

PRIMEENERGY CORP
Form DEF 14A
April 25, 2005

Table of Contents

OMB APPROVAL

OMB Number:	3235-0059
Expires:	February 28, 2006
Estimated average burden	
hours per response	12.75

**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:

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

PRIMEENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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):

4) Proposed maximum aggregate value of transaction:

Edgar Filing: PRIMEENERGY CORP - Form DEF 14A

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:

SEC 1913 (02-02)

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF

PrimeEnergy Corporation

TO BE HELD

JUNE 3, 2005

Notice is hereby given that the Annual Meeting of Stockholders of PrimeEnergy Corporation will be held on Friday, June 3, 2005, at 8:30 a.m., EDT, at the Roger Sherman Inn, New Caanan, Connecticut, for the following purposes:

1. To elect a Board of Directors of eight (8) persons as nominated in the accompanying Proxy Statement, such Directors to hold office until the next annual meeting of stockholders and until their successors are elected; and

2. To transact such other procedural business as may properly be brought before the Meeting or at any adjournment or adjournments thereof.

The Meeting may be adjourned from time to time without other notice than by announcement at the Meeting, or at any adjournment thereof, and any and all business for which the Meeting is hereby noticed may be transacted at any such adjournment.

The Board of Directors has fixed April 13, 2005, as the date for the taking of a record of the stockholders entitled to notice of and to vote at the Meeting and at any adjournment or adjournments thereof. The stock transfer books will not be closed.

Enclosed is a form of proxy solicited by the Board of Directors of the Company. Stockholders who do not plan to attend the Meeting in person are requested to date, sign and return the enclosed proxy in the enclosed envelope, to which no postage need be affixed if mailed in the United States. Your proxy may be revoked at any time before it is exercised and will not be used if you attend the Meeting and prefer to vote in person.

BY ORDER OF THE BOARD OF
DIRECTORS

JAMES F. GILBERT
Secretary

April 25, 2005

TABLE OF CONTENTS

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
DIRECTORS AND EXECUTIVE OFFICERS
CODE OF BUSINESS CONDUCT AND ETHICS
EXECUTIVE COMPENSATION AND OTHER MATTERS
SUMMARY COMPENSATION TABLE
COMPENSATION COMMITTEE REPORT
STOCK OPTION GRANTS, OPTIONS EXERCISES AND HOLDINGS
SECTION 16(a) BENEFICIAL OWNER COMPLIANCE
STOCK PERFORMANCE GRAPH
INDEPENDENT PUBLIC ACCOUNTANTS -- FEES AND SERVICES
AUDIT COMMITTEE REPORT
STOCKHOLDERS PROPOSALS
ANNUAL REPORT AND FINANCIAL STATEMENTS

Table of Contents

PrimeEnergy Corporation

One Landmark Square

Stamford, Connecticut 06901

PROXY STATEMENT

Solicitation by the Board of Directors of Proxies from

Stockholders for Annual Meeting of Stockholders

June 3, 2005

The Board of Directors of PrimeEnergy Corporation, a Delaware corporation, (hereinafter called the Company) solicits your proxy in the enclosed form which, if you do not plan to attend the Annual Meeting of Stockholders of the Company on Friday, June 3, 2005, you are requested to fill out, sign as indicated and return to the Company in the enclosed self-addressed envelope, which requires no postage if mailed in the United States. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised by notice in person or in writing to the Company. The approximate day on which the proxy statement and form of proxy will be sent to security holders is April 25, 2005.

Proxies are being solicited by mail and all expenses of solicitation have been or will be borne by the Company. In addition, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy material to their principals, and the Company will reimburse them for their expenses in so doing.

Only stockholders of record at the close of business on April 13, 2005, are entitled to vote at the 2005 Annual Meeting. At that date, the Company had outstanding and entitled to vote 3,460,945 shares of Common Stock, each share entitling the record holder thereof to one vote.

All shares of the Company represented by proxies received in time and in proper form and condition and not revoked will be voted as specified in the proxy; or in the absence of specific direction, the proxy will be voted by the person designated therein:

FOR the election as Directors of the Company of the eight (8) nominees named below, to hold office until the next annual meeting of stockholders and until their respective successors shall be duly elected. In the event any of the nominees should become unable to serve as a Director, the proxies will be voted in accordance with the best judgment of the person acting under it.

