and impacts of hydraulic fracturing practices. The White House Council on Environmental Quality is coordinating a review of hydraulic fracturing practices, and a committee of the United States House of Representatives has conducted an investigation of hydraulic fracturing practices and government studies related thereto. Furthermore, a number of federal agencies are analyzing, or have been requested to review, a variety of environmental issues associated with hydraulic fracturing. The EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater. The EPA issued a progress report in 2012, and plans to issue a draft report of results in 2015 for public comment, following release of peer reviewed papers in late 2014 and early 2015. The United States Department of Energy is actively involved in research on hydraulic fracturing practices, including groundwater protection. Also, the United States

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Department of the Interior issued its final rule to regulate hydraulic fracturing on public lands on March 26, 2015. The rule contains disclosure requirements and other mandates for well integrity and management of water produced by the process.

Legislation has been introduced before Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. If hydraulic fracturing is regulated at the federal level, our fracturing activities could become subject to additional permit or disclosure requirements, associated permitting delays, operational restrictions, litigation risk and potential cost increases. Additionally, certain members of Congress have called upon the United States Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources, the SEC to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing, and the United States Energy Information Administration to provide a better understanding of that agency s estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. The United States Geological Survey Offices of Energy Resources Program, Water Resources and Natural Hazards and Environmental Health Offices also have ongoing research projects on hydraulic fracturing. These ongoing studies, depending on their course and outcomes, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory processes.

Further, on August 16, 2012, the EPA issued final rules subjecting all new and modified oil and gas operations (production, processing, transmission, storage, and distribution) to regulation under the New Source Performance Standards (NSPS) and all existing and new operations to the National Emission Standards for Hazardous Air Pollutants (NESHAP) programs. The EPA rules also include NSPS standards for completions of hydraulically fractured gas wells. These standards require the use of reduced emission completion (REC) techniques developed in the EPA s Natural Gas STAR program along with the pit flaring of gas not sent to the gathering line beginning in January 2015. The standards are applicable to newly drilled and fractured wells as well as existing wells that are refractured. Further, the regulations under NESHAP include maximum achievable control technology (MACT) standards for those glycol dehydrators and certain storage vessels at major sources of hazardous air pollutants not currently subject to MACT standards. These rules will require additional control equipment, changes to procedure, and extensive monitoring and reporting. The EPA stated in January 2013, however, that it intends to reconsider portions of the final rule. On September 23, 2013, the EPA published new standards for storage tanks subject to the NSPS. In December 2014, the EPA finalized additional updates to the 2012 NSPS. The amendments clarified stages for flowback and the point at which green completion equipment is required and updated requirements for storage tanks and leak detection requirements for processing plants. In March of 2015, the EPA proposed additional changes to previously issued regulatory requirements, including revisions to applicability language for storage tanks. The EPA has stated that it continues to review other issues raised in petitions for reconsideration. We are currently evaluating the effect of these rules on our business.

Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition, including litigation, to oil and gas production activities using hydraulic fracturing techniques. Disclosure of chemicals used in the hydraulic fracturing process could make it easier for third parties opposing such activities to pursue legal proceedings against producers and service providers based on allegations that specific chemicals used in the fracturing process could adversely affect human health or the environment, including groundwater. Over the past year, several court cases have addressed aspects of hydraulic fracturing. In a case that could delay operations on public lands, a court in California held that the BLM did not adequately consider the impact of hydraulic fracturing and horizontal drilling before issuing leases. Courts in New York and Colorado reduced the level of evidence required before a court will agree to consider alleged damage claims from hydraulic fracturing by property owners. Litigation resulting in financial compensation for damages linked to hydraulic fracturing could spur future litigation and bring increased attention to the practice of hydraulic fracturing. Judicial decisions could also lead to increased regulation, permitting requirements, enforcement actions, and penalties. Additional legislation or regulation could also lead to operational delays or restrictions or increased costs in the exploration for and production of oil, natural gas, and associated liquids, including from the development of shale plays, or could make it more difficult to perform hydraulic fracturing. The adoption of additional federal, state, or local laws, or the implementation of new regulations, regarding hydraulic fracturing could potentially cause a decrease in the completion of new oil and gas wells, or an increase in compliance costs and delays, which could adversely affect our financial position, results of operations, and cash flows.

