

CIMAREX ENERGY CO  
Form DEF 14A  
April 01, 2014  
Table of Contents

**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(3)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Cimarex Energy Co.

(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):

Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o 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.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

1700 Lincoln Street, Suite 1800  
Denver, CO 80203-4518

## **NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS**

<b>TIME AND DATE</b>	9:00 a.m. Central Daylight Time on Thursday, May 15, 2014
<b>PLACE</b>	Hyatt Regency Tulsa 100 East Second Street Tulsa, Oklahoma, USA, 74103
<b>ITEMS OF BUSINESS</b>	Item 1. Election of Directors  Item 2. Advisory vote to approve executive compensation  Item 3. Approve 2014 Equity Incentive Plan  Item 4. Ratification of independent auditors  Transact any other business that properly comes before the Meeting and any adjournment or postponement of the Meeting
<b>RECORD DATE</b>	March 19, 2014
<b>MAILING DATE TO SHAREHOLDERS</b>	April 4, 2014
<b>MATERIALS TO REVIEW</b>	This booklet contains our Notice of 2014 Annual Meeting and Proxy Statement. Our 2013 Annual Report is available on our website at <a href="http://www.cimarex.com">www.cimarex.com</a> .

**PROXY VOTING**

It is important that your shares be represented and voted at the Meeting. You can vote your shares by following the Internet or telephone instructions on page 8 of this proxy statement. If you received a paper copy of the proxy card, you may also vote by completing and mailing the proxy card in the postage-paid envelope provided for your convenience. You may also attend and vote at the Annual Meeting. You may revoke your proxy at any time before the vote is taken by following the instructions on page 10 of this proxy statement.

April 4, 2014

Mary Kay Rohrer  
Corporate Secretary

---

Table of Contents

**TABLE OF CONTENTS**

	<b>Page No.</b>
<u>Voting Information</u>	2
<u>Proxy Statement Summary</u>	3
<u>Proxy Statement</u>	7
<u>Questions and Answers</u>	8
<u>Election of Directors (Item 1)</u>	12
<u>Election Process</u>	12
<u>Director Nominations</u>	13
<u>Director Qualifications</u>	13
<u>2013 Nominees for Class III Directors</u>	13
<u>Continuing Directors</u>	15
<u>Director Compensation</u>	17
<u>Corporate Governance</u>	18
<u>Board and Committee Information</u>	19
<u>Board Leadership Structure</u>	20
<u>Board Committees</u>	21
<u>Director Independence and Related Person Transactions</u>	22
<u>Risk Oversight</u>	23
<u>Executive Sessions</u>	23
<u>Shareholder Engagement</u>	23
<u>Stock Ownership Directors, Management and Certain Beneficial Owners</u>	24
<u>Compensation Discussion and Analysis</u>	26
<u>Compensation and Governance Committee Report</u>	40
<u>Compensation Tables</u>	41
<u>Summary Compensation Table</u>	41
<u>2013 Grants of Plan-Based Awards</u>	43
<u>Outstanding Equity Awards at December 31, 2013</u>	44
<u>2013 Option Exercises and Restricted Stock Vested</u>	45
<u>2013 Nonqualified Deferred Compensation</u>	45
<u>Potential Payments upon Change in Control or Termination</u>	46
<u>Advisory Vote to Approve Executive Compensation (Item 2)</u>	49
<u>Approve 2014 Equity Incentive Plan (Item 3)</u>	49
<u>Report of Audit Committee</u>	56
<u>Ratification of Independent Auditors (Item 4)</u>	57
<u>Audit and Non-Audit Fees</u>	57
<u>Policy for Approval of Audit, Audit-Related and Tax Services</u>	57
<u>Other Matters</u>	58
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	58
<u>Complaint and Reporting Procedures</u>	58

Table of Contents

## VOTING INFORMATION

### WE WANT TO HEAR FROM YOU VOTE TODAY

It is important that you vote. Please carefully review the proxy materials for the 2014 Annual Meeting of Shareholders and follow the instructions below to cast your vote on all of the voting matters.

### Voting Matters and Board Recommendations

	Our Board's Recommendation
Election of Directors (page 12)	FOR each Director Nominee
Advisory Vote to Approve Executive Compensation (page 49)	FOR
Approve 2014 Equity Incentive Plan (page 49)	FOR
Ratification of Independent Auditors (page 57)	FOR

### Advance Voting Methods

Even if you plan to attend the 2014 Annual Meeting of Shareholders in person, please vote right away using one of the following advance voting methods (see page 8 for additional details). **Make sure to have your proxy card or voting instruction form in hand and follow the instructions.**

#### You can vote in advance in one of three ways:

Visit the website listed on your proxy card/voting instruction form to vote **VIA THE INTERNET**

Call the telephone number on your proxy card/voting instruction form to vote **BY TELEPHONE**

Sign, date and return your proxy card/voting instruction form in the enclosed envelope to vote **BY MAIL**

### Voting at our 2014 Annual Meeting of Shareholders

All shareholders of record may vote in person at the 2014 Annual Meeting of Shareholders, which will be held on Thursday, May 15, 2014 at 9:00 a.m., local time, at the Hyatt Regency Tulsa, 100 East Second Street, Tulsa, Oklahoma. Beneficial owners may vote in person at the meeting if they have a legal proxy, as described in the response to question 14 on page 11 of Questions and Answers about the Meeting and Voting.

[Table of Contents](#)

## Proxy Statement Summary

### Director Nominees (page 12)

You are being asked to vote on the following four Director Nominees. Directors are elected by a majority of votes cast. Detailed information about each Director's background, skill sets and areas of expertise can be found beginning on page 12.

NAME	AGE	DIRECTOR SINCE	POSITION	INDEPENDENT	AC	C/G	NOM	OTHER PUBLIC BOARDS
David A. Hentschel	80	2002	Retired, former Chairman and CEO, Occidental Oil and Gas Corporation	Yes		X	X	0
Thomas E. Jordan	56	2011	Chairman and CEO, President, Cimarex Energy Co.	No				0
Floyd R. Price	65	2012	Retired, former executive officer, Apache Corp.	Yes	X		X	1
L. Paul Teague	79	2002	Retired, former Vice President Texaco USA	Yes		X	X	0

### Continuing Directors (page 15)

The following are Cimarex's continuing Directors. Detailed information about each Director's background, skill sets and areas of expertise can be found beginning on page 15.

NAME	AGE	DIRECTOR SINCE	TERM EXPIRES	POSITION	INDEPENDENT	AC	C/G	NOM	OTHER PUBLIC BOARDS
Joseph R. Albi	55	2011	2015	Chief Operating Officer	No				0
Jerry Box	75	2005	2015	Chairman, Newpark Resources	Yes		X	X	1
Hans Helmerich	55	2002	2016	Chairman and former CEO of Helmerich & Payne	Yes		X	X	3
Harold R. Logan	69	2009	2016	Chairman, Suburban Propane Partners L.P.	Yes	X		X	2
Monroe W. Robertson	64	2005	2016	Private investor	Yes	X		X	1
Michael J. Sullivan	74	2002	2015	Senior Attorney, Lucas Roca	Yes	X		X	1

Rothgerber

AC Audit Committee  
C/G Compensation and Governance Committee  
NOM Nominating Committee

## **Governance Highlights** (page 18)

Cimarex is committed to good corporate governance, which promotes the long-term interests of shareholders, strengthens the Board of Directors, fosters management accountability, and helps build public trust in Cimarex. Highlights include:

- 8 of 10 independent directors
- Independent Lead Director
- Majority Voting
- Active Shareholder Engagement
- Clawback policy
- Non-Hedging and Non-Pledging Policies
- Director and Management Stock Ownership Guidelines
- No Tax Gross Ups

Table of Contents**2013 Executive Compensation** (page 29)

Below is the 2013 compensation for each Named Executive Officer as determined under the Securities and Exchange Commission ( SEC ) rules. See the notes accompanying the 2013 Summary Compensation Table on page 42 for more information.

<b>Name and Principal Position</b>	<b>Salary</b>	<b>Bonus</b>	<b>Stock Awards</b>	<b>Option Awards</b>	<b>Non-Equity Incentive Plan Comp.</b>	<b>All Other Comp.</b>	<b>Total</b>
Thomas E. Jorden Chairman and Chief Executive Officer	\$ 751,616	\$	\$ 4,785,000	\$	\$ 1,620,000	\$ 58,975	\$ 7,215,591
Paul Korus Senior Vice President, Chief Financial Officer	\$ 463,539	\$	\$ 2,791,250	\$	\$ 750,000	\$ 48,440	\$ 4,053,229
Joseph R. Albi Chief Operating Officer	\$ 523,077	\$	\$ 3,190,000	\$	\$ 930,000	\$ 48,440	\$ 4,691,517
Stephen P. Bell Executive Vice President-Business Development	\$ 428,654	\$	\$ 2,791,250	\$	\$ 750,000	\$ 56,436	\$ 4,026,340
John A. Lambuth Vice President-Exploration	\$ 368,654	\$	\$ 2,791,250	\$	\$ 645,000	\$ 48,440	\$ 3,853,344

**A Significant Portion of our CEO s 2013 Compensation is At Risk**

The accompanying graph illustrates our CEO s 2013 at-risk compensation. A significant portion of reported compensation is an incentive for future performance and realized only if Cimarex meets certain performance measures.



