

SM ENERGY COMPANY

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. Audit Committee Purpose

The Audit Committee (the “*Committee*”) is appointed by the Board of Directors (the “*Board*”) of SM Energy Company (the “*Company*”) to assist the Board in fulfilling its oversight responsibilities with respect to:

- the integrity of the Company’s financial statements and financial reporting process and systems of internal controls regarding finance, accounting and compliance with legal and regulatory requirements;
- the qualifications, independence and performance of the Company’s independent auditors;
- the performance of the Company’s internal audit function;
- the Company’s financial risk assessment and risk management policies;
- the Company’s compliance with legal and regulatory requirements relating to the above matters; and
- the maintenance of an effective avenue of communication among the independent auditors, individuals performing the finance, accounting, financial reporting and internal audit functions, management and the Board of Directors.

II. Audit Committee Authority

The Committee has the authority to conduct any investigation and to take any other action appropriate to fulfill its purpose and responsibilities, and it shall have direct access to the Company’s independent auditors as well as to any person in the Company. The Committee has the authority to retain, at the Company’s expense, special independent legal, accounting and other advisers and experts it deems necessary to advise and assist the Committee in the performance of its responsibilities. The Company shall provide for appropriate funding, as determined by the Committee, for the payment of compensation to any registered independent public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation to any advisers retained by the Committee, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

III. Audit Committee Composition and Meetings

Committee members shall meet the independence requirements of Section 10A(m)(3) of the Securities Exchange Act of 1934, Rule 10A-3(b)(1) of the Securities and Exchange

Commission (the “**SEC**”), the rules of the New York Stock Exchange (“**NYSE**”) and other applicable laws, rules and regulations. Each member of the Committee shall also meet the financial literacy requirements of the NYSE. The Committee shall be comprised of at least three directors appointed by the Board, each of whom shall be an independent, nonexecutive director without any relationship or activity that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a member of the Committee. All members of the Committee shall have a basic understanding of finance and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise and experience as required by the rules of the NYSE and shall qualify as an “audit committee financial expert” as defined under the rules of the SEC. No member of the Committee shall simultaneously serve on the audit committees of more than two other public companies. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action was taken.

The Committee members, including its Chair, shall be nominated by the Nominating and Corporate Governance Committee and appointed by the Board. If the Chair has not been designated or is not present, the members of the Committee may designate a Chair by majority vote of the Committee members. Members of the Committee may be removed by action by a majority of the independent directors of the Board.

The Committee shall meet at least four times annually, pursuant to an annual calendar of scheduled meetings with planned agenda items to be prepared and distributed each year to the members of the Committee, and more frequently as circumstances dictate. The Chair shall prepare an agenda in advance of each meeting. As circumstances dictate, but at least twice annually, the Committee shall meet privately in separate executive sessions with management, with the senior internal audit employee and with the independent auditors to discuss any matters that the Committee or any of these groups believe should be discussed.

IV. Audit Committee Responsibilities and Duties

Review Procedures

1. Review and reassess the adequacy of this Charter at least annually and submit any amendments of the Charter to the Board for approval. Provide a current copy of the Charter on the Company’s web site in accordance with applicable regulations.
2. Meet to review and discuss with management and the independent auditors the Company’s annual audited financial statements, including reviewing “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to their final completion and filing with the SEC. Review procedures should include discussions with financial management and the independent auditors of significant issues regarding accounting principles, practices and judgments.
3. Meet to review and discuss with financial management and the independent auditors the Company’s quarterly financial statements, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior

to final completion and release of earnings. Discuss any significant changes to the Company's accounting principles, practices and judgments and any items required to be communicated by the independent auditors to the Committee in accordance with Statement on Auditing Standards No. 114, *The Auditor's Communication with Those Charged with Governance* ("**SAS No. 114**"), as it may be amended or supplemented.