The election of Directors will require the affirmative votes of a plurality of the shares of the Common Stock voting in person or by proxy at the Annual Meeting. The Company's transfer agent will tabulate all votes which are received prior to the date of the Annual Meeting. The Company will appoint two inspectors of election, who may be officers or employees, to receive the transfer agent's tabulation, to tabulate all other votes, and to certify the results of the elections. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting (i.e., for quorum purposes), but shall not be counted.

The management knows of no matter to be submitted to the 2005 Annual Meeting with respect to which the stockholders are entitled to vote other than the election of Directors, but if procedural matters do properly come before the Meeting, the persons named in the proxy will vote according to their best judgment.

Table of Contents**SECURITIES OWNERSHIP OF CERTAIN****BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number and percentage of shares of the Common Stock of the Company owned beneficially by any person, including any group as that term is defined in Section 12d(3) of the Securities Exchange Act of 1934, known to the Company to be the beneficial owner of five percent (5%) or more of the Common Stock, as of April 13, 2005. Information as to beneficial ownership is based upon statements furnished to the Company by such persons. Except as indicated, all shares are held directly, with full voting and dispositive powers, and percentages are calculated on the basis of the shares issued and outstanding, and with respect to those named persons holding options presently exercisable or within 60 days of April 13, 2005, includes the number of shares to be issued upon exercise of such options.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Charles E. Drimal, Jr. One Landmark Square Stamford, Connecticut 06901	1,205,006(1)	29.0
McJunkin Corporation 835 Hillcrest Drive Charleston, West Virginia 25311	673,521	19.5
Amrace, Inc. 1251 Avenue of the Americas 51st Floor New York, New York 10020	493,732	14.3
Matthias Eckenstein Solothurner Str 94 4008 Basel, Switzerland	240,829	7.0
Clint Hurt 107 North N Midland, Texas 79701	221,250(3)	6.4
Jan K. Smeets 9 Locust Avenue Larchmont, New York 10538	207,500(2)	6.0

-
- (1) Includes 507,506 shares held directly and 697,500 shares subject to options all presently exercisable.
- (2) Includes 2,500 shares held by Mr. Smeets for each of his three children.
- (3) Shares held of record by Clint Hurt & Associates, Inc., a private company controlled by Mr. Hurt.

Table of Contents

The following table sets forth information at April 13, 2005, with respect to the shares of the Company's Common Stock beneficially owned by the Company's Directors and nominees and by all Directors and officers of the Company as a group:

Name	Amount Beneficially Owned(1)	Percent of Class (1)
Beverly A. Cummings	85,000(2)	2.4
Charles E. Drimal, Jr.	1,205,006(3)	29.0
Matthias Eckenstein	240,829	7.0
H. Gifford Fong	76,532	2.2
Thomas S. T. Gimbel	50,000	1.4
Clint Hurt	221,250(4)	6.4
Jan K. Smeets	207,500(5)	6.0
Gaines Wehrle	none(6)	NIL
All Directors and officers as a group	2,086,117(2)(3)(4)(5)(6)	49.3

- (1) Unless otherwise indicated, all shares are owned directly and the holder thereof has sole voting and investment powers with respect thereto, and percentages are calculated on the basis of the shares issued and outstanding, and with respect to those persons, or group, holding options presently exercisable or within 60 days, includes the number of shares to be issued upon exercise of such options.
- (2) Includes 15,000 shares held directly and 70,000 shares subject to options all presently exercisable.
- (3) Includes 507,506 shares held directly and 697,500 shares subject to options all presently exercisable.
- (4) Shares held of record by Clint Hurt & Associates, Inc., a private company controlled by Mr. Hurt.
- (5) Includes 2,500 shares held by Mr. Smeets for each of his three children.
- (6) Does not include any beneficial ownership of Mr. Wehrle in 673,521 shares held of record by McJunkin Corporation, a private company, by reason of his position with, or ownership of interests in, McJunkin Corporation.

DIRECTORS AND EXECUTIVE OFFICERS

There will be submitted by the management to the 2005 Annual Meeting for election as Directors, the eight (8) nominees whose names, together with certain information concerning them, are set out below. In the event any of the nominees shall become unable to serve as a Director, the proxy will be voted in accordance with the best judgment of the person acting under it; however, no circumstances are at present known which would render any nominee unavailable.