Table of Contents

**How CEO Pay is Tied to Cimarex's Performance** (page 34)

Our compensation programs are designed to align performance incentives with the long-term interests of our shareholders. The programs also provide competitive total compensation opportunities that retain, and attract when needed, executive talent and link compensation earned to achievement of short-term and long-term financial and strategic objectives. Our Compensation and Governance Committee considers performance in two primary ways:

- Cimarex's operating performance; and
- Return to shareholders over time, both on an absolute basis and relative to other companies in the S&P Oil & Gas Exploration Index and our compensation peer group (see page 38).

***2013 Financial and Operating Highlights***

- Total shareholder return of 82.9% on a one year basis and 20.8% on a three year basis.
- Generated a record of \$2.0 billion revenues.
- Realized net income of \$564.7 million, or \$6.47 per diluted share, which benefited from a reduction in our estimated exposure to litigation expense of \$90.3 million (after tax) that had been accruing since 2008.
- Generated \$1.3 billion of cash flow from operating activities.
- Invested \$1.6 billion in exploration and development.
- Grew production 11% to a record 692.6 MMcfe/d.
- Increased proved reserves 11 percent to 2.5 Tcfe, 26 percent of which are oil.

- Added 727 Bcfe of proved reserves from extensions and discoveries replacing 288 percent of production.
- Delineated and expanded our Delaware Basin acreage position uncovering several long-term future drilling projects.
- Ended 2013 with debt-to-total capitalization of 19 percent.

***Return to Shareholders***

Cimarex has consistently returned value to its shareholders. The following chart shows how a December 31, 2008 investment of \$100 in Cimarex common stock would have grown to \$404.04 on December 31, 2013, which includes dividends reinvested quarterly for those who wish to consider total shareholder return when evaluating executive compensation. The chart also compares the total shareholder return on Cimarex common stock to the same investment in the S&P 500 Index and the Dow Jones Exploration & Production Index over the same period.

Table of Contents

**2013 Enhancements to the Compensation Program**

We continue to monitor our compensation program so that it remains linked to Cimarex's performance. In 2013 we implemented the following changes:

- We completed the change in the timing of our long-term equity awards from January of each year to December. This change provides the Compensation and Governance Committee with more fully developed peer group data and with Cimarex's performance results for the prior calendar year.
- We refined the annual cash incentive program to provide cash awards based on specific measurable goals and objectives approved by the Compensation and Governance Committee that align with Cimarex's financial and operational goals and objectives.

Table of Contents

## PROXY STATEMENT

We are furnishing you this proxy statement to solicit proxies to be voted at the 2014 Annual Meeting of Shareholders of Cimarex Energy Co. ( Cimarex or the Company ). The meeting will be held at the Hyatt Regency Tulsa, 100 East Second Street, Tulsa, Oklahoma 74103 on May 15, 2014 at 9:00 a.m. Central Daylight Time. The proxies also may be voted at any adjournments or postponements of the meeting.

The mailing address of our principal office is 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203. We are first furnishing the proxy materials to shareholders on April 4, 2014.

All properly executed written proxies and all properly completed proxies submitted by telephone or internet that are delivered pursuant to this solicitation will be voted at the meeting in accordance with the directions given in the proxy, unless the proxy is revoked prior to completion of voting at the meeting.

Only owners of record of shares of Cimarex common stock ( Common Stock ) as of the close of business on March 19, 2014, the record date, are entitled to notice of and to vote at the meeting or at any adjournments or postponements of the meeting. Each owner of Common Stock on the record date is entitled to one vote for each share of Common Stock held. On March 19, 2014, there were 87,028,195 shares of Common Stock issued and outstanding.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 15, 2014.**

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2013 are available at [www.allianceproxy.com/cimarex2014](http://www.allianceproxy.com/cimarex2014).

Table of Contents

## QUESTIONS AND ANSWERS

### PROXY MATERIALS AND VOTING INFORMATION

#### 1. Why did I receive these proxy materials?

We are providing these materials in connection with the solicitation by the Board of Directors of Cimarex Energy Co., a Delaware corporation, of proxies to be voted at our 2014 Annual Meeting of Shareholders and at any adjournment or postponement of the Meeting. The Meeting will take place on May 15, 2014, beginning at 9:00 a.m. Central Daylight Time, at the Hyatt Regency Tulsa, 100 East Second Street, Tulsa, Oklahoma 74103.

#### 2. What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Cimarex's registrar and transfer agent, Continental Stock Transfer & Trust Company, you are considered a shareholder of record with respect to these shares. If your shares are held in a brokerage account or bank, broker or other nominee, you are considered the beneficial owner of these shares.

#### 3. What shares are included on the proxy card?

If you are a shareholder of record, you will receive only one proxy card for all the shares you hold of record in certificate form and in book-entry form.

If you are a Cimarex employee, you will receive a proxy or voting instruction card for all the shares you hold in the Cimarex 401(k) Plan. Your proxy card will serve as a voting instruction card for the Plan trustee. If you do not specify your voting instructions on the proxy card, the Plan trustee will vote your shares in the same proportion as it votes shares for which it did receive timely instructions. **To allow sufficient time for voting by the trustee, your voting instructions must be received no later than 11:59 p.m. Eastern Daylight Time on May 12, 2014.**

**4. What different methods can I use to vote?**

**By Written Proxy.** All shareholders of record can vote by written proxy card. If you are a shareholder of record and receive a notice regarding the availability of proxy materials, you may request a written proxy card by following the instructions included in the notice. If you are a beneficial owner, you may request a written proxy card or a voting instruction form from your bank, broker or other nominee.

**By Telephone or Internet.** All shareholders of record can vote by calling the toll-free telephone number on the proxy card. Please have your proxy card when you call. Voice prompts will direct you on how to vote your shares and will confirm that your voting instructions have been recorded properly.

Shareholders may also vote on the internet by accessing the website noted on the proxy card. Please have your proxy card when you go to the website. As with telephone voting, you can confirm that your voting instructions have been recorded properly.

Beneficial owners may vote by telephone or Internet if their bank, broker or other nominee makes those methods available, in which case the bank, broker or other nominee will include the instructions with the proxy materials.

Table of Contents

**5. What are my voting choices for each of the proposals to be voted on at the 2014 Annual Meeting of Shareholders and what are the voting standards?**

<b>Proposal</b>	<b>Voting Choices and Board Recommendation</b>	<b>Voting Standard</b>
<b>Item 1. Election of Four Class III Directors</b>	<ul style="list-style-type: none"> <li>• vote in favor of all nominees;</li> <li>• vote in favor of specific nominees;</li> <li>• vote against all nominees;</li> <li>• vote against specific nominees;</li> <li>• abstain from voting with respect to all nominees; or</li> <li>• abstain from voting with respect to specific nominees.</li> </ul> <p><b>The Board recommends a vote FOR each of the nominees.</b></p>	Majority of votes cast
<b>Item 2. Advisory Vote to Approve Executive Compensation</b>	<ul style="list-style-type: none"> <li>• vote in favor of the advisory proposal;</li> <li>• vote against the advisory proposal; or</li> <li>• abstain from voting on the advisory proposal.</li> </ul> <p><b>The Board recommends a vote FOR the advisory proposal to approve executive compensation.</b></p>	Majority of shares present and entitled to vote
<b>Item 3. Approve the 2014 Equity Incentive Plan</b>	<ul style="list-style-type: none"> <li>• vote in favor of the Plan;</li> <li>• vote against the Plan; or</li> <li>• abstain from voting on the Plan.</li> </ul> <p><b>The Board recommends a vote FOR approval of the 2014 Equity Incentive Plan.</b></p>	Majority of shares present and entitled to vote
<b>Item 4. Ratification of the Appointment of KPMG LLP as Independent Auditors</b>	<ul style="list-style-type: none"> <li>• vote in favor of the ratification;</li> <li>• vote against the ratification; or</li> <li>• abstain from voting on the ratification.</li> </ul> <p><b>The Board recommends a vote FOR the ratification.</b></p>	Majority of shares present and entitled to vote

**6. What if I am a beneficial owner and do not give voting instructions to my broker?**

As a beneficial owner, in order to ensure your shares are voted in the way you would like, you must provide voting instructions to your bank, broker or other nominee by the deadline provided in the materials you receive from your bank, broker or other nominee. If you do not provide voting instructions to your bank, broker or other nominee, whether your shares can be voted by such person depends on the type of item being considered to vote.

**Non-Discretionary Items.** The election of Directors, the advisory vote to approve executive compensation and the approval of the 2014 Equity Incentive Plan are non-discretionary items and may not be voted on by brokers, banks or other nominees who have not received specific voting instructions from beneficial owners.

**Discretionary Items.** The ratification of the appointment of KPMG LLP as Independent Auditors is a discretionary item. Generally banks, brokers and other nominees that do not receive voting instructions from beneficial owners may vote on the proposal in their discretion.

