

SM ENERGY COMPANY
CORPORATE GOVERNANCE GUIDELINES
As Amended and Adopted by the Board of Directors on December 6, 2011

These Corporate Governance Guidelines have been adopted by the Board of Directors (the “**Board**”) of SM Energy Company (the “**Company**”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitor the effectiveness of decision making and oversight at both the Board and management level with a view to enhancing stockholder value over the long term. These Guidelines are in addition to and are not intended to change or interpret any federal or state law, rule or regulation, including the Delaware General Corporation Law, the Company’s certificate of incorporation or the Company’s bylaws.

I. Board Size and Composition

1. Board Size

The Company’s bylaws require that the Board contain at least three directors. Subject to that requirement, the size of the Board may vary, based in part on the scope and nature of the Company’s business. Board size should facilitate active interaction and participation by all directors and may to some extent reflect the availability of particular candidates with expertise of value to the Company. The Board should review from time to time the appropriateness of its size and may from time to time consider expanding its size to accommodate outstanding candidates.

2. Director Qualification Standards

The Board as a whole shall have broad and relevant experience in high policy making levels in business and shall be committed to representing the long-term interests of the stockholders. Each director shall have experience in positions of responsibility and leadership, an understanding of the Company’s business environment and a reputation for integrity.

The Nominating and Corporate Governance Committee (the “**NCG Committee**”) shall be responsible for identifying and recommending directors for nomination by the Board for election as members of the Board, and shall consider factors such as character, judgment, diversity, age, expertise, industry experience, length of service, independence, and other board commitments. Stockholders may nominate persons for election to the Board in accordance with the Company’s bylaws. The Board will evaluate each potential nominee individually and in the context of the Board as a whole, with the objective of recommending a group that can best contribute to the long-term success of the Company and represent stockholder interests through the exercise of sound judgment. In determining whether to recommend a director for re-election, the NCG Committee shall also consider the director’s (i) past attendance at meetings, (ii) participation in and contributions to the activities of the Board and its committees, (iii) term of service on the Board, and (iv) age.

3. Majority of Independent Directors

The Board shall be comprised of a majority of directors who qualify as independent directors under the rules and listing standards of the New York Stock Exchange and any applicable rules or regulations of the Securities and Exchange Commission (“*SEC*”). The Board shall review on an annual basis the relationship that each director has with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company. Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company and otherwise meet the rules and listing standards of the New York Stock Exchange and the applicable rules and regulations of the SEC for independent directors will be considered independent directors.

4. Chairman of the Board

The Board shall appoint on an annual basis a director as the Chairman of the Board, who may also be the Chief Executive Officer of the Company. In considering whether a single individual or two different individuals should fill the roles of Chairman of the Board and Chief Executive Officer, the Board should consider a number of factors, including the scope and nature of the Company’s business, the composition of the Board, current candidates for such positions, and the Company’s succession planning goals. The Chairman of the Board shall be responsible for presiding at all meetings of the Board and the Company’s stockholders.

5. Non-Management Executive Sessions

The Chair of the NCG Committee shall serve as the lead independent director, unless the Board appoints another director to serve in that role, and shall be responsible for chairing regular executive sessions of non-management directors, which are the independent directors and any directors who are not officers of the Company but are not considered independent due to a current or former relationship with the Company. If such executive sessions of non-management directors include directors who are not independent, the lead independent director shall also chair an executive session including only independent directors at least once a year. The name of the Chair of the NCG Committee shall be published in the Company’s annual proxy statement and on the Company’s website, along with a means for all interested parties, including the Company’s stockholders, to communicate directly with such Chair or with the independent directors as a group.

6. Term of Office and Term Limits

All directors of the Company are elected annually to serve for a term of one year or until their earlier resignation or their successors are elected and qualified. The Board does not believe that it should establish term limits for directors because such limits may result in the loss of valuable contributions from directors who have been able to develop over time an increasing insight with respect to the Company and its business. The NCG Committee shall consider steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo.

7. Retirement of Directors

The Board believes that, regardless of age, experienced individuals are able to make a substantial contribution to the Company; therefore, the Board has determined that no mandatory retirement age for any director shall be imposed. The Board also believes that it is in the best interests of the Company that any director whose health, physical condition or other circumstances would prevent him or her from satisfactorily fulfilling the responsibilities of his or her position as a director (a) be expected to promptly resign from the Board; or (b) take a leave of absence if such circumstances are reasonably expected to be of limited duration.