Nominee	Age	Principal Occupation	Offices Held With The Company	Director Since
Beverly A. Cummings	52	Executive Vice President and Treasurer of the Company; Executive Vice President of PrimeEnergy Management Corporation	Director; Executive Vice President and Treasurer	February 1988
Charles E. Drimal, Jr.	57	President of the Company; President of PrimeEnergy Management Corporation	Director; President	October 1987
Matthias Eckenstein	75	Architect and Developer, Basel, Switzerland	Director	August 1989

Table of Contents

Nominee	Age	Principal Occupation	Offices Held With The Company	Director Since
H. Gifford Fong	60	Investment Technology Consultant, Lafayette, California	Director	May 1994
Thomas S. T. Gimbel	50	Managing Director, Business and Product Development, Optima Fund Management LLC, New York, New York	Director	March 1989
Clint Hurt	69	President, Clint Hurt & Associates, Inc., a private oil and gas exploration company, Midland, Texas	Director	February 1988
Jan K. Smeets	57	Private Investor, Larchmont, New York	Director	February 1988
Gaines Wehrle	47	Executive Vice President, McJunkin Corporation, Charleston, West Virginia	Director	May 1987

All of the above named nominees are currently Directors of the Company, and each has served continuously as a Director since the date indicated. There is no family relationship between any nominee for Director or executive officer of the Company. By agreements entered into in October, 1987, and so long as McJunkin Corporation shall be the holder of ten percent or more of the Company's Common Stock, McJunkin Corporation may nominate two persons for election as Directors of the Company. McJunkin Corporation has elected to designate one person, Mr. Gaines Wehrle, as a nominee for election as a Director at the 2005 Annual Meeting.

The Board of Directors met three times in 2004. All of the incumbent Directors attended at least 75% of the meetings of the Board except Messrs. Eckenstein and Wehrle. Directors are reimbursed for travel and related expenses in connection with attendance at Board and committee meetings. All Directors receive \$500 for each Board meeting attended. All Directors are encouraged to attend the Company's annual meeting of stockholders. All Directors attended the Company's 2004 annual meeting of stockholders except Mr. Eckenstein.

The Board of Directors has an Executive Committee, an Audit Committee and a Compensation Committee, but no other standing committees. All Committee members attended all meetings of their respective Committees.

The Executive Committee, composed of Messrs. Drimal, Jr., Hurt, Smeets and Ms. Cummings, is authorized to exercise all the authority of the Board in the business and affairs of the Company, except as limited by applicable law. The Executive Committee met three times during 2004, and informally, by telephone or office conference on a regular basis, usually weekly, during the year.

The Audit Committee, composed of Messrs. Eckenstein, Hurt and Smeets, met twice in 2004. The Board of Directors believes that the Audit Committee members satisfy applicable requirements for independence, financial literacy and expertise. The Committee selects and engages independent auditors to audit the books, records and accounts of the Company, determines the scope of such audits, and reviews the financial policies and control procedures of the Company. The report of the Audit Committee is included in this Proxy Statement on page 11. The Board of Directors and the Audit Committee have adopted a written charter for the Audit Committee, a copy of which was attached as Annex A to the Company's proxy statement delivered with respect to the Company's annual meeting of stockholders in June, 2004.

Table of Contents

The Compensation Committee, composed of Messrs. Hurt, Gimbel and Smeets, met once in 2004. The Committee evaluates the Company's compensation policies and establishes salaries, bonuses and other compensation for the Company's executive officers. The Board of Directors believes that the Compensation Committee members satisfy applicable regulatory requirements for independence. The report of the Compensation Committee is included in this Proxy Statement on page eight. The Board of Directors and the Compensation Committee have adopted a written charter, a copy of which was attached as Annex B to the Company's proxy statement delivered with respect to the Company's annual meeting of stockholders in June, 2004.