Table of Contents

**7. How are abstentions and broker non-votes counted?**

**Item 1. Election of Four Class III Directors.** If you abstain from voting in the election of directors, you have not cast a vote and the abstention will not be counted in determining the outcome of the election. Broker non-votes are not considered a vote cast under our Bylaws and will have no effect on the outcome of the election of directors.

**Item 2. Advisory Vote to Approve Executive Compensation.** If you abstain from voting on the advisory vote to approve executive compensation, you are considered present and entitled to vote, and your shares are considered in the calculation of whether Item 2 received the affirmative vote of a majority of shares present and entitled to vote. The effect of an abstention is a vote against Item 2. Broker non-votes will have no effect on the outcome of Item 2 because broker non-votes are not entitled to vote and are not considered in the calculation of a majority of shares present and entitled to vote.

**Item 3. Approve the 2014 Equity Incentive Plan.** If you abstain from voting on the proposed 2014 Equity Incentive Plan, you are considered present and entitled to vote, and your shares are considered in the calculation of whether Item 3 received the affirmative vote of a majority of shares present and entitled to vote. The effect of an abstention is a vote against Item 3. Broker non-votes will have no effect on the outcome of Item 3 because broker non-votes are not entitled to vote and are not considered in the calculation of a majority of shares present and entitled to vote.

**Item 4. Ratification of Appointment of KPMG as Independent Auditors.** If you abstain from voting on the ratification of KPMG LLP as Cimarex's independent auditors, you are considered present and entitled to vote, and your shares are considered in the calculation of whether Item 4 received the affirmative vote of a majority of shares present and entitled to vote. The effect of an abstention is a vote against Item 4. Because Item 4 is a routine matter on which a broker has discretionary authority, no broker non-votes likely will result from this Item.

**8. What can I do if I change my mind after I vote my shares?**

You may revoke your proxy prior to the completion of voting by:

- Giving written notice to Cimarex's Corporate Secretary;
- Delivering a valid, later-dated proxy, or a later-dated vote by telephone or on the Internet in a timely manner; or
- Voting by ballot at the Annual Meeting.

**9. Can I access the proxy materials on the Internet? How can I sign up for the electronic proxy delivery service?**

We are distributing our proxy materials to certain shareholders via the Internet under the notice and access approach permitted by the SEC. On or about April 4, 2014, we will mail to certain of our shareholders a notice of Internet availability of proxy materials with instructions explaining how to access our proxy statement and annual report and how to vote online. If you receive a notice of Internet availability by mail, you will not receive a printed copy of the proxy materials in the mail unless you request them by following the instructions for requesting such materials included in the notice of Internet availability.

Even if you do not participate in notice and access, the Notice of Annual Meeting and Proxy Statement are available on the Internet at <http://www.allianceproxy.com/cimarex/2014>.

**10. Who counts the votes?**

Alliance Advisors LLC, our proxy solicitor, will tabulate the votes and act as inspector of election.

Table of Contents

**11. When will Cimarex announce the voting results?**

We will announce the preliminary voting results at the Annual Meeting of Shareholders. Cimarex will report the final results in a Current Report on Form 8-K filed with the SEC.

**12. How are proxies solicited, and what is the cost?**

We bear all expenses incurred in connection with the solicitation of proxies. We hired Alliance Advisors LLC to assist with the solicitation of proxies for an estimated fee of \$6,000 plus expenses. We will reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of Common Stock.

Our Directors, officers and employees also may solicit proxies by mail, telephone and personal contact. They will not receive any additional compensation for these activities.

**13. What is householding?**

As permitted by the Securities Exchange Act of 1934 (the 1934 Act ), as amended, only one copy of this Proxy Statement is being delivered to shareholders residing at the same address, unless the shareholders have notified Cimarex of their desire to receive multiple copies of the Proxy Statement. This is known as householding.

Upon oral or written request, we will promptly deliver a separate copy of the Proxy Statement to any shareholder residing at an address to which only one copy was mailed. Direct requests for additional copies for the current year or future years to our Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, telephone (303) 295-3995 and facsimile (303) 295-3494.

Shareholders of record residing at the same address and currently receiving multiple copies of the Proxy Statement may contact our registrar and transfer agent, Continental Stock Transfer & Trust Company, by phone at (888) 509-5580 or by mail at 17 Battery Place South, 8th Floor, New York, NY 10004, to request a single copy be mailed in the future.

Beneficial owners should contact their broker or bank.

**14. How can I vote at the meeting if I am a beneficial owner?**

If you are a beneficial owner and want to vote your shares at the annual meeting, you will need to ask your bank, broker or other nominee to furnish you with a legal proxy, bring the legal proxy with you to the meeting and hand it in with a signed ballot that will be provided to you at the meeting. You will not be able to vote your shares at the meeting without a legal proxy. If you do not have a legal proxy, you can still attend the meeting. We encourage you to vote your shares in advance, even if you intend to attend the meeting. Please note that if you request a legal proxy, any previously executed proxy will be revoked, and your vote will not be counted unless you appear at the meeting and vote in person or legally appoint another proxy to vote on your behalf.

## **COMPANY DOCUMENTS, COMMUNICATIONS AND SHAREHOLDER PROPOSALS**

**15. How can I view copies of Cimarex's corporate documents and SEC filings?**

Our Corporate Governance Guidelines, Board Committee Charters, Code of Business Conduct and Code of Ethics and SEC filings are posted on our website at [www.cimarex.com](http://www.cimarex.com). Upon request, we will promptly deliver (free of charge) a copy of the Form 10-K to any shareholder. Direct such requests to our Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, telephone (303) 295-3995 and facsimile (303) 295-3494.

Table of Contents

**16. How can I communicate with Cimarex's Directors?**

Communications can be addressed to our Directors by mail in care of our Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, telephone (303) 295-3995, facsimile (303) 295-3494 or by calling our Confidential Hotline (1-888-519-1898). All communications will be forwarded to our Lead Director. The Lead Director may take any action deemed appropriate or necessary, including, without limitation, forwarding the information to the Board for consideration or, with the concurrence of the Board, retaining independent or outside counsel, accountants or other advisors to address the concern. No adverse action will be taken against any individual making any such communication to the Lead Director.

**17. How do I submit a proposal for action at the 2015 Annual Meeting of Shareholders?**

A proposal to be acted upon at the 2015 Annual Meeting of Shareholders will be acted upon only:

- If the proposal is to be included in the proxy statement, pursuant to Rule 14a-8 under the 1934 Act, the proposal is received by our Corporate Secretary on or before December 5, 2014 and the proposal meets the requirements of the applicable rules of the SEC and the requirements of our bylaws.
- If the proposal is not to be included in the proxy statement, pursuant to our bylaws, the proposal is submitted in writing to our Corporate Secretary no earlier than January 15, 2015 and no later than February 14, 2015, and such proposal is, under Delaware General Corporation Law, an appropriate subject for shareholder action.

## **ELECTION OF DIRECTORS (ITEM 1)**

### **Election Process**

Our current Board consists of ten members, which is the maximum number of Directors permitted by our Certificate of Incorporation. The Board is divided into three classes, Class I, Class II and Class III Directors. At each Annual Meeting a class of directors is elected for a term expiring at the Annual Meeting in the third year following the year of election. Each Director holds office until his successor is elected and qualifies.

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

The terms of the four Class III directors, David A. Hentschel, Thomas E. Jorden, Floyd R. Price and L. Paul Teague, will expire at the 2014 Annual Meeting. The Nominating Committee, at its February 2014 meeting, nominated Messrs. Hentschel, Jorden, Price and Teague for re-election as Class III directors, with a term expiring at the 2017 Annual Meeting.

If prior to the Annual Meeting a nominee becomes unavailable to serve as a Director, any shares represented by a proxy directing a vote will be voted for the remaining nominees and for any substitute nominee(s) designated by our Board or its Nominating Committee. As of the mailing of these proxy materials, the Board knows of no reason why any Director nominee would not be available to serve as a Director.

A nominee is elected if the votes cast for his election exceed the votes cast against his election. Each nominated Director has tendered an irrevocable resignation that is effective upon his failure to receive the required vote and the Board's acceptance of such resignation. If a nominee fails to receive more favorable votes than votes cast against him, the Nominating Committee will act on an expedited basis following the Annual Meeting to determine whether to recommend that the Board accept the Director's resignation. The Nominating Committee and the Board may consider any factors they deem relevant in deciding whether to accept the Director's resignation. The Director whose resignation is under consideration must abstain from participating in any decision regarding his resignation. The Board will publicly disclose its decision regarding acceptance of his resignation within 90 days after the results of the election are certified. If the resignation is not accepted, the Director will continue to serve as a Director until his successor is elected and qualified. If the Board accepts the resignation, then the Board may fill the vacancy in accordance with the Bylaws or may decrease the size of the Board in compliance with the Certificate of Incorporation.

Table of Contents

## **Director Nominations**

The Nominating Committee is responsible for identifying and evaluating nominees for Director and for recommending to the Board a slate of nominees for election at each Annual Meeting. Nominees may be suggested by Directors, members of management, shareholders or, in some cases, by a third-party firm.