Our ability to produce crude oil, natural gas and associated liquids economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for our drilling operations and/or completions or are unable to dispose of or recycle the water we use at a reasonable cost and in accordance with applicable environmental rules.

The hydraulic fracturing process on which we and others in our industry depend to complete wells that will produce commercial quantities of crude oil, natural gas, and NGLs requires the use and disposal of significant quantities of water.

Our inability to secure sufficient amounts of water, or to dispose of or recycle the water used in our operations, could adversely impact our operations. Moreover, the imposition of new environmental initiatives and regulations could include restrictions on our ability to conduct certain operations such as hydraulic fracturing or disposal of wastes, including, but not limited to, produced water, drilling fluids, and other wastes associated with the exploration, development, or production of crude oil, natural gas, and NGLs.

Compliance with environmental regulations and permit requirements governing the withdrawal, storage, and use of surface water or groundwater necessary for hydraulic fracturing of wells may increase our operating costs and cause delays, interruptions, or termination of our operations, the extent of which cannot be predicted, all of which could have an adverse effect on our operations and financial condition.

Certain United States federal income tax deductions currently available with respect to oil and natural gas exploration and production may be eliminated as a result of future legislation.

Recent federal budget proposals, if enacted into law, would eliminate certain key United States federal income tax incentives currently available to oil and natural gas exploration and production companies. These potential changes include:

- the elimination of current deductions for intangible drilling and development costs;
- the repeal of the percentage depletion allowance for oil and natural gas properties;
- the elimination of the deduction for certain domestic production activities; and
- an extension of the amortization period for certain geological and geophysical expenditures.

It is unclear when or if these or similar changes will be enacted. The passage of legislation enacting these or similar changes in federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development. Any such changes could have an adverse effect on our financial position, results of operations and cash flows.

Legislative and regulatory initiatives related to global warming and climate change could have an adverse effect on our operations and the demand for crude oil, natural gas and NGLs.

In December 2009, the EPA made a finding that emissions of carbon dioxide, methane, and other greenhouse gases endanger public health and the environment because emissions of such gases contribute to warming of the earth s atmosphere and other climatic changes. Based on this finding, the EPA has over the past four years adopted and implemented a comprehensive suite of regulations to restrict and otherwise regulate emissions of greenhouse gases under existing provisions of the CAA. In particular, the EPA has adopted two sets of rules regulating greenhouse gas emissions under the CAA. One rule requires a reduction in greenhouse gas emissions from motor vehicles, and the other regulates permitting and greenhouse gas emissions from certain large stationary sources. These EPA regulatory actions have been challenged by various industry groups, initially in the D.C. Circuit, which in 2012 ruled in favor of EPA in all respects. However, in June 2014, the United States Supreme Court reversed the D.C. Circuit and struck down EPA s greenhouse gas permitting rules to the extent they impose a requirement to obtain a permit based solely on emissions of greenhouse gases. The D.C. Circuit vacated regulatory

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requirements applicable to these sources in 2015; however, large sources of air pollutants other than greenhouse gases would still be required to implement the best available control technology for greenhouse gases. The EPA has also adopted reporting rules for greenhouse gas emissions from specified greenhouse gas emission sources in the United States, including petroleum refineries as well as certain onshore oil and natural gas extraction and production facilities. Several other kinds of cases on greenhouse gases have been heard by the courts in recent years. While courts have generally declined to assign direct liability for climate change to large sources of greenhouse gas emissions, some have required increased scrutiny of such emissions by federal agencies and permitting authorities. There is a continuing risk of claims being filed against companies that have significant greenhouse gas emissions, and new claims for damages and increased government scrutiny will likely continue. Such cases often seek to challenge air emissions permits that greenhouse gas emitters apply for, seek to force emitters to reduce their emissions, or seek damages for alleged climate change impacts to the environment, people, and property. Any court rulings, laws or regulations that restrict or require reduced emissions of greenhouse gases could lead to increased operating and compliance costs, and could have an adverse effect on demand for the oil and natural gas that we produce.