The Company does not have a standing nominating committee. The Board of Directors of the Company acts as the nominating committee, Mr. Drimal and Ms. Cummings abstaining, in the review and selection of Directors for election at the annual meeting of the Company's stockholders. The remaining Directors of the Company, Messrs. Eckenstein, Fong, Gimbel, Hurt, Smeets and Wehrle function as a nominating committee, and are believed to satisfy applicable regulatory requirements for independence. The Board of Directors believes that this procedure is adequate in the process of selecting persons for elections as directors of the Company. The Board of Directors of the Company has previously adopted a charter for a nominating committee, which was attached as Annex C to the Company's proxy statement delivered with respect to the Company's annual meeting of stockholders held in June, 2004, and the members of the Company's Board of Directors functioning in the nomination of directors relies upon, and is governed by such charter. The eight Directors of the Company currently serving as Directors were designated as nominees for re-election at the 2005 Annual Meeting of Stockholders. No other nominees were considered and no nominations were proposed by any stockholder or group. The Board of Directors will consider meritorious director candidates submitted to it by stockholders of the Company. Candidates for election must be willing to devote the time necessary to serve as a director and must possess the level of education, experience, and expertise, both with respect to financial matters and the oil and gas industry in general, required to perform the duties of a member of the board of directors of a public company, and in particular of the Company. Submission must be accompanied by biographical material of the proposed candidate and such other information as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission. Submissions should be forwarded to the Secretary of the Company at One Landmark Square, Stamford, Connecticut 06901, in compliance with the procedures described under "Stockholders' Proposals" set out below.

The executive officers of the Company, together with certain information concerning them, are set out below.

<u>Officer</u>	<u>Age</u>	<u>Offices Held With the Company</u>
Charles E. Drimal, Jr.	57	President
Beverly A. Cummings	52	Executive Vice President and Treasurer
James F. Gilbert	72	Secretary

Each of the above officers were elected by the Board of Directors to their respective offices in June, 2004, at the annual meeting of the Board and each will hold their respective offices until their successors are elected by the Board.

The principal occupation and employment for the past five years of each of the Directors and nominees for Director and of each of the executive officers of the Company is as follows:

Ms. Cummings is a Certified Public Accountant and holds a Bachelor of Science degree from the State University of New York and a Master of Business Administration from Rutgers University. She has been Vice President, Finance of PrimeEnergy Management Corporation since August, 1985, Secretary from May, 1983, to June, 1990, and was Controller from June, 1981, to January, 1986, and is a director of PrimeEnergy Management. She was elected Vice President, Finance and Treasurer of the Company in October, 1987, and Executive Vice President and Treasurer in May, 1991. She has served as a Director of the Company since February, 1988.

Table of Contents

Mr. Charles E. Drimal, Jr. has served as a Director and President and Chief Executive Officer of the Company since October, 1987. He also is President and a director of PrimeEnergy Management Corporation, the Company's wholly-owned subsidiary and has held those positions since May, 1983. Mr. Drimal is a graduate of the University of Maryland and Samford University School of Law and is a member of the New York State Bar.

Mr. Eckenstein is a Swiss citizen and a resident of Switzerland. He studied law and architecture in Basel, Switzerland, and at the University of Geneva and the Ecole des Beaux Arts, Paris, France. He is a director and principal in several privately held companies providing financial consulting services in construction, hotel management and architectural matters. He was elected a Director of the Company in August, 1989.

Mr. Fong is president of Gifford Fong Associates, investment technology consultants, Lafayette, California. He holds a Bachelor of Science, a Master of Business Administration and law degrees from the University of California. He is the editor of The Journal of Investment Management and is the author and contributor of numerous trade journal publications. Mr. Fong was elected a Director of the Company in May, 1994.

Mr. Gimbel has held the position of Managing Director, Business and Product Development, Optima Fund Management LLC, New York, since July, 2004. Prior to that date, and from January, 1999, he was the Managing Director of Hedge Fund Investments at Credit Suisse Asset Management, New York. Mr. Gimbel holds a Bachelor of Arts degree in economics from Bowdoin College and a Master of Business Administration from Columbia University Graduate School of Business. He was elected a Director of the Company in March, 1989.

Mr. Hurt is president of Clint Hurt & Associates, Inc., a private oil and gas exploration company located in Midland, Texas. He is past president of the Independent Oil & Gas Association of West Virginia and is a former director of Chase Bank of Texas, Midland, Texas. He was elected a Director of the Company in February, 1988.

Mr. Smeets, a citizen of the Netherlands and a resident of the United States, is a private investor in Larchmont, New York. He was elected as a Director of the Company in February, 1988. He is a graduate of M.I.T. and holds a Master of Business Administration from Stanford Business School.