The Committee will consider nominees recommended by shareholders. The Committee did not receive nominations for the 2014 Annual Meeting from any shareholder prior to the deadline for shareholder nominations. Shareholders who wish to nominate persons for election as directors at the 2015 Annual Meeting must submit a timely written notice complying with Cimarex's Bylaws to the Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, facsimile (303) 295-3494. To be timely, the shareholder's written notice must be received between January 15, 2015 and February 14, 2015.

## **Director Qualifications**

In its assessment of each potential candidate, the Nominating Committee considers the nominee's judgment, integrity, experience, independence, understanding of Cimarex's business or related industries and such other factors that the Committee determines are pertinent in light of the needs of the Board. The Committee also considers the ability of a nominee to devote the time and effort necessary to fulfill his or her responsibilities to Cimarex. Our Nominating Committee charter specifically includes diversity of gender and ethnicity in the list of desirable attributes sought in our Board composition.

Although all the current Directors have extensive oil and gas experience, either as company executives or attorneys, their experience is with companies with widely different operating strategies. This diversity and depth of experience benefits our Board in executing its duty of oversight and guidance.

## **2013 Nominees for Class III Directors**

Upon the recommendation of the Nominating Committee, the Board has nominated each of David A. Hentschel, Thomas E. Jorden, Floyd R. Price and L. Paul Teague for election as Class III Directors to serve until the Annual Meeting of Shareholders to be held in 2017. The Board has determined that all of the nominees are independent under the New York Stock Exchange corporate governance rules, except Thomas E. Jorden. Each of the Director nominees currently serves on the Board. We have no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

The Board believes that the combination of the various qualifications, skills and experiences of the 2014 Director nominees would contribute to an effective and well-functioning Board. The Board also believes that, individually and as a whole, the Directors possess the necessary qualifications to provide effective oversight of the business and quality advice and counsel to Cimarex.

Included in each Director nominee's biography is an assessment of the specific qualifications, attributes, skills and experience of such nominee based on the qualifications described above.

**The Board of Directors recommends a vote FOR the election of each of the Director nominees.**

**DAVID A. HENTSCHEL, age 80**

**Position, Principal Occupation and Business Experience**

Mr. Hentschel was Chairman and Chief Executive Officer of Occidental Oil and Gas Corporation, a subsidiary of Occidental Petroleum, from 1986 until 1993 and from 1997 until 1999, when he retired. He also served as President and Chief Executive Officer of Canadian Occidental Petroleum, Ltd., now known as Nexen, from 1995 until 1997. He was in charge of the worldwide exploration and production operations for Cities Service and Occidental Oil and Gas Corporation for the last 20 years of his 40-year career.

Table of Contents

Mr. Hentschel was a director of Occidental Petroleum from 1987 until 1993 and of Canadian Occidental or Nexen from 1985-2009. During his service as a director of Nexen, he was chair of the audit committee and a member of the compensation committee and various other committees. He was also a director of the Bank of Oklahoma from 1984 until 1995.

**Key Attributes, Experience and Skills**

Mr. Hentschel brings considerable executive experience in the domestic and international oil and gas industry to the Board. Mr. Hentschel's extensive leadership background and his service on Nexen's audit and compensation committees provide strong skills and experience for his service on our Compensation and Governance Committee.

**THOMAS E. JORDEN, 56**

**Position, Principal Occupation and Business Experience**

Mr. Jorden is the Chairman of the Board, Chief Executive Officer and President of Cimarex. He has served Cimarex in various capacities since September 2002. He was elected CEO in September 2011, from 2003 to 2011 served as Executive Vice President-Exploration and from 2002 to 2003 as Vice President-Exploration.

**Key Attributes, Experience and Skills**

Mr. Jorden brings to the Board over 30 years of experience in the oil and gas exploration and production industry, and as our Chief Executive Officer, a deep understanding of our business, operations and long-term strategic issues and goals. Mr. Jorden holds undergraduate and graduate degrees in geophysics and has headed the company's exploration program since the company's inception. His service on the Board creates an important link between management and the Board.

**FLOYD R. PRICE, 65**

**Position, Principal Occupation and Business Experience**

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

Mr. Price, a former executive officer of Apache Corp., held various positions with Apache Corp. from 1991 through 2009, including Executive Vice President and Corporate Exploration Officer; President, Apache Canada; President, Apache International; and Exploration Manager. Apache Corp., with headquarters in Houston, is an oil and gas exploration and production company with domestic and international operations. Mr. Price serves as Chairman of the Board and as a member of the audit and compensation/governance committees of Tamarack Valley Energy Ltd., Calgary, Alberta, Canada, a publicly held company traded on the TSX Venture Exchange. Tamarack is involved in the identification, evaluation and operation of resource plays in the Western Canadian sedimentary basin. From June 2000 to January 2013, Mr. Price served as a director, chairman of the board and member of the compensation and governance committee of Gastar Exploration, Inc., a publicly held company located in Houston, Texas. Gastar is engaged in the exploration, development and production of natural gas, natural gas liquids, oil and condensate in the United States and is traded on the NYSE MKT.

### **Key Attributes, Experience and Skills**

Mr. Price has over 35 years of experience in the exploration and production business. Mr. Price has considerable domestic and international experience in the oil and gas industry, and has held leadership positions with a large public oil and gas company. His experience during the past three years serving as a director of public and private companies also provide him with invaluable Board skills and experience. Mr. Price brings extensive oil and gas exploration, operations, management and financial experience to Cimarex's Audit Committee.

### **L. PAUL TEAGUE, 79**

### **Position, Principal Occupation and Business Experience**

Mr. Teague served 35 years with Texaco Inc. He retired in 1994 as Vice President, Western Exploration & Producing Region of Texaco USA in Denver, Colorado. Mr. Teague held various positions with Texaco USA, including Vice President-Producing in

Table of Contents

Houston; Vice President of the New Orleans Producing Division; Division Manager, New Orleans; and General Superintendent of the Offshore Division in New Orleans.

**Key Attributes, Experience and Skills**

Mr. Teague holds a degree in Petroleum Engineering from Louisiana Tech University and is a graduate of the University of Southern California Executive Program. He has several industry affiliations, including the former Chairman of the API Executive Committee on Drilling and Production Practices, former President of the Colorado Petroleum Association, a 50-year Legion of Honor Member of the Society of Petroleum Engineers and a member of the Rocky Mountain Oil & Gas Hall of Fame. He brings his executive experience with a major oil and gas company to bear on corporate governance and executive compensation issues in his role as Chairman of our Compensation and Governance Committee.

**Continuing Directors Class I Term Expires 2015**

**JOSEPH R. ALBI, 55**

**Position, Principal Occupation and Business Experience**

Mr. Albi was named Chief Operating Officer in September 2011. He has served Cimarex in various capacities since September 2002, including Executive Vice President-Operations from 2005 to 2011, Senior Vice President-Corporate Engineering from 2003 to 2005 and Vice President-Engineering from 2002 to 2003.

**Key Attributes, Experience and Skills**

Mr. Albi has over 30 years of experience in the oil and gas industry. His extensive understanding of the management of oil and gas production and drilling operations, business development, environmental and safety management and oil and gas marketing provide the Board with considerable insight about the operations of Cimarex.

**JERRY BOX, 75**

**Position, Principal Occupation and Business Experience**

Mr. Box was Chairman of Magnum Hunter Resources, Inc. from October 2004 until June 2005, and a director of Magnum Hunter from March 1999 to June 2005. He retired in June 2005 at the time of the acquisition by Cimarex of Magnum Hunter. Mr. Box served as President, COO and a director of Oryx Energy Company from February 1998 to March 1999. He had previously held a number of managerial and executive positions with Oryx Energy and its predecessor company, Sun Oil Company. Mr. Box serves as a non-management director and Chairman of the Board of Newpark Resources, Inc. of The Woodlands, Texas, an oilfield services company traded on the NYSE.

#### **Key Attributes, Experience and Skills**

Mr. Box holds undergraduate and graduate degrees in geology. He has served for several years in an executive capacity with public and private companies. Mr. Box has served on numerous oil and gas committees and task forces and as a President and Treasurer of the Dallas Petroleum Club. His extensive experience as an executive for companies in the energy business makes his service on the Compensation and Governance Committee particularly valuable.

#### **MICHAEL J. SULLIVAN, 74**

#### **Position, Principal Occupation and Business Experience**

Mr. Sullivan has been a senior attorney, partner or special counsel for the Arizona-based law firm, Lewis Roca Rothgerber LLP since 2001, and the managing attorney of the Casper office of that firm. Mr. Sullivan practiced law as a partner with Brown, Drew, Apostolos, Massey & Sullivan from 1964 to 1986 and from 1995 until 1998.

