

CIMAREX ENERGY CO
Form DEF 14A
March 31, 2016
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**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 Registrant as Specified in Its Charter)

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

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- No fee required.
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(4) Date Filed:

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1700 Lincoln Street, Suite 3700

Denver, CO 80203-4537

NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE	9:00 a.m. Central Daylight Time on Thursday, May 12, 2016
PLACE	Hyatt Regency Tulsa 100 East Second Street Tulsa, Oklahoma 74103
ITEMS OF BUSINESS	Item 1. Election of Directors Item 2. Advisory Vote to Approve Executive Compensation Item 3. Ratification of Independent Auditors Transact any other business that properly comes before the Meeting and any adjournment or postponement of the Meeting
RECORD DATE	March 16, 2016
MAILING DATE TO SHAREHOLDERS	March 31, 2016
MATERIALS TO REVIEW	This booklet contains our Notice of 2016 Annual Meeting and Proxy Statement. Our 2015 Annual Report is available on our website at www.cimarex.com .

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 9 of this proxy statement or you may attend and vote in person at the Annual Meeting. If you received a paper copy of the proxy card, you also may vote by completing and mailing the proxy card in the postage-paid envelope provided for your convenience. You may revoke your proxy at any time before the vote is taken by following the instructions on page 11 of this proxy statement.

March 31, 2016

Francis B. Barron
Corporate Secretary

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VOTING INFORMATION

WE WANT TO HEAR FROM YOU VOTE TODAY

It is important that you vote. Please carefully review the proxy materials for the 2016 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 13)	FOR each Director Nominee
Advisory Vote to Approve Executive Compensation (page 56)	FOR
Ratification of Independent Auditors (page 58)	FOR

Advance Voting Methods

Even if you plan to attend the 2016 Annual Meeting of Shareholders in person, please vote right away using one of the following advance voting methods (see page 9 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 2016 Annual Meeting of Shareholders

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All shareholders of record may vote in person at the 2016 Annual Meeting of Shareholders, which will be held on Thursday, May 12, 2016 at 9:00 a.m., Central Daylight Time, at Hyatt Regency Tulsa, 100 East Second Street, Tulsa, Oklahoma 74103. 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 12 of Questions and Answers about the Meeting and Voting.

Table of Contents**Proxy Statement Summary****Director Nominees (page 13)**

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 13.

NAME	AGE	DIRECTOR SINCE	POSITION	INDEPENDENT	AC	C/G	NOM	OTHER PUBLIC BOARDS
Hans Helmerich	57	2002	Chairman and former CEO, Helmerich & Payne	Yes		X	X	3
Harold R. Logan, Jr.	71	2009	Chairman, Suburban Propane Partners L.P.	Yes	X		X	3
Monroe W. Robertson	66	2005	Retired, Former President and Chief Operating Officer of Key Production Co.	Yes	X		X	0
Lisa A. Stewart	58	2015	Chairman and Chief Investment Officer of Sheridan Production Partners	Yes	X		X	0

Continuing Directors (page 16)

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 16.

NAME	AGE	DIRECTOR SINCE	TERM EXPIRES	POSITION	INDEPENDENT	AC	C/G	NOM	OTHER PUBLIC BOARDS
Joseph R. Albi	57	2011	2018	Executive Vice President Operations, Chief Operating Officer, Cimarex Energy Co.	No				0
David A. Hentschel	82	2002	2017	Retired, former Chairman and CEO, Occidental Oil and Gas Corporation	Yes		X	X	0
Thomas E. Jordan	58	2011	2017	Chairman, CEO and President, Cimarex Energy Co.	No				0
Floyd R. Price	67	2012	2017		Yes		X	X	1

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Michael J. Sullivan	76	2002	2018	Retired, former executive officer, Apache Corp. Retired Senior Attorney, Lewis Roca Rothgerber LLP	Yes	X	X	1
L. Paul Teague	81	2002	2017	Retired, former Vice President, Texaco USA	Yes	X	X	0

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Governance Highlights (page 20)

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 Director resignation policy
- Active Shareholder engagement
- Proxy Access
- Clawback Policy
- Non-Hedging and Non-Pledging Policies
- Director and Management Stock Ownership Guidelines
- No Tax Gross-Ups

Table of Contents**2015 Executive Compensation** (page 29)

Below is the 2015 compensation for each Named Executive Officer (NEO) as determined under the Securities and Exchange Commission (SEC) rules. See the notes accompanying the 2015 Summary Compensation Table on page 47 for more information.

Name and Principal Position	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Comp.	All Other Comp.	Total
Thomas E. Jorden Chairman, Chief Executive Officer and President (Principal Executive Officer)	\$ 870,750	\$	\$ 6,424,530	\$	\$ 435,375	\$ 59,481	\$ 7,790,136
G. Mark Burford Vice President and Chief Financial Officer (Principal Financial Officer)	\$ 342,279	\$	\$ 2,250,000	\$	\$ 156,000	\$ 47,340	\$ 2,795,619
Joseph R. Albi Executive Vice President Operations, Chief Operating Officer	\$ 561,600	\$	\$ 3,200,000	\$	\$ 225,000	\$ 58,053	\$ 4,044,653
Stephen P. Bell Executive Vice President Business Development	\$ 467,625	\$	\$ 2,850,000	\$	\$ 163,000	\$ 75,195	\$ 3,555,820
John A. Lambuth Senior Vice President Exploration	\$ 427,168	\$	\$ 3,050,000	\$	\$ 156,000	\$ 51,803	\$ 3,684,971
Paul Korus Former Senior Vice President Chief Financial Officer (Former Principal Financial Officer)	\$ 331,430	\$	\$	\$	\$ 324,107	\$ 69,703	\$ 725,240

A Significant Portion of our CEO s 2015 Compensation is At Risk

The accompanying graph illustrates our CEO s 2015 at-risk compensation. A significant portion of reported compensation is an incentive for future performance and realized only if Cimarex meets certain performance measures.

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How CEO Pay is Tied to Cimarex's Performance (page 39)

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- 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, on both an absolute basis and a relative basis compared to other companies in the S&P Oil & Gas Exploration & Production Index and our compensation peer group (see page 42).

2015 Financial and Operating Highlights

- Average daily production increased 13% to 984.5 MMcfe per day.
- Oil production grew 19% to 51,132 barrels per day, gas volumes increased by 9% to 463.0 MMcf per day and NGL volumes rose 15% to 35,789 barrels per day.
- We added 571 Bcfe of proved reserves from extensions and discoveries and net positive performance revisions, replacing 159% of production.
- In the second quarter of 2015 we completed a common stock offering and received net proceeds of \$730.0 million.
- Cash on hand at year end was \$779.4 million.
- Production revenues declined 40% to \$1.4 billion.
- Cash flow provided by operating activities of \$691.5 million was 57% lower than that of the prior year.

- We incurred non-cash impairments of our oil and gas properties totaling \$3.7 billion.
- We had a net loss for the year of \$2.4 billion, or \$25.92 per share.
- Proved reserves decreased 7.1% to 2,909.4 Bcfe primarily due to negative price-related revisions of 398.8 Bcfe.

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Return to Shareholders

Cimarex has consistently returned value to its shareholders. The following chart shows how a December 31, 2010 investment of \$100 in Cimarex common stock would have grown to \$104.00 on December 31, 2015, which includes dividends reinvested quarterly for those who wish to considering 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, the Dow Jones US Exploration & Production Index, and the S&P Oil & Gas Exploration & Production index over the same time period.

12/31/2010

12/31/2011