

SM Energy Co
Form DEFA14A
April 28, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SM Energy Company
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
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April 26, 2011

Dear Stockholder:

This letter is furnished to you in connection with the solicitation of proxies for use at the 2011 Annual Meeting of Stockholders of SM Energy Company to be held in the Forum Room of Wells Fargo Bank, located at 1740 Broadway in Denver, Colorado, on Wednesday, May 25, 2011, at 3:30 p.m. local time, for the purposes set forth in the Proxy Statement mailed to all stockholders of record on or about April 12, 2011.

We have discovered that page F-2 of our 2010 Annual Report to Stockholders (the "2010 Annual Report") that was previously mailed with the Proxy Statement to all stockholders of record, and was part of the proxy materials available at www.proxyease.com/sm-energy/2011, reflected an inadvertent omission of the line items for Common stock, Additional paid-in capital, and Treasury stock from the consolidated balance sheets Stockholders' equity section. The line items for Retained earnings, Accumulated other comprehensive loss, and Total stockholders' equity were correctly set forth on page F-2 of our 2010 Annual Report. Page F-2 of our Annual Report on Form 10-K for the year ended December 31, 2010 as filed with the Securities and Exchange Commission on February 25, 2011, was correct in its entirety. The line items that were inadvertently omitted from page F-2 of our 2010 Annual Report are as follows (in thousands of dollars, except share amounts):

| | 2010 | December 31, | 2009 |
|--|---------|--------------|---------|
| Stockholders' equity: | | | |
| Common stock, \$0.01 par value authorized: 200,000,000 shares; issued: 63,412,800 shares in 2010 and 62,899,122 shares in 2009; outstanding, net of treasury shares: 63,310,165 shares in 2010 and 62,772,229 shares in 2009 | 634 | | 629 |
| Additional paid-in capital | 191,674 | | 160,516 |
| Treasury stock, at cost: 102,635 shares in 2010 and 126,893 shares in 2009 | (423) | | (1,204) |

A corrected page F-2 for our 2010 Annual Report is included with this letter, which is being mailed to all stockholders to whom a 2010 Annual Report was previously delivered, and page F-2 of our 2010 Annual Report available at www.proxyease.com/sm-energy/2011 has been corrected. We encourage you to read our consolidated financial statements in their entirety, including the accompanying notes thereto.

Very truly yours,

SM ENERGY COMPANY

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By:

/s/ A. Wade Pursell
A. Wade Pursell,
Executive Vice President and Chief Financial Officer

PART II. FINANCIAL INFORMATION**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA****SM ENERGY COMPANY AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands, except share amounts)**

| | December 31, | |
|--|---------------------|---------------------|
| | 2010 | 2009 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 5,077 | \$ 10,649 |
| Accounts receivable (note 2) | 163,190 | 116,136 |
| Refundable income taxes | 8,482 | 32,773 |
| Prepaid expenses and other | 45,522 | 14,259 |
| Derivative asset | 43,491 | 30,295 |
| Deferred income taxes | 8,883 | 4,934 |
| Total current assets | 274,645 | 209,046 |
| Property and equipment (successful efforts method), at cost: | | |
| Land | 1,491 | 1,371 |
| Proved oil and gas properties | 3,389,158 | 2,797,341 |
| Less - accumulated depletion, depreciation, and amortization | (1,326,932) | (1,053,518) |
| Unproved oil and gas properties | 94,290 | 132,370 |
| Wells in progress | 145,327 | 65,771 |
| Materials inventory, at lower of cost or market | 22,542 | 24,467 |
| Oil and gas properties held for sale (note 3) | 86,811 | 145,392 |
| Other property and equipment, net of accumulated depreciation of \$15,480 in 2010 and \$14,550 in 2009 | 21,365 | 14,404 |
| | 2,434,052 | 2,127,598 |
| Other noncurrent assets: | | |
| Derivative asset | 18,841 | 8,251 |
| Other noncurrent assets | 16,783 | 16,041 |
| Total other noncurrent assets | 35,624 | 24,292 |
| Total Assets | \$ 2,744,321 | \$ 2,360,936 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses (note 2) | \$ 417,654 | \$ 236,242 |
| Derivative liability | 82,044 | 53,929 |
| Deposit associated with oil and gas properties held for sale | 2,355 | 6,500 |
| Total current liabilities | 502,053 | 296,671 |
| Noncurrent liabilities: | | |
| Long-term credit facility | 48,000 | 188,000 |
| Senior convertible notes, net of unamortized discount of \$11,827 in 2010, and \$20,598 in 2009 | 275,673 | 266,902 |
| Asset retirement obligation | 69,052 | 60,289 |

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| | | |
|--|------------------|------------------|
| Asset retirement obligation associated with oil and gas properties held for sale | 2,119 | 18,126 |
| Net Profits Plan liability | 135,850 | 170,291 |
| Deferred income taxes | 443,135 | 308,189 |
| Derivative liability | 32,557 | 65,499 |
| Other noncurrent liabilities | 17,356 | 13,399 |
| Total noncurrent liabilities | 1,023,742 | 1,090,695 |

Commitments and contingencies (note 6)

Stockholders' equity:

Common stock, \$0.01 par value - authorized: 200,000,000 shares; issued: 63,412,800 shares in 2010 and 62,899,122 shares in 2009; outstanding, net of treasury shares:

| | | |
|--|------------------|----------------|
| 63,310,165 shares in 2010 and 62,772,229 shares in 2009 | 634 | 629 |
| Additional paid-in capital | 191,674 | 160,516 |
| Treasury stock, at cost: 102,635 shares in 2010 and 126,893 shares in 2009 | (423) | (1,204) |
| Retained earnings | 1,042,123 | 851,583 |
| Accumulated other comprehensive loss | (15,482) | (37,954) |
| Total stockholders' equity | 1,218,526 | 973,570 |

| | | |
|---|---------------------|---------------------|
| Total Liabilities and Stockholders' Equity | \$ 2,744,321 | \$ 2,360,936 |
|---|---------------------|---------------------|

The accompanying notes are an integral part of these consolidated financial statements.