## Table of Contents

Mr. Sullivan is a director and member of the compensation committee of First Interstate BancSystem, Billings, Montana and a director and member of the compensation and governance and audit committee of Sletten Construction, Inc., Great Falls, Montana (a non-public company). From 2001 to May 2009 he served as a director and during his tenure as a member of the audit, corporate social responsibility committee and governance committee of Allied Irish Bank Group, Dublin, Ireland. From 2003 to 2010 he served as a director of the Kerry Group Plc, a global food and food ingredients producer headquartered in Tralee, the county town of County Kerry, Ireland.

### **Key Attributes, Experience and Skills**

Mr. Sullivan brings a wealth of experience and a diverse background to our Board. In addition to his Juris Doctor degree, he has an undergraduate degree in petroleum engineering, years of governmental service as the Governor of Wyoming (1987-1995) and Ambassador to Ireland (1998-2001), and 37 years' experience practicing law in the areas of natural resources, mediation and business. As Governor, he was involved in the process of reviewing and administering Wyoming's budget. This experience is particularly relevant in his service on the Audit Committee. Mr. Sullivan's education, legal experience, particularly in mediation and litigation, and his domestic and international service all provide a background that is beneficial in addressing the issues coming before the Cimarex Board.

## **Continuing Directors    Class II    Term Expires 2016**

**HANS HELMERICH, 55**

### **Position, Principal Occupation and Business Experience**

Mr. Helmerich has served as Chairman of Helmerich & Payne, Inc. (H&P) since March 2012 and a director since 1987. H&P is a publicly held company primarily engaged in contract drilling for oil and gas wells for exploration and production companies using drilling rigs it designs and builds and is one of the major land and offshore platform drilling companies in the world. Mr. Helmerich served as CEO from 1989 until March 2014 and as President from 1989 until March 2012 after joining H&P in 1981. Helmerich & Payne's exploration and production business was merged into Cimarex in 2002.

Mr. Helmerich serves as a director of Atwood Oceanics, Inc., Houston, Texas, an international offshore drilling company traded on the NYSE, and as a Trustee of The Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin.

### **Key Attributes, Experience and Skills**

Mr. Helmerich's background with the drilling sector of the oil and gas business provides the Board with insight into an aspect of Cimarex's business that represents a significant expenditure in Cimarex's capital budget. His over 25 years of executive experience provide a strong background for his service on Cimarex's Board and on the Compensation and Governance Committee. In addition, his service as a director of Atwood Oceanics and as a Trustee of The Northwestern Mutual Life Insurance Company provide him with additional experience and knowledge to serve as a Director.

**HAROLD R. LOGAN, JR., 69**

**Position, Principal Occupation and Business Experience**

Mr. Logan currently serves as Chairman of the Board of Supervisors of Suburban Propane Partners, L.P. and is a Director of Graphic Packaging Corporation. He is also a Director of two privately held companies Basic Materials and Services LLC that invests in companies providing specialized services for the pipeline construction and sand/silica industries, and Hart Energy Publishing, publisher of *Oil and Gas Investor* and other energy publications.

Mr. Logan was a Co-Founder of TransMontaigne, Denver, Colorado, in 1995 and Chief Financial Officer, Executive Vice President, Treasurer and a director through 2002. He served as a director of TransMontaigne and chairman of its finance committee from 2002-2006. From 1987 to 1995, he was Senior Vice President/Finance, Chief Financial Officer and a director of Associated Natural Gas Corporation. Prior to that, Mr. Logan was an investment banker with Dillon Read & Co. Inc. and Rothschild, Inc.

Table of Contents

Since 1998, Mr. Logan has been a director of nine public companies and has served on audit, compensation and governance committees.

**Key Attributes, Experience and Skills**

Over the past 39 years, Mr. Logan's education, investment banking/venture capital experience and business financial management experience have provided him with a comprehensive understanding of business and finance. Mr. Logan's expertise and experience have been relevant to his responsibilities of providing oversight and advice to the management of public companies, and is of particular benefit in his role as Lead Director and as a member of Cimarex's Audit Committee.

**MONROE W. ROBERTSON, 64**

**Position, Principal Occupation and Business Experience**

Mr. Robertson is currently a private investor. Mr. Robertson retired from Key Production Company, Inc. (a company acquired by Cimarex in 2002) after serving ten years with the company. While with Key, he held the positions of President, Chief Operating Officer, Senior Vice President and Principal Financial Officer. Mr. Robertson has served in executive capacities with three other public energy companies, Apache Corp., Gulf Oil Corporation and Terra Resources.

Mr. Robertson currently serves as a Director, Chairman of the Audit Committee and member of the Compensation and Nominating committee of Earthstone Energy, Inc. (formerly named Basic Earth Science System), Denver, Colorado, a publicly traded independent exploration and production company.

**Key Attributes, Experience and Skills**

Mr. Robertson has comprehensive knowledge of the financial and operational sides of the exploration and production business, which is of considerable value in his service as Chairman of the Audit Committee.

**DIRECTOR COMPENSATION**

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

Our Compensation and Governance Committee administers our director compensation program. Director compensation is designed to be near the 50th percentile of that paid by comparable public oil and gas companies with similar market capitalization and revenue. We use the same group of companies in reviewing Director compensation as we use in reviewing executive base salary and total direct compensation. See *Competitive Positioning, Section 2, Compensation Discussion and Analysis* for a list of, and the methodology followed in selecting these companies. The Committee uses its independent compensation consultant, Longnecker & Associates, to review Director compensation. The Committee, after reviewing the consultant's recommendations with the CEO and Vice President of Human Resources, recommends Director compensation for Board consideration and approval at the Board meeting held following each year's annual meeting of shareholders. Payment of director compensation occurs on June 1 of each year.

At the May 15, 2013 meeting, the Committee's independent consultant reviewed director compensation and reported that director compensation was at the 53rd percentile of director compensation paid by comparable public oil and gas companies. The consultant recommended that no changes be made to director compensation, and the Committee and the Board concurred with the consultant's recommendation. 2013 non-employee Director compensation consisted of the following:

- Annual cash retainer of \$65,000
- Annual equity retainer of \$180,000, comprised of restricted stock that vests in one-third increments on each anniversary of the date of grant
- Committee chairman fee of \$20,000
- Lead Director (who also acts as Nominating Committee chairman) fee of \$20,000
- Board meeting attendance fee of \$1,800 per meeting
- Committee meeting attendance fee of \$1,500 per meeting

Table of Contents**2013 Compensation**

<b>NAME</b>	<b>FEES PAID IN CASH<sup>1</sup></b>	<b>STOCK AWARDS<sup>2</sup></b>	<b>TOTAL</b>
Jerry Box	\$ 83,300	\$ 180,000	\$ 263,300
Hans Helmerich	\$ 83,300	\$ 180,000	\$ 263,300
David Hentschel	\$ 83,300	\$ 180,000	\$ 263,300
Harold Logan	\$ 112,900	\$ 180,000	\$ 292,900
Floyd Price	\$ 87,800	\$ 180,000	\$ 267,800
Monroe Robertson	\$ 114,400	\$ 180,000	\$ 294,400
Michael Sullivan	\$ 87,800	\$ 180,000	\$ 267,800
L. Paul Teague	\$ 103,300	\$ 180,000	\$ 283,300

(1) Represents fees earned for services as a Director during 2013, including the annual cash retainer fee, Board and Committee meeting attendance fees, Committee Chairman fee and Lead Director fee.

(2) Represents the aggregate grant date fair value computed as the market value (average of the high and low trading prices) of the the 2,567 shares of restricted stock as of the May 15, 2013 grant date.

The following table discloses as of December 31, 2013 the aggregate number of outstanding unvested stock awards and the market value of those awards. (Market value uses a \$103.475 share price, which is based on the average of the high and low trading prices on December 31, 2013.) The directors have the right to vote and receive dividends on unvested stock awards. There were no outstanding vested but unexercised option awards as of that date.

<b>Director</b>	<b>Unvested Stock Awards</b>	<b>Market Value</b>
Jerry Box	5,171	\$ 535,069
Hans Helmerich	5,171	\$ 535,069
David Hentschel	5,171	\$ 535,069
Harold Logan	5,171	\$ 535,069
Floyd Price	3,435	\$ 355,437
Monroe Robertson	5,171	\$ 535,069
Michael Sullivan	5,171	\$ 535,069
L. Paul Teague	5,171	\$ 535,069

Our Corporate Governance Guidelines require that each independent director own Cimarex stock in an amount equal to three times his annual cash retainer. A newly elected director has three years from the date of his or her initial election to comply with the Guidelines. Restricted stock, restricted stock units and deferred compensation units are counted in calculating ownership; shares subject to options are not counted. Each of the independent directors complies with these guidelines.

**CORPORATE GOVERNANCE**

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

Cimarex's website ([www.cimarex.com](http://www.cimarex.com)) includes corporate governance materials that are helpful in understanding our corporate governance practices:

- Corporate Governance Guidelines
- Code of Ethics for CEO, CFO and Chief Accounting Officer
- Complaint and Reporting Procedures
- Committee Charters
- Code of Business Conduct and Ethics
- Stock Ownership Guidelines
- Background and Experience of our Board of Directors
- Background and Experience of Executive Management

We believe that good corporate governance promotes the long-term interests of shareholders, strengthens Board and management accountability and helps build public trust. Copies of corporate governance materials may be requested from our Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203.