8. Former Executive Officer's Board Membership

If an executive officer of the Company who is a member of the Board tenders a resignation to the Company from his or her executive officer position, and if requested by the NCG Committee and approved by the Board, then he or she shall immediately offer his or her resignation from the Board. A former executive officer will not be considered to be an independent director for the longer of (a) the period required by the rules of the New York Stock Exchange, or (b) the period required by the rules of the SEC.

9. Change in Professional Responsibilities

The Board does not believe that directors who retire or experience a significant change in their professional or business responsibilities, including a change in their principal occupation, position or business affiliation, should necessarily resign from the Board as a result of such event. However, in such event, the affected director shall notify the Board of any such change and the NCG Committee and the Board may review the continued appropriateness of Board membership under such circumstances. If requested by the NCG Committee and approved by the Board, the affected director shall immediately offer his or her resignation from the Board.

10. Incumbent Directors

In order for any incumbent director to become a nominee of the Board for further service on the Board, such person must submit an irrevocable resignation, contingent upon (i) that person not receiving, in accordance with the Company's bylaws, the affirmative vote of the holders of a majority of the shares of capital stock in an election of directors, and (ii) acceptance of that resignation by the Board in accordance with the policies and procedures adopted by the Board for such purpose. In the event that an incumbent director does not receive, in accordance with the Company's bylaws, the affirmative vote of the holders of a majority of the shares of capital stock in an election of directors, the NCG Committee, or such other committee designated by the Board pursuant to the Company's bylaws, shall make a recommendation to the Board as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board shall act on the resignation, taking into account the NCG Committee's recommendation, and publicly disclose (by a press release and/or the filing of an appropriate disclosure with the SEC) its decision regarding the resignation and, if such resignation is rejected, the rationale behind the decision, within ninety (90) days following certification of the election results. The NCG Committee, in making its recommendation, and

the Board, in making its decision, may each consider any factors and other information that they respectively consider appropriate and relevant.

An incumbent director who does not receive, in accordance with the Company's bylaws, the affirmative vote of the holders of a majority of the shares of capital stock in an election of directors and who tenders his or her resignation pursuant to this section shall remain active and engaged in Board activities while the NCG Committee and the Board decide whether to accept or reject such resignation, or whether other action should be taken; provided, however, that it is expected that such incumbent director shall not participate in any proceedings by the NCG Committee or the Board regarding whether to accept or reject such director's resignation, or whether to take other action with respect to such director.

II. Board Responsibilities and Duties

The Board's principal role is to promote the best interests of the Company by providing general direction and oversight for the management of the Company's business and affairs. The Board's responsibilities and duties include:

- reviewing, approving and monitoring fundamental operating, financial and other Company plans, strategies and objectives;
- selecting the Chief Executive Officer and regularly evaluating the performance of the Chief Executive Officer, subject to matters for which the Compensation Committee is directly responsible as set forth in the Charter of the Compensation Committee;
- selecting the senior executive officers (other than the Chief Executive Officer) and regularly evaluating and approving the compensation of such officers in accordance with the terms of the Charter of the Compensation Committee;
- developing, approving and implementing succession plans for the Chief Executive Officer and other senior executive officers;
- evaluating the performance of the Company and its senior executive officers and taking action, including changing plans, strategies and objectives and replacing senior executive officers when appropriate;
- reviewing and approving major corporate transactions;
- determining the amount and timing of dividends and other distributions to stockholders;
- reviewing and approving transactions with respect to the capital stock of the Company;
- adopting policies of corporate conduct and monitoring compliance with those policies and with applicable laws, rules and regulations;

- reviewing the adequacy of accounting, financial, disclosure and other internal controls and requiring such changes or additions as may be necessary;
- reviewing the process of providing appropriate financial and operational information to decision makers (including directors) and stockholders;
- establishing committees of the Board, appointing the members and chairs of such committees and overseeing the performance of such committees; and
- evaluating the overall effectiveness of the Board.

Each director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which the director sits, and review in advance the meeting materials for such meetings. Directors are expected to attend the Company's annual meeting of stockholders. A director who is unable to attend a meeting shall notify the Chairman of the Board or the chair of the appropriate committee in advance of such meeting.

III. Director Access to Management and Independent Advisors

Directors shall have complete access to the Company's management and to information that they believe is necessary to fulfill their obligations as Board members. In addition, directors shall have, as necessary and appropriate, access to independent advisors at the Company's expense.

IV. Director Compensation

Directors who are not employed by the Company shall be paid reasonable compensation for their services as Board members, including reasonable additional compensation for serving on any Board committee. Directors who are employees of the Company shall not be paid any compensation in addition to their normal employment compensation for serving on the Board or any Board committee.