Mr. Wehrle is Executive Vice President of McJunkin Corporation, Charleston, West Virginia, a privately held company and has held that position since February, 2005. Prior to that date, and from April, 1987, he held the position of Senior Vice President of McJunkin Corporation. McJunkin Corporation is a national distributor, primarily of pipes, valves and fittings. He was elected a Director of the Company in May, 1987.

Mr. Gilbert has been Secretary of the Company from March, 1973, and serves as secretary of the Company's subsidiaries. He is an attorney in Dallas, Texas.

Table of Contents**CODE OF BUSINESS CONDUCT AND ETHICS**

The Company is committed to observing sound, ethical principles in the conduct of its business and operations and by our officers and employees in the course of their duties. The Company has adopted a Code of Business Conduct and Ethics which is available at the Company's web-site, www.primeenergy.com. These provisions are applicable to the Company's operations and to its employees, including the Company's principal executive officer and principal financial officer. Any amendments or waivers from the Code, to the extent applicable to the Company's principal executive officers, will be posted on the Company's web-site.

The Company believes that a majority of its Directors, and nominees, are independent, within the meaning of applicable regulatory standards.

EXECUTIVE COMPENSATION AND OTHER MATTERS**Summary Compensation Table**

The following table discloses compensation for the last three fiscal years ended December 31, 2004, received by the Company's Chief Executive Officer and the only other executive officer of the Company and its subsidiaries.

SUMMARY COMPENSATION TABLE

Name and Principal Position(1)	Annual Compensation			Other	Long-term Compensation	All Other Compensation
	Year	Salary(\$)	Bonus(\$)	Annual Compensation (\$)(3)	Awards (2) Options (#)	(4)
Charles E. Drimal, Jr. President, Chief Executive Officer and Director	2004	252,569	750,000	1,500		9,000
	2003	245,212	650,000	1,500		8,000
	2002	238,070	500,000	1,500		9,500
Beverly A. Cummings Executive Vice President, Treasurer and Director	2004	252,569	300,000	1,500		9,000
	2003	245,212	260,000	1,500		8,000
	2002	238,070	200,000	1,500		9,500

- (1) Each of the named officers hold similar positions with the Company's subsidiaries and also serve as directors of each of the subsidiaries.
- (2) References to Restricted Stock Awards, SARs and LTIP Payouts in the Summary Compensation Table and to SARs in the Fiscal Year End Option Values table below have been omitted as the Company has no Restricted Stock Awards, SARs or LTIP Payouts.
- (3) Includes \$1,500 paid to each of Mr. Drimal and Ms. Cummings as Director's fees in 2002, 2003 and 2004.
- (4) The amounts in this column represents the Company's contributions to its 401(k) plan to each of the named officers for the years indicated.

Table of Contents

COMPENSATION COMMITTEE REPORT

The Compensation Committee reports as follows:

Under rules established by the Securities and Exchange Commission, the Company is required to provide certain information regarding the compensation of its Chief Executive Officer and other executive officers whose salary and bonus exceed \$100,000 per year. Disclosure requirements include a report explaining the rationale and considerations that lead to fundamental executive compensation decisions. The following report has been prepared to fulfill this requirement.

The Compensation Committee of the Board of Directors sets and administers the policies that govern the annual compensation and long-term compensation of executive officers of the Company. The Compensation Committee consists of Messrs. Gimbel, Hurt and Smeets, none of whom is an employee of the Company. The Compensation Committee makes all decisions concerning compensation of executive officers who receive salary and bonus in excess of \$100,000 annually and determine the total amount of bonuses to be paid annually. The Compensation Committee's policy is to offer executive officers competitive compensation packages that will permit the Company to attract and retain highly qualified individuals and to motivate and reward such individuals on the basis of the Company's performance.

At present, the executive compensation package consists of base salary and cash bonus awards. Executive salaries are reviewed by the Compensation Committee on an annual basis and are set for individual executive officers based on subjective evaluations of each individual's performance and the Company's performance.

Cash bonuses may be awarded on an annual basis for effort and performance. The use of a specific formula to evaluate management performance is not employed because it is difficult to define an appropriate formula and it restricts the flexibility of the Compensation Committee. The Compensation Committee considers the achievements of the Company, specifically including earnings for the year, return on stockholders' equity and growth in proved oil and natural gas reserves, in determining appropriate levels for bonus awards. Following a review of the Company's performance at December 2004, the Compensation Committee determined that cash bonuses should be awarded, set a total dollar limit for the bonus pool and awarded cash bonuses to the executive officers, based upon contribution to the Company's performance during the year.