Table of Contents

A summary of key governance matters are noted in the table below:

Size of Board	10	Code of Business Conduct and Ethics	Yes
Number of independent directors	8	Corporate Governance Guidelines	Yes
Majority voting for directors	Yes	Disclosure Committee for financial reporting	Yes
Classified Board	Yes	Board and Audit Committee risk oversight	Yes
Separate Chairman and CEO	No	Compensation risk assessment	Yes
Independent Lead Director	Yes	Review of related party transactions	Yes
Diverse Board skills and experience	Yes	Non-Hedging and non-pledging policies	Yes
Annual Board and Committee self-evaluations	Yes	Clawback policy	Yes
Annual equity grants to directors	Yes	Management and director stock ownership guidelines	Yes
Annual Board education	Yes	Tax Gross Ups	No

Interested parties may communicate with our Board by mail directed to our Corporate Secretary or by calling our Confidential Hotline (1-866-519-1898). All communications will be forwarded to the Lead Director for his review. The Lead Director may take any action he deems appropriate or necessary, including, without limitation, forwarding the information to the Board for consideration or, with the concurrence of the Board, retaining independent or outside counsel, accountants or other advisors to address the concern. No adverse action will be taken against any individual making any such communication to the Lead Director.

**BOARD AND COMMITTEE INFORMATION****Our Board**

During 2013, the Board of Directors met five times. The Board has three Committees: the Audit Committee, the Compensation and Governance Committee and the Nominating Committee. During 2013, each director attended greater than 75% of the Board and the Board Committees meetings on which he served. All Board members are expected to attend the Annual Meeting. All of our Directors attended our 2013 Annual Meeting.

NAME	AGE	DIRECTOR SINCE	POSITION	INDEPENDENT	OTHER PUBLIC BOARDS
Joseph R. Albi	55	2011	Chief Operating Officer, Executive Vice President, Cimarex	No	0
Jerry Box	75	2005	Retired, Chairman, Newpark Resources	Yes	1
Hans Helmerich	55	2002		Yes	3

Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

			Chairman and former CEO, Helmerich & Payne		
David A. Hentschel	80	2002	Retired, Former Chairman, CEO Occidental Oil & Gas Corp	Yes	0
Thomas E. Jordan	56	2011	Chairman and CEO, Cimarex	No	0
Harold R. Logan, Jr.	69	2009	Chairman, Suburban Propane Partners, L.P.	Yes	2
Floyd R. Price	65	2012	Retired, Former Executive Vice President, Apache Corp	Yes	1
Monroe W. Robertson	64	2005	Private Investor	Yes	1
Michael J. Sullivan	74	2002	Senior Attorney, Lucas Roca Rothgerber LLC	Yes	1
L. Paul Teague	79	2002	Retired, Former Regional Vice President, Texaco USA	Yes	0

Table of Contents

**Board Leadership Structure**

Cimarex has a combined Chairman of the Board and CEO. Cimarex also has a Lead Director who is chosen annually from our independent directors. Following is a summary of the functions of the Chairman of the Board/CEO and the Lead Director, as provided in our Lead Director Charter:

<b>Duties and Responsibilities of Chairman of the Board</b>	<b>Duties and Responsibilities of Lead Director</b>
Preside over Board meetings.	Preside at all Board meetings at which the Chairman of the Board is not present.
Call special meetings of the Board.	Solicit agenda items from non-management directors, review Board meeting agenda and materials, and provide input to the Chairman of the Board.
Approve agenda for Board meetings.	Authority to call meetings of non-management directors and, as appropriate, set the agenda.
Preside over shareholder meetings.	Preside at all meetings of non-management directors and at all executive sessions of non-management directors.
Facilitate and participate in formal and informal communications with and among directors.	Act as Chairman of the Nominating Committee.  Liaison between the Chairman and Board members and facilitate communication among full Board.  Review interested party communications directed to Board and take appropriate action.  Retain outside advisors and consultants who report directly to the Board on board-wide issues.

The Board believes that the roles of a combined Chairman/CEO and an independent Lead Director having the duties described above serve the interests of our shareholders because this structure provides an appropriate balance between strategy development and independent oversight of management.

Thomas Jorden was elected Chief Executive Officer on September 30, 2011 and Chairman of the Board on August 14, 2012. He has served as an executive officer of Cimarex since its formation in 2002. He has considerable knowledge and experience gained through his executive positions with Cimarex and prior industry experience. This knowledge and experience allow him to focus the activities of the Board on matters most relevant to the success of Cimarex.

Our Board structure is designed to avoid any undue influence by the Chairman of the Board/CEO on the Board. The Compensation and Governance Committee is comprised entirely of independent Directors. When the Board acts on the Compensation and Governance Committee's recommendation for compensation of the Chairman/CEO, it acts without him being present.

The substantial experience and background of our independent Board members ensure their active and knowledgeable involvement in Board matters. This involvement, and the presence and involvement of our Lead Director, provide the Board with a strong and independent point of view.



Table of Contents**Board Committees**

The table below provides 2013 membership and meeting information for each of the Board Committees:

<b>NAME</b>	<b>AUDIT</b>	<b>COMP/GOV</b>	<b>NOMINATING</b>
Jerry Box		X	X
Hans Helmerich		X	X
David Hentschel		X	X
Harold Logan	X		X
Floyd Price	X		X
Monroe Robertson	X		X
Michael Sullivan	X		X
L. Paul Teague		X	X
<b>2013 Meetings Held</b>	<b>8</b>	<b>5</b>	<b>2</b>

**Audit Committee**

The Audit Committee is comprised entirely of independent Directors and is governed by a Board-approved Charter stating its responsibilities. A copy of the Audit Committee Charter is available on our website at [www.cimarex.com](http://www.cimarex.com). Under its Charter, the Audit Committee performs the following functions:

- Appoints independent auditors;
- Approves the nature and scope of services of independent auditors and reviews range of fees for such services;
- Oversees internal audit function;
- Reviews qualification and independence of auditors;
- Reviews and discusses with independent auditors (i) the auditors' responsibilities and management's responsibilities in audit process, (ii) overall audit strategy, (iii) scope and timing of annual audit, and (iv) any significant risks identified during auditors' risk assessment procedures;
- Monitors integrity of financial statements;
- Monitors compliance with legal and regulatory requirements; and
- Reviews and reports to Board on corporate and financial risk processes.

The Board of Directors has determined that each of the members of the Audit Committee is financially literate and independent as defined by the rules of the SEC and the NYSE. The Board has also determined that each of Messrs. Logan, Price and Robertson is an audit committee financial expert as defined by the SEC's rules.

**Compensation and Governance Committee**

The Compensation and Governance Committee is comprised entirely of independent Directors and is governed by a Board-approved Charter stating its responsibilities. A copy of the Compensation and Governance Committee Charter is available on our website at [www.cimarex.com](http://www.cimarex.com). Under its Charter, the Compensation and Governance Committee performs the following functions:

*Compensation Functions*

- Recommends CEO and executive officer cash compensation for approval by the Board;
- Recommends director compensation for approval by the Board;
- Reviews and recommends to the Board that the Compensation Discussion and Analysis be included in our proxy statement;
- Determines amount and terms of equity awards;
- Reviews and approves long-term incentive plans;
- Reviews relationship of compensation to risk; and
- Approves the nature and scope of services of independent compensation consultant.

## Table of Contents

### *Governance Functions*

- Oversees corporate governance;
- Develops plans for managerial succession; and
- Oversees annual Board and Committee evaluations.

***Compensation and Governance Committee Interlocks and Insider Participation.*** Hans Helmerich, a member of the Committee, was an executive officer of Cimarex from February 14, 2002 until September 30, 2002. Cimarex was formed on February 14, 2002, as a wholly owned subsidiary of Helmerich & Payne, Inc. for the purpose of facilitating a spinoff by Helmerich & Payne of its oil and gas exploration and production business. Cimarex became a publicly traded company on September 30, 2002, at which time Mr. Helmerich resigned as an executive officer.

### **Nominating Committee**

The Nominating Committee is comprised of all of the independent Directors and is governed by a Board-approved Charter stating its responsibilities. A copy of the Nominating Committee Charter is available on our website at [www.cimarex.com](http://www.cimarex.com). Under its Charter, the Nominating Committee performs the following functions:

- Determines desired Board skills and attributes;
- Recommends candidates to serve on the Board and to stand for election at annual meeting of shareholders or to fill a vacancy occurring between meetings; and
- Recommends Committee appointments.

### **Director Independence and Related Person Transactions**

Our Corporate Governance Guidelines require that a majority of our Board of Directors be independent as defined by applicable laws, rules, regulations and listing standards. We comply with the criteria for independence established by the New York Stock Exchange ( NYSE ) listing requirements and other governing laws and regulations.

Each year the Compensation and Governance Committee reviews the independence of our directors and any related person transactions. On the basis of this review, the Committee delivers a report to the Board of Directors, and the Board makes independence determinations based on the Committee's report and supporting documents.