The compensation of directors who are not employed by the Company shall be reviewed annually by the Compensation Committee, which shall make recommendations to the Board regarding the form and amount of compensation. In discharging their respective duties in this respect, the Compensation Committee and the Board shall be guided by the following general principles:

- compensation should fairly pay directors who are not employed by the Company for their services and responsibilities required for an entity of the Company's scope and the nature of its business, and the Company's director compensation practices shall be reasonable when compared to other companies in the Company's peer group and in light of the recommendations of any consultant retained by the Compensation Committee;
- compensation should align directors' interests with the long-term interests of the Company's stockholders; and

- structural components of director compensation should be simple, transparent and understandable.

The foregoing principles shall be periodically reviewed by the Compensation Committee and the Board. The Compensation Committee and the Board shall also evaluate indirect forms of compensation, including any charitable contributions by the Company to organizations with which a director is affiliated and consulting or other similar arrangements between the Company and a director.

V. Director Orientation and Continuing Education

The Company has adopted a Director Orientation and Continuing Education Policy. The Company shall conduct an orientation program for each new director concerning the Company, which will include presentations by senior management with respect to the Company's operations, strategic plans, financial reporting and auditing, and its Code of Business Conduct and Ethics.

Directors are encouraged, as necessary and appropriate, to periodically attend director continuing education programs in accordance with the terms of the Director Orientation and Continuing Education Policy.

VI. Service on Other Boards

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors should serve on only a limited number of boards of other companies, whether public or private. Audit Committee members should also not serve on the audit committees of more than two other public companies.

In general, employees of the Company should devote their full business time and attention to the operation and management of the Company. If any employee of the Company who is not a member of the Board desires to join the board of directors (or other governing body) of any corporation or other entity organized for profit in the oil and gas industry or any other industry (any such board of directors, an "**Other Board**"), he or she should advise the Company's General Counsel of his or her desire to do so, prior to agreeing to be considered for nomination, and the General Counsel will advise the NCG Committee. Employees of the Company should also advise the NCG Committee of any Other Boards on which they serve as of the effective date of these guidelines. The NCG Committee will consider whether or not the employee and the Company will benefit from the employee's service on such board and if such membership will create any conflicts of interest or interfere with or detract from the employee's responsibilities to the Company. Any employee of the Company, including the CEO, must obtain approval from the NCG Committee before commencing or continuing service, as applicable, on any Other Board. The NCG Committee will report Other Board involvement to the Board as approved and review all Other Board involvement on an annual basis. The NCG Committee shall also consider the potential liability of the Company resulting from service by any employee on Other Boards.

VII. Committees; Committee Charters

The standing committees of the Board shall consist of the Executive Committee, the NCG Committee, the Audit Committee and the Compensation Committee. Additional committees may be formed as circumstances warrant.

Each standing committee shall have its own charter, which will set forth the principles, policies, objectives and responsibilities of the committee, and be composed of sitting directors of the Company as voting members. Periodically, each committee should review its existing charter and determine whether any amendments are required. Special committees of the Board may be appointed from time to time as the Board may determine as being in the best interests of the Company and its stockholders, composed of at least two sitting directors and such other persons, if any, as may be determined by the Board.

VIII. Management Succession

The Board, with the assistance of the NCG Committee, shall develop, approve and implement executive management succession and replacement plans, including policies and principles for the selection and performance review of the Chief Executive Officer, as well as policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer.

IX. Annual Performance Evaluation of the Board

The Board shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. This self-evaluation should include areas in which the Board believes a better contribution can be made going forward to increase the effectiveness of the Board. The self-evaluation will be submitted to the NCG Committee and such committee will then report back to the Board, and the full Board will consider and discuss the committee's report.

X. Formulation of Strategy; Oversight of Risk Management

The Board should be actively involved with management in formulating corporate strategy. The Board, as a whole and through its standing committees, is responsible for overseeing the Company's risk management processes. The Company's management is responsible for day-to-day risk management.

IX. Stockholder Communications

In the case of stockholder communications directed to the independent directors, the Chair of the NCG Committee shall facilitate review of and response to such communications by informing the NCG Committee and the Chairman of the Board of the communications and the committee shall determine how the communications should be addressed.

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The NCG Committee shall review and reassess the adequacy of these Guidelines annually, or more frequently if appropriate, and recommend any proposed changes to the Board for approval. These Guidelines shall be amended as appropriate to comply with all applicable requirements of the New York Stock Exchange. These Guidelines shall at all times be available on the Company's website.