The compensation of the Chief Executive Officer is largely dependent upon the overall performance of the Company. For the year ended December 31, 2004, the base salary of the Chief Executive Officer of the Company, Charles E. Drimal, Jr., increased 3 percent to \$252,569 from \$245,212, and a cash bonus award of \$750,000 was paid.

Compensation Committee

Clint Hurt, Chairman

Thomas S. T. Gimbel

Jan K. Smeets

Table of Contents

This report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2004, Messrs. Clint Hurt, Thomas S.T. Gimbel and Jan K. Smeets served as members of the Compensation Committee. None of such persons was, during the fiscal year, or was formerly, an officer or employee of the Company or any of its subsidiaries. There are no committee interlocks with other companies within the meaning of the Securities and Exchange Commission's rules.

STOCK OPTION GRANTS, OPTIONS EXERCISES AND HOLDINGS

There were no stock options granted by the Company to the named executive officers during the fiscal year ended December 31, 2004 and no options were exercised by any of such persons. The following table sets forth information with respect to all unexercised options held by the named executive officers of the Company at December 31, 2004. All unexercised options are fully exercisable. References to SARs in the table below have been omitted as the Company has no SARs.

Unexercised Options and Fiscal Year End Option Values

Name	Number of Unexercised Options at Fiscal Year-End (#)	Value of Unexercised In-the-Money Options at Fiscal Year-End(1)
	Exercisable	Exercisable
Charles E. Drimal, Jr.	697,500	\$ 13,599,506
Beverly A. Cummings	70,000	\$ 1,364,025

(1) The average bid price of the Company's Common Stock on December 31, 2004, as reported in the over-the-counter market, was \$20.56.

SECTION 16(a) BENEFICIAL OWNER COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and Directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership of such securities with the Securities and Exchange Commission and to furnish the Company with copies of such reports. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company with respect to the fiscal year ended December 31, 2004, all required reports were timely filed by such persons.

Table of Contents**STOCK PERFORMANCE GRAPH**

The following graph illustrates the yearly percentage change in the cumulative stockholder return on our common stock, compared with the cumulative total return on The Nasdaq Stock Market (U.S. Companies) Index and the Nasdaq Stocks Crude Petroleum and Natural Gas Extraction Index, for the five years ended December 31, 2004.

PRIMEENERGY CORPORATION STOCK PRICE vs. NASDAQ AND NASDAQ E&P INDICES**Comparison of Five Year Cumulative Total Return****Value of Investment of \$100 on December 31, 1999**

As of December 31

	1999	2000	2001	2002	2003	2004
PrimeEnergy Corporation	\$ 100	\$ 150.09	\$ 167.56	\$ 168.40	\$ 303.12	\$ 439.31
Nasdaq	100	60.30	47.80	33.10	49.40	53.80
Nasdaq E&P	100	207.90	155.80	154.60	273.20	423.90

This stock performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Table of Contents

INDEPENDENT PUBLIC ACCOUNTANTS FEES AND SERVICES

The Company engaged Pustorino, Puglisi & Co. LLP as the principal accountants for the Company with respect to the audit of the Company's financial statements for the years ended December 31, 2003 and 2004. There were no disagreements with Pustorino, Puglisi & Co., LLP on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedures in connection with their audits. Representatives of Pustorino, Puglisi & Co. LLP are not expected to be present at the 2005 Annual Meeting of Stockholders, but will be available by speaker telephone during the Meeting and will have the opportunity to make a statement if they desire to do so, and will be available to answer stockholders' questions.

The audit fees for professional audit services provided by Pustorino, Puglisi & Co., LLP, for the audit of the Company's annual financial statements for each of the years ended December 31, 2004, and December 31, 2003, were \$75,000 and \$85,000. No fees were billed, or paid by the Company for audit-related, tax or other services for the years ended December 31, 2004, or 2003.