The United States Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases, and almost one-half of the states have already taken measures to reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Most of these cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances. The number of allowances available for purchase is reduced each year in an effort to achieve the overall greenhouse gas emission reduction goal. Recently, the Congressional Budget Office provided Congress with a study on the potential effects on the United States economy of a tax on greenhouse gas emissions. While carbon tax legislation has been introduced in the Senate, the prospects for passage of such legislation are highly uncertain at this time.

On June 25, 2013, President Obama outlined plans to address climate change through a variety of executive actions, including reduction of methane emissions from oil and gas production and processing operations as well as pipelines and coal mines (the Climate Plan). The President s Climate Plan, along with recent regulatory initiatives and ongoing litigation filed by states and environmental groups, signal a new focus on methane emissions, which could pose substantial regulatory risk to our operations. In March 2014, President Obama released a strategy to reduce methane emissions, which directed the EPA to consider additional regulations to reduce methane emissions from the oil and gas sector. On January 14, 2015, the Obama Administration announced additional steps to reduce methane emissions from the oil and gas sector by 40 to 45 percent by 2025. These actions include a commitment from the EPA to issue new source performance standards for methane emissions from the oil and gas sector. The EPA plans to propose the rule in 2015 and finalize the standards in 2016. The focus on regulating methane also could eventually result in:

- requirements for methane emission reductions from existing oil and gas equipment;
- increased scrutiny for sources emitting high levels of methane, including during permitting processes;
- analysis, regulation and reduction of methane emissions as a requirement for project approval; and
- actions taken by one agency for a specific industry establishing precedents for other agencies and industry sectors.

In relation to the Climate Plan, both assumed Global Warming Potential (GWP) and assumed social costs associated with methane and other greenhouse gas emissions have been finalized, including a 20% increase in the GWP of methane. Changes to these measurement tools could adversely impact permitting requirements, application of agencies existing regulations for source categories with high methane emissions, and determinations of whether a source qualifies for regulation under the CAA.

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Finally, it should be noted that some scientists have predicted that increasing concentrations of greenhouse gases in the earth s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events. Some scientists refute these predictions. However, President Obama s Climate Plan emphasizes preparation for such events. If such effects were to occur, our operations could be adversely affected. Potential adverse effects could include disruption of our production activities, including, for example, damages to our facilities from flooding or increases in our costs of operation or reductions in the efficiency of our operations, as well as potentially increased costs for insurance coverage in the aftermath of such events. Significant physical effects of climate change could also have an indirect effect on our financing and operations by disrupting the transportation or process-related services provided by midstream companies, service companies or suppliers with whom we have a business relationship. We may not be able to recover through insurance some or any of the damages, losses or costs that may result from potential physical effects of climate change. Federal regulations or policy changes regarding climate change preparation requirements could also impact our costs and planning requirements.

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Current or proposed financial legislation and rulemaking could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), which was signed into law on July 21, 2010, establishes, among other provisions, federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. The Dodd-Frank Act also establishes margin requirements and certain transaction clearing and trade execution requirements. On October 18, 2011, the Commodities Futures Trading Commission (the CFTC) approved regulations to set position limits for certain futures and option contracts in the major energy markets, which were successfully challenged in federal district court by the Securities Industry Financial Markets Association and the International Swaps and Derivatives Association and largely vacated by the court. On November 5, 2013, the CFTC proposed new rules that would place limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. The comment period on these new rules has been reopened multiple times since comments were first due in early January 2014, and as these new position limit rules are not yet final, the impact of those provisions on us is uncertain at this time.

Under CFTC final rules promulgated under the Dodd-Frank Act, we believe our derivatives activity will qualify for the non-financial, commercial end-user exception, which exempts derivatives intended to hedge or mitigate commercial risk from the mandatory swap clearing requirement. The Dodd-Frank Act may also require us to comply with margin requirements in our derivative activities, although the application of those provisions to us is uncertain at this time. The financial reform legislation may also require the counterparties to our derivative instruments to spin off some of their derivatives activities to separate entities, which may not be as creditworthy as the current counterparties. Therefore, the Dodd-Frank Act and the rules promulgated thereunder could significantly increase the cost of derivative contracts (including through requirements to post collateral), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties.

If we reduce our use of derivatives as a result of the Dodd-Frank Act and related regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil and gas prices, which some legislators attributed