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

As a result of this review, the Board has affirmatively determined that Jerry Box, Hans Helmerich, David Hentschel, Harold Logan, Floyd Price, Monroe Robertson, Michael Sullivan and L. Paul Teague, representing eight of our ten Directors, are independent of Cimarex and its management. Thomas Jorden and Joseph Albi are not independent because of their employment as CEO and COO of Cimarex, respectively.

In making these determinations, the Board considered that in the ordinary course of business, relationships and transactions may occur between Cimarex and entities with which some of our Directors are or have been affiliated. As a result of the Committee's review, certain relationships and transactions are not considered to be material transactions that would impair a Director's independence, including the following:

- The Director is an employee of another company that does business with Cimarex, and our annual sales to or purchases from the other company amount to less than 2% of the annual revenues of the other company and that such sales to or purchases from the other company are part of our ordinary course of business and conducted in the same manner as we obtain services from other companies that provide similar services; or
- The Director is a director (but not an employee) of another company that does business with Cimarex.

Hans Helmerich is the Chairman of the Board and, until March 5, 2014, was the CEO of Helmerich & Payne, Inc., a company with which Cimarex engages in ordinary course of business transactions. During Helmerich & Payne's fiscal year ended September 30, 2013, Cimarex paid Helmerich & Payne \$14.7 million for drilling rigs and services in arms-length transactions and as part of our ordinary course of business and in the same manner as we obtain services from other companies that provide similar services. The aggregate amount of the payment represented 0.47% of Helmerich & Payne's revenue during that period. The Committee reviewed these transactions and concluded that (i) the transactions are proper and not material when compared to both Cimarex's total drilling costs and Helmerich & Payne's total revenues; (ii) the transactions occur in the ordinary course of business and at arms-length; (iii) the Board does not review or approve drilling service contracts or arrangements; and

## Table of Contents

(iv) Mr. Helmerich's relationship with Helmerich & Payne, Inc. does not interfere with his independent judgment as a director of Cimarex.

## **Risk Oversight**

The Board has overall responsibility for risk oversight. In carrying out its responsibility, the Board has requested that the Audit Committee discuss with management and report to the Board with respect to:

- Processes Cimarex follows to mitigate corporate risks;
- Guidelines and processes pertaining to financial risk assessment;
- Steps management takes to measure, monitor and control such financial risk exposures; and
- Management's conclusion as to the effectiveness of the guidelines and processes utilized to mitigate such corporate and financial risks and exposures.

In addition, at each of its four meetings held during the year, management provides the Board with an overview of Cimarex's operations, financial results and other aspects of its business. Significant strategic considerations, such as material acquisitions or mergers are brought to the Board for deliberation and, as appropriate, decisions.

The Audit Committee, at its December 2013 meeting, reviewed, discussed and, at the February 25, 2014 meeting, reported to the Board about corporate, operational and financial risks and Cimarex's processes for mitigation of these risks.

## **Compensation Risk Oversight**

In February 2014, the Compensation and Governance Committee performed a thorough review of the possible connection between incentives and excessive risk taking. The Committee's review covered Cimarex's compensation policies and practices covering executive and non-executive employees to determine whether the policies and practices encourage excessive risk taking by employees. The Committee's analysis included:

- What are the metrics for determining awards?
- Who are plan participants?
- How are the pools and individual awards determined?
- What is the maximum individual award potential (maximum individual incentive to take risk)?

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

- What is the maximum possible cost if awards were paid at maximum (maximum cost exposure)?
- What is the decision-making and approval process?
- What are the systemic limitations on the ability to take excessive risks in order to influence compensation?

The Committee determined that risks from compensation policies and practices for Cimarex employees are not reasonably likely to have a material adverse effect on Cimarex.

### **Executive Sessions**

The non-employee members of the Board meet in executive session at each regularly scheduled Board meeting. The Lead Director presides over executive sessions. During 2013, four executive sessions were held, and all of the non-employee Directors attended each session. These sessions allow non-employee Directors to review the CEO's performance and his compensation, to discuss issues of importance to Cimarex, including the business and affairs of Cimarex, as well as matters concerning management, without any member of management present.

### **Shareholder Engagement**

Cimarex's relationships with its shareholders are an important part of our corporate governance profile, and we recognize the value of taking their views into account. Engagement with shareholders helps us to understand the larger context and impact of our operations, learn about expectations for our performance, assess emerging issues that may affect our business or other aspects of our operations and shape corporate and governance policies.

Table of Contents

Consistent with our commitment to seek and respond to shareholder input on corporate governance topics, we have considered and discussed with investors a wide variety of matters, including our executive compensation program and disclosures and have previously made changes in these areas.

**STOCK OWNERSHIP****DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS****Beneficial Ownership by Executive Officers and Directors**

The following table shows, as of March 15, 2014, the number of shares of common stock beneficially owned, as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, by the NEOs, the directors, and all executive officers and directors, as a group:

<b>Name of Beneficial Owner</b>	<b>Shares Owned(1)</b>	<b>Beneficial Ownership Total</b>	<b>Percent of Class</b>
<i>Named Executive Officers</i>			
Thomas E. Jordan, CEO (also director)	230,544	230,544	<1%
Paul Korus, CFO	134,228	134,228	<1%
Joseph R. Albi, COO (also director)	160,748	160,748	<1%
Stephen P. Bell	136,327	136,327	<1%
John A. Lambuth	73,500	73,500	<1%
<i>Directors</i>			
Jerry Box	12,488	12,488	<1%
Hans Helmerich	464,315(2)	464,315(2)	<1%
David A. Hentschel	31,460	31,460	<1%
Harold R. Logan, Jr.	8,476	8,476	<1%
Floyd R. Price	4,868	4,868	<1%
Monroe W. Robertson	15,037	15,037	<1%
Michael J. Sullivan	17,234	17,234	<1%
L. Paul Teague	54,291(3)	54,291(3)	<1%
All executive officers and directors as a group (17 persons)	1,577,105	1,577,105	2%

(1) Includes restricted stock, direct and indirect ownership of common stock and equivalent shares of common stock held by the trustee for the benefit of the named individual in the Cimarex Energy Co. 401(k) Plan. Does not include deferred compensation units held by one director. There are no shares of common stock that could be purchased by the exercise of vested stock options within the 60-day period following March 15, 2014.

Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

(2) Includes 11,450 shares owned by Mr. Helmerich's wife. Mr. Helmerich disclaims beneficial ownership of the shares held by his wife. Also includes 55,000 shares owned by The Helmerich Foundation, of which Mr. Helmerich is co-trustee, and 350,000 shares held by the Estate of W. H. Helmerich III, of which Mr. Helmerich is the trustee.

(3) Includes 9,066 shares owned by Mr. Teague's wife. Mr. Teague disclaims beneficial ownership of the shares held by his wife.

Table of Contents**Beneficial Ownership of More than Five Percent**

Each of the following shareholders beneficially owns five percent or more of our outstanding shares of common stock. The following table provides information regarding their stock ownership and is based on their filings with the SEC.

<u>Name and Address</u>	<u>Voting Authority</u>		<u>Dispositive Authority</u>		<u>Total Amount of Beneficial Ownership</u>	<u>Percent of Class</u>
	<u>Sole</u>	<u>Shared</u>	<u>Sole</u>	<u>Shared</u>		
BlackRock Inc. 40 East 52nd Street New York, NY 10022	8,575,880	0	9,066,432	0	9,066,432	10.40%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	77,764	0	4,697,953	70,064	4,768,017	5.49%

Table of Contents

# COMPENSATION DISCUSSION AND ANALYSIS TABLE OF CONTENTS

	<b>Page No.</b>
<u>Executive Summary of Compensation Discussion and Analysis ( CD&amp;A )</u>	27
<u>Compensation Discussion and Analysis</u>	28
<u>Section 1</u>	28
<u>Summary of 2013 and Early 2014 Compensation Decisions</u>	28
<u>Response to 2013 Say on Pay Vote and Shareholder Engagement</u>	29
<u>Key 2013 Compensation Actions</u>	29
<u>CEO Compensation</u>	29
<u>Other NEO Compensation</u>	30
<u>Base Salary Determination</u>	30
<u>Annual Cash Incentive Awards</u>	30
<u>Long-Term Equity Incentive Award Program</u>	32
<u>Elimination of Tax Gross Up Payments</u>	33
<u>Alignment of CEO Compensation to Total Shareholder Return</u>	34
<u>Early 2014 Compensation Decisions</u>	35
<u>2014 Annual Cash Incentive Award Goals</u>	35
<u>Section 2</u>	36
<u>Our Compensation Framework</u>	36
<u>Objectives</u>	36
<u>Design</u>	36
<u>Principal Elements of Executive Compensation</u>	36
<u>Competitive Positioning</u>	37
<u>Role of Compensation Consultant and Management in Compensation Decisions</u>	37
<u>Other Compensation Arrangements</u>	38
<u>Post-Employment and Other Employment Arrangements</u>	38
<u>Retirement Benefits</u>	39
<u>Perquisites</u>	39
<u>Other Compensation Policies</u>	39
<u>Total Pay Considerations</u>	39
<u>Stock Ownership and Holding Requirements</u>	39
<u>Clawback Policy</u>	39
<u>Non-Hedging and Non-Pledging Policies</u>	40
<u>Tax Law Considerations</u>	40
<u>Compensation and Governance Committee Report</u>	40

Table of Contents

## Executive Summary of Compensation Discussion & Analysis (CD&A)

### 2013 BUSINESS AND FINANCIAL PERFORMANCE OVERVIEW

- Total shareholder return of 82.9% on a one year basis and 20.8% on a three year basis.
- Generated a record of \$2.0 billion revenues.
- Realized net income of \$564.7 million, or \$6.47 per diluted share, which benefited from a reduction in our estimated exposure to litigation expense of \$90.3 million (after-tax) that had been accruing since 2008.
- Generated \$1.3 billion of cash flow from operating activities.
- Invested \$1.6 billion in exploration and development.
- Grew production 11% to a record 692.6 MMcfe/d.
- Increased proved reserves 11 percent to 2.5 Tcfe, 26 percent of which are oil.
- Added 727 Bcfe of proved reserves from extensions and discoveries replacing 288 percent of production.
- Delineated and expanded our Delaware Basin acreage position uncovering several long-term future drilling projects;
- Ended 2013 with debt-to-total capitalization of 19 percent.