AUDIT COMMITTEE REPORT

The Audit Committee reports as follows:

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. These include, but are not limited to, those matters under Statements on Auditing Standards. In addition, the Audit Committee has discussed with the independent auditors the auditors' independence from management and the Company including the matters in the written disclosures required by the Independence Standards Board. The Company's auditors do not perform financial information system design and implementation services, internal audit or tax services.

The Audit Committee discussed with the Company's independent auditors the overall scope and plans for their audits. The Audit Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the Securities and Exchange Commission. The Committee has also recommended the selection of the Company's independent auditors for 2005.

Audit Committee

Jan K. Smeets, Chairman

Matthias Eckenstein

Clint Hurt

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company

Table of Contents

specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

STOCKHOLDERS PROPOSALS

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, stockholders may present proper proposals for inclusion in the Company's proxy statement and form of proxy and for consideration at its annual meeting of stockholders by submitting their proposals to the Company in a timely manner. In order to be so included for the 2006 annual meeting, stockholder proposals must be received by the Company no later than December 27, 2005, and must otherwise comply with the requirements of Rule 14a-8.

Stockholder proposals to be brought before the 2006 annual meeting, made outside the Rule 14a-8 processes, must be submitted to the Company pursuant to Rule 14a-4, no later than March 13, 2006, or will be considered untimely and entitle the Company to discretionary voting under Rule 14a-4.

ANNUAL REPORT AND FINANCIAL STATEMENTS

The Annual Report of the Company for its fiscal year ended December 31, 2004, accompanies this Proxy Statement. The audited financial statements of the Company are included in such Annual Report.

It is important that proxies be returned promptly. Stockholders are requested to date, sign and return the enclosed proxy in the enclosed envelope, to which no postage need be affixed if mailed in the United States. If you attend the 2005 Annual Meeting, you may revoke your proxy and vote in person if you so desire, otherwise your proxy will be voted for you.

BY ORDER OF THE BOARD OF DIRECTORS

JAMES F. GILBERT
Secretary

Stamford, Connecticut
April 25, 2005

Table of Contents

PrimeEnergy Corporation

P E C 1

600.000000

C 0000001236 C O R

Mark this box with an X if you have
 made changes to your name or
address details above.

Annual Meeting Proxy Card

Election of Directors

1. The Board of Directors recommends a vote FOR the listed nominees.

	For	Withhold
01-Beverly A. Cummings	<input type="radio"/>	<input type="radio"/>
02-Charles E. Drimal, Jr.	<input type="radio"/>	<input type="radio"/>
03-Matthias Eckenstein	<input type="radio"/>	<input type="radio"/>
04-H. Gifford Fong	<input type="radio"/>	<input type="radio"/>

	For	Withhold
05-Thomas S. T. Gimbel	<input type="radio"/>	<input type="radio"/>
06-Clint Hurt	<input type="radio"/>	<input type="radio"/>
07-Jan K. Smeets	<input type="radio"/>	<input type="radio"/>
08-Gaines Wehrle	<input type="radio"/>	<input type="radio"/>

2. In their discretion, the proxies appointed herein are authorized to vote upon any other business as may properly come before the meeting or any adjournments thereof.

Authorized Signatures Sign Here This section must be completed for your instructions to be executed.

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature 1	Signature 2	Date
Please keep signature within the box	Please keep signature within the box	(mm/dd/yyyy)
		/ /

1 U P X

0 0 3 5 2 1 1

Table of Contents

Proxy PrimeEnergy Corporation

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned shareholder of PrimeEnergy Corporation (the Company), revoking all prior proxies, does by these presents name, constitute and appoint Charles E. Drimal, Jr. and James F. Gilbert, and each of them, the true and lawful proxy and attorney-in-fact of the undersigned, with full power of substitution, to vote all shares of the Common Stock, par value \$.10 per share, of the Company standing in the name of the undersigned on the books of the Company at the close of business on April 13, 2005, or in respect of which the undersigned is entitled to vote at the Company's Annual Meeting of Stockholders to be held on Friday, June 3, 2005 at 8:30 a.m., Roger Sherman Inn, New Caanan, Connecticut, and at any and all adjournments of said meeting, hereby granting to said proxies and attorneys-in-fact, and each of them, full power and authority to vote in the name of the undersigned at said meeting, and at any and all adjournments thereof, on the matters set forth on reverse side.

PLEASE SIGN ON REVERSE SIDE AND RETURN PROMPTLY

(Continued and to be signed on reverse side.)