4. Review and discuss with financial management and, to the extent necessary, the independent auditors, earnings press releases and the type and presentation of information to be furnished in earnings press releases, including any pro forma or non-GAAP information, and financial information and earnings guidance provided to analysts and rating agencies.
5. Review and discuss with financial management significant findings of the independent auditors and the internal auditors, including the status of previous recommendations, together with management's responses thereto.
6. In consultation with financial management, the independent auditors and internal auditors, review and discuss the integrity of the Company's procedures for financial reporting and internal system of audit and financial and accounting controls, including the review and approval of an annual report of financial management on the foregoing.
7. Provide assistance to the Board of Directors in the oversight of the Company's risk assessment and management processes. Review and discuss with management the Company's risk assessment and risk management guidelines and policies with respect to the Company's significant risk exposures, and the steps management has taken as well as the specific guidelines and policies that have been established to monitor, control, mitigate and report such exposures. Such review and discussion shall cover the Company's oil, natural gas and natural gas liquids commodity price hedging arrangements, interest rate risk management, insurance coverage and cybersecurity efforts, as appropriate. In addition, the Committee shall review and approve any decision by the Company to enter into swaps that are exempt from exchange trading and clearing requirements. Notwithstanding the foregoing, the Committee shall have no authority to review risks related to the Company's compensation programs, which authority and responsibility the Board of Directors has delegated to its Compensation Committee.
8. Obtain reports from management and the Company's internal auditing department on the Company's compliance with the Company's Code of Business Conduct and Conflict of Interest Policy (the "**Code**"). Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Code. Review the procedures that the Company has implemented regarding compliance with the Code.

Independent Auditors

9. The Committee shall be directly and solely responsible for the appointment, compensation, retention and oversight of the work of any registered independent public accounting firm engaged by the Company (including resolution of any disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm shall have a reporting relationship directly with the Committee. The independent auditors shall be accountable to the Committee and the Board of Directors. The Committee, in conjunction with the Company's financial management and internal control personnel, shall review and evaluate the qualifications, independence and performance of the independent auditors. Such review and evaluation shall include a review and evaluation of the lead partner of the independent auditor, and the Committee shall monitor the regular rotation of the lead audit partner as required by law and shall periodically consider whether, in order to ensure continuing auditor independence, there should be regular rotation of the audit firm itself. The Committee shall present its conclusions with respect to the independent auditor to the Board.
10. The Committee shall pre-approve all auditing services to be provided, including the fees and any other significant compensation to be paid to the independent auditors. The Committee shall also pre-approve any non-audit services to be performed by the auditors, which non-audit services shall be permissible under law and not impair the independence of the auditors. Such pre-approval requirement shall be waived only if the non-audit services meet a de minimis exception allowed by law.
11. The Committee shall take appropriate action to oversee the independence of the auditors. Prior to the engagement of the auditors and at least annually thereafter, the Committee shall review and discuss with the independent auditors the auditors' independence and all significant services performed for and all relationships they have with the Company that could bear on the auditors' independence. The Committee shall, prior to the engagement of the auditors and at least annually thereafter, receive from the independent auditors a formal written statement delineating all relationships between the auditors and the Company, as required by Public Company Accounting Oversight Board Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence* ("**Rule 3526**"), as it may be amended or supplemented. At least annually following the auditors' engagement, the Committee shall also receive from the independent auditors a written affirmation confirming that, as of the date of the communication, the auditors are independent of the Company, as required by Rule 3526.
12. Review and approve the independent auditors' engagement letter and audit plan, and with respect to the audit, discuss with the auditors their scope, staffing, locations, reliance upon management and internal audit, and the general audit approach.