### 2013 EXECUTIVE COMPENSATION

	2013 Salary	2013 Annual Cash Incentive Award	2013 Long-Term Incentive Grant Value	Total	% of Total Compensation at Risk
Thomas E. Jorden, CEO	\$ 810,000	\$ 1,620,000	\$ 4,785,000	\$ 7,215,000	89%
Paul Korus, CFO	\$ 472,000	\$ 750,000	\$ 2,791,250	\$ 4,013,250	88%
Joseph R. Albi	\$ 540,000	\$ 930,000	\$ 3,190,000	\$ 4,660,000	88%
Stephen P. Bell	\$ 435,000	\$ 750,000	\$ 2,791,250	\$ 3,976,250	89%
John A. Lambuth	\$ 375,000	\$ 645,000	\$ 2,791,250	\$ 3,811,250	90%

### ELEMENTS AND MIX OF EXECUTIVE COMPENSATION

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

Cimarex's executive compensation program directly links a substantial portion of executive compensation to Cimarex's performance through annual and long-term incentives. The mix of the pay elements for the CEO and other NEOs for fiscal 2013 is shown below. This information is based on the Summary Compensation Table data and highlights the substantial portion of compensation that is at risk and will be realized only if performance criteria are met. Of the CEO's total disclosed 2013 compensation, 89% is at risk and is linked to Cimarex's future performance and 67% of his 2013 disclosed compensation is service-based and performance-based long-term equity incentive compensation. The average compensation mix for the other NEOs is 89% at risk compensation and 70% service-based and performance-based long-term equity incentive compensation.

### **Pay Elements**

Base Salary

Annual Cash Incentive

Long-Term Equity Incentive

### **Pay Element Rationale**

Retain and attract, when needed, talented executives

Encourage short term operational/financial performance

Encourage retention and above average stock price performance

Table of Contents

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ( CD&A ) describes Cimarex 's executive compensation program for 2013 and certain elements of the 2013 program. We use this program to retain and attract (when appropriate) the executives who lead our business. This CD&A explains how the Compensation and Governance Committee (the Committee) of the Board of Directors made 2013 compensation decisions for our executives, including the following Named Executive Officers (NEOs)

- Thomas E. Jorden, Chairman of the Board, Chief Executive Officer (CEO) and President
- Paul Korus, Senior Vice President, Chief Financial Officer (CFO)
- Joseph R. Albi, Chief Operating Officer (COO)
- Stephen P. Bell, Executive Vice President-Business Development
- John A. Lambuth, Vice President-Exploration

**This CD&A is divided into two sections:**

**Section 1** discusses 2013 and early 2014 actions related to 2013 executive compensation.

**Section 2** discusses our compensation framework, post-employment compensation, retirement benefits, perquisites and other compensation policies.

## SECTION 1

### Summary of 2013 and Early 2014 Compensation Decisions

TOPIC	ACTION	RATIONALE
Base Salary Review	Increased CEO 's base salary from \$672,000 to \$810,000.	CEO 's base salary was significantly below the 50th percentile of Cimarex 's peers.

	Increased COO s base salary by 8%	A larger than 4% market increase was recommended due to the increased responsibilities.
	Increased remaining NEOs base salaries by 4%	Maintain alignment of the NEOs with the market.
<b>Annual Short-Term Incentive plan</b>	Authorized annual cash short-term awards to the CEO of 200% of year-end base salary (target of 100% of base salary) and to the other NEOs at a range from 152% to 179% of year-end base salary (target of 100% for all other NEOs).	Annual cash awards were based on the achievement of financial and strategic objectives. See <i>Key Compensation Actions for 2013</i> in <i>Section 1, Compensation Discussion and Analysis</i> .

Table of Contents

TOPIC	ACTION	RATIONALE
<b>Long-Term Equity Incentives</b>	Authorized long-term equity awards to NEOs (including the CEO) with an aggregate grant date fair value of \$16,348,750. The number of shares that may be earned pursuant to these awards is determined by Cimarex's relative stock price performance. The awards vest three years from the date of grant and are subject to a continuous service requirement. A minimum of 50% of the shares granted and a maximum of 100% of the shares granted may be earned at the end of the three-year period.	The range for 2013 long-term equity awards recommended by the compensation consultant represented a total value between the 50th and 75th percentiles when compared to 2012 awards made by peer companies (which was the latest public information available). The Committee approved awards at approximately the 75th percentile when compared to peer company 2012 awards. The Committee considered Cimarex's total shareholder return for the past one and three years, NEO total direct compensation compared to peer companies, Cimarex's strong 2013 financial and operational performance, and the compensation consultant's recommended range.
<b>Director Compensation</b>	Recommended no increases during 2013 for director compensation.	Based on a market review of director compensation at peer group companies, the compensation consultant advised that Cimarex Director compensation was at the 53rd percentile and recommended no increases for 2013.

See *Key 2013 Compensation Actions* below for more detail.

**Response to 2013 Say-on-Pay Vote and Shareholder Engagement**

At the 2013 Annual Meeting of Shareholders, 91% of the votes cast were in favor of the advisory vote to approve executive compensation. The Committee considered this a favorable outcome and believed it conveyed our shareholders' support of the Committee's compensation decisions in 2012 and early 2013 and shareholders' overall satisfaction with Cimarex's executive compensation programs. Consistent with this support, the Committee retained the core design of our executive compensation programs for the remainder of 2013, as it believes the programs continue to retain, attract, when appropriate, and appropriately incent senior management.

As part of our regular shareholder engagement, we consider and discuss with shareholders a number of matters throughout the year, including executive compensation and governance. The Committee carefully considers any feedback and routinely reviews executive compensation practices and governance.

**Key 2013 Compensation Actions**

## Edgar Filing: CIMAREX ENERGY CO - Form DEF 14A

The following discusses the Committee's key 2013 compensation decisions, which are reflected in the 2013 Summary Compensation Table below. These decisions were made with the advice of the Committee's independent consultant, Longnecker & Associates. (See *Section 2 of Compensation Discussion and Analysis* for additional discussion regarding the role of the Committee's compensation consultant.)

### CEO Compensation

- Effective June 1, 2013, Mr. Jordan's base salary was increased from \$672,000 to \$810,000. Prior to the increase, Mr. Jordan's base salary was well below the 50th percentile of CEOs of our peer companies, and the Committee, with the concurrence of its independent consultant, increased his base salary to near the 50th percentile.
- Mr. Jordan's 2013 annual cash incentive award was \$1,620,000, or 200% of his year-end base salary.
- His annual long-term incentive equity award value at the date of grant (December 12, 2013) was \$4,785,000.

Table of Contents

These adjustments were reviewed in detail by the Committee and its independent consultant. The Committee considered several factors, including input from its independent consultant and salary data from peer companies. In 2013, approximately 89% of Mr. Jordan's compensation as disclosed in the Summary Compensation Table was at risk.

**Other NEO Compensation**

The Committee also made compensation decisions for the other NEOs comprised of base salary adjustments, 2013 annual cash incentive awards made in February 2014 and long-term equity awards made in December 2013. These adjustments were based upon the recommendations of the CEO, evaluation by the Committee, the advice of the Committee's independent consultant, salary data from peer and comparator groups, internal pay relationships based on relative duties and responsibilities, the executive's impact on Cimarex's results, and for retention purposes. Based upon these considerations, the Committee made the following 2013 NEO compensation decisions:

	<b>2013 Salary</b>	<b>2013 Annual Cash Incentive Award</b>	<b>2013 Long-Term Incentive Equity Grant Date Fair Value</b>	<b>Total</b>	<b>% of Total Compensation that is At Risk</b>
Paul Korus, CFO	\$ 472,000	\$ 750,000	\$ 2,791,250	\$ 4,013,250	88%
Joseph R. Albi	\$ 540,000	\$ 930,000	\$ 3,190,000	\$ 4,660,000	