13. Review and discuss with the independent auditors (a) significant issues regarding the Company's financial reporting, accounting standards and principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting standards or principles, (b) the key accounting analyses and decisions affecting the Company's financial statements, including all critical accounting policies and practices to be used, and any analyses prepared by the independent auditors or management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the rationale for the decisions made, (c) all alternative disclosures and treatments within GAAP for policies and practices related to material items that have been discussed with management, including the effects on the financial statements and other ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors, (d) any significant issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of any material control deficiencies, (e) the effect of regulatory and accounting initiatives and (f) any audit problems or difficulties encountered and management's response thereto, including any difficulties the auditor encountered in the course of their audit work with respect to any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management. In addition, the Committee shall review with the auditor any other material written communications between the auditor and management, such as any schedule of any accounting adjustments that were noted or proposed by the auditor but were not made (for any reason) or any management or internal control letter issued or proposed to be issued by the auditors to the Company, and any communications between the audit team and the audit firm's national office with respect to auditing or accounting issues presented by the engagement.
14. Review and discuss at least annually a report from the independent auditors on the auditing firm's internal quality-control procedures; any material issues raised within the preceding five years by the auditors' internal quality-control reviews, by peer reviews of the auditors or by any governmental, professional or other inquiry or investigation relating to any audit conducted by the auditors; the steps taken by the auditors to address any such issues in any of the foregoing reviews, inquiries or investigations; and (to assess the auditors' independence) all relationships between the auditors and the Company.
15. Establish policies with respect to the Company's hiring of employees or former employees of the independent auditors.
16. Terminate and replace the independent auditors when determined appropriate solely by the Committee.

Internal Auditors

17. The internal audit department shall be responsible to management, but have a reporting relationship directly with the Committee with respect to internal audit matters.
18. The internal audit function shall provide management and the Committee with ongoing assessments of the Company's risk management processes and system of internal controls.
19. Review and approve the internal audit plan, scope, responsibilities, budget, staffing, procedures, locations and general internal audit approach.
20. Review and discuss the organizational structure of the internal audit department and the qualifications of internal audit personnel, as needed.
21. Review and discuss the appointment, performance and replacement of the senior internal audit staff. Changes to senior internal audit staff shall be subject to Committee approval.

Legal Compliance

22. On at least a quarterly basis, review with the Company's general counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and any inquiries with respect thereto received from regulators or governmental agencies.

Other Audit Committee Responsibilities

23. Based on the review and discussion of the audited financial statements with management and with the independent auditors, and on the discussion with the independent auditors of the matters required to be discussed by SAS No. 114 and the independent auditors' independence, provide a report to the Board regarding such review and recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for filing with the SEC.
24. Review and discuss with management and the Company's independent engineers the annual evaluation of the Company's oil, natural gas and natural gas liquid reserves.
25. Review and discuss with financial management and the independent auditors any off-balance sheet transactions and the effect of any off-balance sheet structures on the financial statements of the Company.
26. Review and approve all related party transactions of the Company in accordance with the Company's Related Person Transactions Policy.

27. Establish procedures for the receipt, retention and treatment of any complaints received by the Company regarding accounting, internal accounting controls or auditing matters of the Company, and the confidential, anonymous submission by employees of the Company of any concerns regarding accounting or auditing matters.
28. Review and discuss with management the certifications provided by management with respect to financial reports filed by the Company with the SEC and the processes utilized therefor.
29. Prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K, as promulgated by the SEC.
30. Cause all required corrective actions to be taken with respect to the matters and activities described in this Charter.
31. Perform any other activities consistent with this Charter, the Company's bylaws or governing laws and regulations as the Committee or the Board deems necessary or appropriate.
32. Maintain minutes of meetings and regularly report to the Board on significant results of the activities described in this Charter.
33. Present to the Board annually a self-evaluation of the performance of the Committee.

While the Committee has the oversight responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP. These items are the responsibility of management and the independent auditors. It is also not the duty of the Committee to conduct all investigations, other than those contemplated by this Charter, or to ensure compliance with all laws and regulations.

This Charter shall be amended as appropriate to comply with all applicable requirements of laws and regulations of the SEC and the NYSE.

As amended by the Board of Directors on July 26, 2016.